

A Study on Financial Performance of Navayug Saving & Credit Co-operative Limited

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Abstract

I investigate a case study of the financial and social impact of the Navayug Savings and Credit Cooperative (SACCO) in rural Nepal, a topic which has diverse unattended questions pertaining to remote cooperatives. The cooperatives of Nepal are recognized by their constitutions as one of the major sectors of the economy alongside the public and private sectors. Their role is crucial in the promotion of local development and financial inclusion of remote areas. This is even more important in underdeveloped areas where the cooperatives function as the only available financial institutions and help alleviate poverty.

Adopting a mixed-methods case study, this research studies qualitative empowerment outcomes and quantitative financial metrics (2078–2080 BS) using the PEARLS monitoring framework. It is evident from the results that Navayug SACCO has a great social impact—its membership includes 58% women and 17% Dalits, and there are real stories of economic empowerment through credit and leadership. That said, financial data points to troubling operational deficiencies, including weak liquidity (average cash ratio of 7.26%), low profitability (ROA 0.47%), and erratic current ratios—all below international cooperative operating standards.

A local cooperative's inefficient financial policies lead to hostile exchanges in communal finance. While the grassroots cooperatives serve to boost social inclusion and empowerment, their financial management is weak, threatening their long-term viability. This research contributes to the literature in the following ways: first, it presents research on cooperatives in the hinterland, which are understudied. Secondly, it investigates the cooperative policies of Nepal and their implementation. Thirdly, it integrates the aspect of social impact and financial health through one single framework. In regard to policymakers and practitioners, the results highlight the concern. The social missions of cooperatives must be complemented with advanced competencies in financial governance, risk management, and daily operations. Success in these aspects only leads to sustainable poverty reduction.

Keywords: SACCO, financial performance, empowerment, good governance, Nepal

1. Introduction

In Nepal, cooperatives are one of the three primary economic sectors of the public and private sectors. Cooperatives, especially rural cooperatives, contribute significantly to local development, poverty reduction, and financial inclusion (Government of Nepal, 2015; Ministry of Land Management, Cooperatives and Poverty Alleviation, 2019). This cooperative system is included in the constitution and is governed by the national cooperative policy. The Department of Cooperatives (n.d.) states that, ideally, cooperatives are to serve the cooperative processes to empower the most marginalized groups and cooperative governance is to be good because of members' participatory democratic control. Cooperatives at the community level are supposed to incorporate small-scale farmers, artisans, workers, consumers, and the needy and are to operate with a goal of improving the living standards of members above the national poverty line through cooperative activities. Saving and Credit Cooperatives have rapidly expanded in Nepal since 2008. Their numbers have greatly increased, especially in the rural and marginalized regions, where their financial service offerings have a great impact. In isolated rural areas, such cooperatives are the only institutions that allow people to save,

borrow, and perform other financial transactions. SACCOs are managed at the local level, foster community-wide engagement, and simplify access to financial services for women, Dalits, Janajatis, and impoverished households. While lecturing finance courses at universities and observing the challenges faced by the inhabitants of a distant village, the author came to appreciate the importance of studying the influence of cooperatives in the villages. This particular study emphasizes Navayug SACCO. The reason for this focus is that the SACCO exhibits distinctive qualities: the chairman is an educated individual and simultaneously the Campus chief where the author lectures; it serves as a refined and inclusive SACCO in a remote impoverished area of the Baitadi district which happens to be the author's home territory; most of the shareholders are women below the poverty line and there is a notable presence of Dalits(17%). Another factor that influenced the author's decision is the researcher's easy availability of data concerning this particular SACCO.

Having a grasp of every aspect of a case and its context in a research study allows the readers to judge the credibility and transferability of the findings (Merriam, 2009; Stake, 1995; Yin, 2018). Now, thick

description, as defined by Geertz (1973), necessitates a richly detailed account of social settings, actors, their interactions, and the meanings involved. It deepens the reader's inductive understanding and makes analytic or naturalistic generalization possible. This, in turn, enables the reader to conceptually apply the insights to analogous cases (Lincoln & Guba, 1985). Availability of such knowledge in depth helps readers associate out findings of the study with their own and consequently broadens the interpretation and relevance of the research. As quoted by Merriam (2009), the level of detail in case information enables readers to assess if the study's findings are relevant to their own context, a capability vital to disciplines such as education, health, and development studies.

