

**RISK MANAGEMENT PRACTICES AND RURAL DEVELOPMENT; A CASE STUDY OF
KIBATSI SACCO LTD IN NTUNGAMO DISTRICT**

BY

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**A RESEARCH REPORT SUBMITTED TO THE SCHOOL OF BUSINESS
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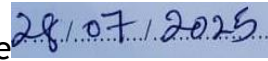
DECLARATION

I NUWAGABA MODERN, declare that this report titled “Risk management practices and rural development; a case study of KIBATSI SACCO Ltd in Ntungamo District” is my original work and has never been submitted to any institution of higher learning for any academic award.

Signature



Date



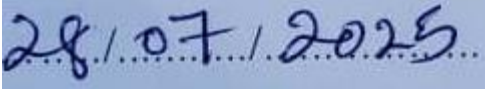
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APPROVAL

This is to certify that this report titled “Risk management practices and rural development; a case study of KIBATSI SACCO Ltd in Ntungamo District” has been compiled under my supervision and is now ready for submission to Bishop Barham University College Kabale with my approval.

Signed: 

Date: 

MR. RUKUNDO DANIEL

(Supervisor)

DEDICATION

I dedicate this research report to my family whose unwavering love and support have been the driving force behind my pursuit of knowledge and academic excellence. Thank you for always believing in me and providing me with the tools and opportunities to explore my passion. Your encouragement and guidance have shaped me into the person I am today.

ACKNOWLEDGEMENT

I am very grateful and thankful to the almighty God who made it possible for me to get this far with my academic Career.

The researcher extends his sincere appreciation to my supervisor, MR. RUKUNDO DANIEL for his invaluable guidance, unwavering support, and continuous encouragement throughout this journey. For his expertise, constructive criticism, and insightful suggestions has been instrumental in shaping the direction of his research.

The researcher would also like to acknowledge the contributions of the participants who willingly took part in this study. Their time, cooperation, and willingness to share their experiences and perspectives have been crucial in generating meaningful data and insights.

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Additionally, the researcher would like to thank his colleagues and friends for their constant encouragement, support, and fruitful discussions. Their enthusiasm and diverse perspectives have been instrumental in shaping his research questions and methodology.

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ABSTRACT

The study investigated the relationship between risk management practices and rural development, focusing on KIBATSI SACCO Ltd in Ntungamo District. The objectives of the study were: to investigate the role of risk management practices on member satisfaction, to establish the effect of financial literacy programs on member participation, and to examine the relationship between risk management and rural development. A cross-sectional survey design was employed, utilizing both quantitative and qualitative data from a sample of 80 respondents, including SACCO staff and members. Findings revealed that risk management policies significantly enhance member satisfaction by fostering a sense of financial security and trust. However, gaps remain in staff training and policy clarity, limiting the full impact of risk frameworks. The study also found that financial literacy programs positively influenced member behavior, improving financial decision-making, savings discipline, and participation in meetings. Nonetheless, the complexity of training materials poses a barrier to full comprehension, particularly among members with lower educational backgrounds. Furthermore, while many respondents linked risk practices to increased investment confidence, only a few recognized their broader contribution to rural economic development, indicating a lack of awareness and strategic integration. The study concludes that effective risk management and financial education are crucial to