The research employed a case study methodology, concentrating specifically on empowerment and financial performance. The study evaluated two core aspects related to the SACCO's performance; the empowerment of its community shareholders and the SACCO's corporate governance. It was noted that Navayug SACCO effectively empowered women and other marginalized groups through both financial access and

leadership opportunities, reporting 58% female and 17% Dalit membership. On the other hand, financial ratios depicted poor liquidity, citing an average cash ratio of 7.26%, and low profitability as indicated by the 0.47% ROA, highlighting challenges in sustainability alongside its social impact. Overrating under a social mission, cooperatives represent a beacon of inclusive development in rural Nepal, yet weak financial governance poses a risk to their continued existence. Thus, it is imperative that sustainable impact be pursued by improving financial management along with social missions. The information provided bridges the crucial gap by evaluating isolated cooperatives that have gone unnoticed in the literature, while at the same time evaluating Nepal's cooperative policies (Government of Nepal, 2015; Ministry of Land Management, Cooperatives and Poverty Alleviation, 2019) in practice at the local level.

This research offers a dual evaluation framework for development institutions that integrates the PEARLS financial analysis and a qualitative empowerment assessment. This is useful for both practitioners and policy makers. This dual evaluation framework illustrates the

strengths and weaknesses of community finance in addressing poverty.

2. Review of Literature

In relation to SACCOs, the issues that arise include the empowerment of women and other marginalized groups, misappropriation of resources, and good governance, in view of the political influence that plagues SACCOs today. The rationale of the study considers these issues, and the literature review is structured to address them.

2.1. Cooperatives and the Empowerment of Women and Other Marginalized Groups

In Nepal, the cooperative movements have demonstrated their effectiveness in facilitating socioeconomic progress, especially for women and other disadvantaged groups. Based on the concepts of collective assistance, democratic involvement, and the mobilization of local resources, cooperatives—most notably the saving and credit cooperatives (SACCOs)—have played an important role in the alleviation of poverty, the promotion of social integration, and the enhancement of the decision-making abilities of the underprivileged.

Recognizing cooperatives as a central sector of Nepal's economy in the

Constitution of Nepal (2015) is indeed a worthy turn-around in policy. This is well illustrated in Article 51 of the Constitution, which categorically obliges the government to make special efforts to develop cooperatives for the purpose of economic equality and social justice. In addition, the National Cooperative Policy 2019 further emphasizes the inclusive participation of women, Dalits, indigenous nationalities, and other backward classes as a primary strategic priority (Ministry of Land Management, Cooperatives and Poverty Alleviation, 2019). These policies have encouraged and promoted the growth of women and community-owned cooperatives throughout various regions of the country.

Many reports point to the positive impact that cooperatives have on women's economic empowerment. For instance, Shrestha (2014) notes a clear link between women's participation in SACCOs and improved access to financial resources, which women used for small business ventures, farming, and even education for their children. Apart from providing financial services, cooperative membership extends access to training, networking and leadership development, thus enhancing women's confidence and enabling their social mobility. Along the same lines, Acharya (2018) noted that

women who were active in dairy and multipurpose cooperatives enjoyed greater income, savings and household as well as community level decision-making compared to women who were not members. The cooperatives have significantly contributed to the integration of the historically margin.

Though there has been some improvement in cooperatives, a lot still has to be done before the co-operatives become empowering in the real sense. Rural co-operatives have poor technical skills, closed governance, and ineffective financial management. Despite women and other marginalized groups joining in greater numbers, patriarchal inclinations, along with the stranglehold of the ruling classes, still restrict decision-making powers. Additionally, cooperatives that suffer from chronic political interference, combined with meager regulatory controls, show signs of steady degradation in terms of autonomy and sustainability.

Taking into consideration the literature that's been reviewed, literature has adequately captured the challenges in Nepal but underserved the role of SACCOs in cooperatives, especially in the socio-economic empowerment of women and marginalized ethnic groups. I plan to

take a different approach by conducting a qualitative case study of SACCOs in more inaccessible rural areas where the vast majority of the population is below the poverty level. My intention is to understand the functionality of SACCOs at such grassroots levels by collecting SACCO records, conducting interviews, and through participant observation.

.2. Good Governance and Financial Efficiency Good governance lies at the heart of the reliability, transparency, and long-term viability of Saving and Credit Cooperatives (SACCOs), especially in settings like Nepal where cooperatives are viewed as central to economic growth and financial inclusion. Financial performance in SACCOs—as measured by effective loan recovery, liquidity, and operating surpluses—signifies honest financial management, sound decision-making, and proper audits and regulatory compliance. Such performance promotes member trust and active engagement, in tandem with the principles of good governance. Governance of SACCOs usually involves the frameworks, methods and conduct that deliver responsibility, openness, engagement, the rule of law, and adequate response to members.

Governance frameworks and scholars of cooperatives governance such as PEARLS

and CGAT highlight the various aspects of good governance such as transparency, accountability, and member participation, alongside financial integrity, democratic decision-making, and compliance with regulations. The governance structure can be analyzed by examining institutional documents, financial documents, audit reports, board meeting records, annual reports, and regulatory databases. Such secondary data is very important for conducting effective and systematic governance assessments. Secondary data is information that was collected for different purposes but is being used for research or evaluation. The following data sources are used for SACCO governance:

- **Audit Reports:** The reports, especially those undertaken by registered auditors or the government cooperative offices, help financial integrity, compliance, and risk management assessment. Non-compliance in undertaking audits may be a sign of inadequate governance.
- **Annual Reports and AGM Minutes:** They inform about the general assemblies, the frequency of elections, gender representation in leadership, strategic decisions, and member participation. These documents can be used to evaluate democratic practices and participation.
 - **Registrar Records:** Registrars of cooperatives at the local,

provincial, or federal levels keep track of the registration information, compliance status, issued penalties, and performance records. These data sets assist in evaluating legal compliance and operational viability.

- **Financial Statements:** Income statements, balance sheets, and cash flow reports enable the calculation of financial governance ratios like loan delinquency, liquidity ratio, capital adequacy, and reserves. This identifies how the SACCO handles finances.
- **Media Reports and Case Studies:** Investigative reporting and NGO reports most likely expose governance issues such as fraud, mismanagement, or political interference in cooperatives. These serve as supplementary data for triangulation. The PEARLS Monitoring System, developed by the World Council of Credit Unions (WOCCU, 2005), is one of the best instruments for secondary data analysis to assess cooperative governance. The system measures the Protection of member savings, Effective financial structure, Asset quality, Rates of return and costs, Liquidity, and Signs of growth, abbreviated as PEARLS. These financial statement and report-based metrics can be used to measure operational performance and governance quality at the same time.

Similarly, the Cooperative Governance Assessment Tool (CGAT) by ICA (2018) encourages qualitative governance assessment through secondary data by assessing the board's operation, ethical compliance, and internal control using records and reports. Still, secondary data may be less trustworthy because of political pressure, deliberate falsification, or other factors.

Although structured methodologies for assessing SACCO governance through financial metrics are offered by tools such as PEARLS and CGAT, studies conducted within the unique context of rural Nepal that examine the relationship between financial efficiency and social empowerment remain absent. While audit reports and financial statements provide a glimpse into the governance and performance of an institution, they overlook the real-life experiences of women and other marginalized groups who participate in cooperatives. Additionally, the majority of the studies focus on urban or institutional SACCOs, leaving the rural cooperatives such as Navayug out of the picture in governance-related research. This study is an attempt to bridge this gap by integrating financial data with qualitative stories to measure both economic returns and inclusive empowerment.

3. Case Study Methodology

This study employs a mixed-methods design combining positivist financial analysis and interpretivist social impact assessment. The study relies primarily on secondary data from Navayug SACCO financial reports (2078-2080 BS) and policy documents, which were examined through ratio analysis and thematic analysis. Financial ratios, including liquidity and profitability ratios, were calculated to examine performance, while governance documents provided contextual insight. The embedded case study design enabled multi-level analysis through triangulation of data. Ethical concerns included data anonymization and sources verification (Bryman, 2016). The positivist approach facilitated objective financial analysis through the use of descriptive statistics, while interpretivist approaches revealed governance and member participation patterns. The two-perspective approach gives detailed insight into how rural cooperatives balance financial sustainability and social objectives. Key sources informing the methodology include Saunders et al. (2019) on research design, Yin (2018) on case study approach, World Council of Credit Unions (2005) on financial performance standards, and Braun and Clarke (2006) on qualitative data analysis. The integrated methodology provides a

solid foundation for evaluating cooperative performance on both financial and social dimensions.

4. Findings and Discussion

There are 33 cooperatives in Dogadakedar rural municipality. Among them, Navayug Saving & Credit Co-operative has individual and institutional shares. It was initiated in BS 2067 with 30 initial members and expanded its members gradually, but at a sluggish rate. In BS 2075, it reached up to 184 members (80 male, 104 female), and the management committee was established with 4 males and 5 females.

It was difficult to convince rural women with no education to join a SACCO because of several reasons: most women are not financially literate and are afraid of taking loans; strong patriarchal traditions restrict their freedom of movement, self-confidence, and involvement in money-related decision-making; and family duties and distrust of formal institutions frequently deter them. Furthermore, political polarization in Nepalese society made it extremely difficult to make members from the three dominant parties' part of the SACCO.

Peer influence was equally significant; once some prominent women members

had joined and benefited from SACCOs, others usually follow. With the establishment of Shreekot Multiple Campus in BS 2069, the campus chief, as the chairman of SACCOs, used effective methods like door-to-door mobilization, use of visual and oral learning method, and demonstration of close-at-hand benefits like availability of small loans or emergency funds during his visit to the campus. As Sharma (2020) and Bhattarai and Pant (2015) point out, effective cooperatives invest in trust, women's leadership, and specially tailored outreach strategies. Therefore, as much as the initial persuasion can be hard, through culturally sensitive and empathetic approach, SACCOs have the potential to empower illiterate rural women, turning them into powerful economic agents and community leaders. By BS 2079, the membership had risen to 674 and was supplemented with five in 2080. 58% were women and 17% were Dalits amongst them.

Navayug Saving & Credit Co-operative Ltd. was established in 2067 B.S. under the Cooperative Act 2048. It has its head office in Dogadakedar-07 Baitadi. It operates with two branches and is primarily a single-purpose co-operative organization. Navayug provides two services: savings collection and mobilization of it among the members, i.e.,

its two main services are deposit collection and lending. Every day, it gives an 8% interest on deposits, generating a wide interest spread which is among the drivers of its yearly profit increase.

4.1. Persuasion, Participation, and Empowerment

In Dogadakedar Rural Municipality-07, Baitadi, Navayug Saving & Credit Cooperative Ltd., a small but energetic financial organization, has been working quietly in the background for the economic progress and empowerment of women, particularly of poor and marginalized women. It is a single-purpose cooperative mainly involved in mobilizing savings and lending credit according to international cooperative principles.

In this, two people's (pseudonyms) accounts mirror their experience with Navayug:

(a) Ram Karki of Dogadakedar-07, Baitadi, established clothes shop eight years ago. He saved at Navayug Saving and Loan Cooperative in 2074 BS and used to save systematically. He took a loan and established a sweets shop. Since he was progressing steadily, other banks also pledged to lend him funds. Afterward, he expanded his business to a dairy shop, cake, and ice cream shop.

(b) Ganga Devi, Dalit woman of Dogadakedar-07, Baitadi, passed 12th

grade from Sanatan Dharma Secondary School in 2076 BS. She joined Navayug Saving and Loan Cooperative in the same year. Involvement in social activities and cooperative programs enhanced her leadership skills. She was elected as a Dalit woman ward member in the 2079 BS local election and later nominated as an executive member of the Rural Municipality. Her active involvement led to her appointment as Secretary of the Board of Directors at Navayug SACCO.

4.2. Governance, Efficiency and Prospects

The latest financial performance of Navayug has been analyzed to analyze its governance and potential future. Due to this, audit reports of FY BS 2078, 2079, and 2080 have been analyzed to observe liquidity ratio and profitability by taking data from office records into account.

Profitability ratios such as Return on Assets (ROA) and Return on Equity (ROE) are scrutinized in SACCOs to examine how efficiently the cooperative uses its assets and equity of members to generate income. ROA is the computation of net income over total assets, which indicates operational efficiency, and ROE is an indicator of the ability of the SACCO to give back returns to its member-owners against their capital investment. They are essential to apply in assessing financial sustainability and long-term sustainability

of SACCOs, as emphasized in the PEARLS monitoring framework (World Council of Credit Unions, 2005).

Thus, the following calculations were carried out:

(a) Liquidity Ratio Analysis

Two common components included in liquidity ratios, are discussed in the paper.

- i. **Cash Ratio:** This measures the amount of cash and cash equivalents a cooperative has relative to its current liabilities.

The first step is to calculate the cash ratio in each year with the formula:

$$\text{Cash ratio in 2080} = \frac{213322}{2080199} \times 100\% = 10.26\%$$

$$\text{Cash ratio in 2079} = \frac{221745}{4555186} \times 100\% = 4.87\%$$

$$\text{Cash ratio in 2078} = \frac{221745}{3333335} \times 100\% = 6.65\%$$

Analyses are summarized in Table 1.

Table 1

Cash Ratio 2078-2080

Year	Cash	Current Liabilities	Cash ratio	Result
2080	213322	2080199	10.26%	Bad
2079	221745	4555186	4.87%	Bad
2078	221745	3333335	6.65%	Bad
Average			7.26%	

Source: Date processed by the author

- ii. **Current Ratio:** This measures all current assets a cooperative has relative to its current liabilities.

Based on the cooperative performance from the 2078 calculation results it reached 6.65 percent in 2079 which means poor, and reached 4.87 percent. This means bad and reaching 10.26 percent in 2080 means bad. Therefore, the performance of the cooperative is always balanced every year because the cooperative is under special supervision standards. It means cooperative are in an unhealthy state.

The second step is to calculate the current ratio in each year with the formula:

$$\text{Current ratio in 2080} = \frac{3944494}{2080199} \times 100\% = 1.89:1$$

$$\text{Current ratio in 2079} = \frac{3868197}{4555186} \times 100\% = 0.85:1$$

$$\text{Current ratio in 2078} = \frac{3427164}{3333335} \times 100\% = 1.03:1$$

Analyses are summarized in Table 2.

Table 2

Current ratio

Year	Current assets	Current liabilities	current ratio	Result
2080	3944494	2080199	1.89	Good
2079	3868197	4555186	0.85	Bad
2078	3427164	3333335	1.03	Bad
Average			1.26	

Source: Date processed by the author

Current Ratio Based on the regulations of Medium Cooperatives of the regarding the criteria for evaluating cooperatives with achievements based on the 2078 calculation results 103% which means bad, and reached 85% in 2079. This means bad, reaching 186% in 2080 which means good. Seeing this situation, the cooperative must optimize the assets they have properly.

(b) Profitability Analysis

Profitability refers to a company’s ability to generate earnings (profit) relative to its revenue, assets, equity, or other financial elements. It is measured using various financial ratios. Among them, ROA and ROE are regarded primary and easier to understand.

i. ROA (Return on Assets) - Net

Income / Total Assets. It measures how efficiently a company uses its assets to generate profit.

Data from the statement is analyzed as below-

$$\text{Return on Assets in 2080} = \frac{101831}{16603310}$$

$$\times 100\% = 0.62\%$$

$$\text{Return on Assets in 2079} = \frac{34328}{18267955}$$

$$\times 100\% = 0.19\%$$

$$\text{Return on Assets in 2078} = \frac{95519}{16115844} \times$$

$$100\% = 0.59\%$$

Table 3 present the data in comparison.

Table 3

Return on Assets

Year	Net income	Total assets	Return on assets	Result
2080	101831	16603310	0.62	
2079	34328	18267955	0.19	
2078	95519	16115844	0.59	
Average			0.47	

Source: Date processed by the author

Return on Assets based on the calculation results for 2078 to 2080, reaching 0.62%, 0.19% and 0.59%. Say bad. This shows less efficiency in operating assets, using more assets, but with very little return.

ii. ROE (Return on Equity) = Net

Income / Shareholder's Equity. It measures how efficiently a company uses shareholders’ funds to generate profit.

$$\text{Return on Equity in 2080} = \frac{101831}{2099010} \times 100\%$$

$$= 4.85\%$$

$$\text{Return on Equity in 2079} = \frac{34328}{1969179} \times 100\%$$

$$= 1.74\%$$

Return on Equity in 2078 =

$$\frac{95519}{2005661} \times 100\% = 4.74\%$$

So more concisely will be explained in the following Table 4.

Table 4*Return on Equity*

Year	Net income	Total equity	Return on equity	Result
2080	101831	2099010	4.85	NG
2079	34328	1969179	1.74	NG
2078	95519	2005661	4.74	NG
Average			3.77	

Source: Date processed by the author
(NG= Not Good)

Return on Equity based on the calculation for 2078 to 2080 each reached 4.74%, 1.74% and 4.85%. This clearly shows that the amount of capital used is not proportional to the results obtained, so it is necessary to emphasize costs that must be minimized.

(c) Summary of the Ratio Analysis

A comprehensive summary of ratio analysis is essential to triangulate financial data with the study's social objectives. By consolidating liquidity and profitability metrics, the researcher can objectively evaluate whether the SACCO's "unhealthy" financial state (e.g., low cash ratios and poor ROA) poses a risk to its long-term operational sustainability and its mission of rural empowerment.

Four major ratios of financial statement calculated above is summarized in Table 5.

Table 5*Summary of Descriptive Ratio*

Indicator	Unit	2080	2079	2078	Average	Min	Max	SD
CoR	%	10.26	4.87	6.65	7.26	4.87	10.26	262.74
CR	%	1.89	0.85	1.03	1.25	0.67	1.89	55.58
RoA	s %	0.62	0.19	0.59	0.47	0.19	0.62	0.23
RoE	%	4.85	1.74	4.74	3.78	1.74	4.85	1.76

4.4. Results of the Financial Performance Analysis

The liquidity ratio outcomes (Cash Ratio and Current Ratio) show that Navayug SACCO's cash ratio was consistently poor for a span of three years, with values well below the ideal range of 10–15% stipulated in the PEARLS monitoring guidelines. Specifically, the cash ratio was 6.65% in 2078, 4.87% in 2079, and 10.26% in 2080—all classified as "bad," meaning liquidity stress and inadequate short-term cash positions to meet short-term commitments. This indicates the cooperative is excessively dependent on liquid current assets, jeopardizing functioning in crises. In contrast, the current ratio, which includes all current assets, was slightly better- from 1.03 in 2078 and 0.85 in 2079 (both "bad") to 1.89 in 2080 ("good"). This better performance in 2080 indicates better short-term financial health, although variability represents the SACCO needing better working capital and asset utilization policies. On profitability ratios, Return on

Assets (ROA) was 0.19% to 0.62%, averaging 0.47%, much below the 1% level (World Council of Credit Unions, 2005), thus deemed "bad". This indicates inefficient operations, since the cooperative generated paltry returns relative to its asset base. Although assets were growing, earnings did not grow at a proportionate rate, indicating either weak lending performance or higher operating costs. Return on Equity (ROE) too was weak, ranging between 1.74% and 4.85%, with a mean of 3.78%. All three were below 9% for being "good," meaning poor value for member equity. The cooperative may be having problems reconciling interest income and administration expenses, making for inefficient returns to the shareholders.

4.5. Interpretation and Implications

The financial statistics reveal persistent inefficiencies in finances, especially in returns on equity and assets. Although liquidity slightly improved in 2080, profitability was weak over the three-year period. As Branch and Klaehn (2002) brought forth, profitability and liquidity lie at the heart of SACCOs' financial health as they directly affect their credibility and sustainability. The low and constant ROA (0.47%) and ROE (3.78%) suggest weak revenue generation despite growing assets and membership, a reflection of weak

planning and cost control. PEARLS-based analysis shows the cash ratio was never above the 10–15% mark, indicative of weak short-term solvency. The current ratio was up to 1.89 in 2080 but was only at the average of 1.26 for the years, indicating working capital management volatility. This is in line with Koirala (2016) and Sharma (2020), pointing to essential gaps in financial governance, weak asset utilization, and a constrictive lending trend within rural SACCOs.

5. Conclusion

By triangulating qualitative findings along with performance data on a quantitative basis, the study concludes that Navayug SACCO has positively enhanced social empowerment but is not financially efficient. Empowerment of Dalits and women in rural areas through access to credit, leadership inclusion, and increased confidence demonstrates that SACCOs can be effective tools for social change in remote areas—justifying the intent of national cooperative policies (Government of Nepal, 2015; Ministry of Land Management, Cooperatives and Poverty Alleviation, 2019). However, while these social success stories are achieved, the SACCO's financial indicators point toward systemic weaknesses in profitability, liquidity, and returns', suggesting that social purpose may not be enough to

ensure sustainability. This shows the dual nature of cooperatives: while they operate at the grassroots level, their deficiencies in capacity for financial literacy, strategic thinking, and regulatory compliance threaten long-term sustainability. Hence, it is incorrect to romanticize community-based cooperatives due to their participatory nature since even empowered cooperatives have to be financially standards-compliant if they are to be credible and in operation.

The conclusion continues to implications for different stakeholders. To Policy Makers: Empowerment of SACCOs should be reinforced by focused assistance in financial management training, auditing, and computerized accounting systems to attain governance standards. To Cooperatives: SACCOs must diversify loan products with income generation, reduce operational costs, and install up-to-date MIS software to improve ROA and ROE. Continuous leadership training might enhance governance and finance discretion. For Researchers: Further longitudinal case studies of poor and remote regions are needed to identify how empowerment and governance evolve over time, especially in low-financial-literacy but very participatory cooperatives. For Donors and NGOs: Programs need to go beyond the delivery of microfinance to include monitoring and mentoring systems

that build strategic and sustainable cooperative management capabilities.

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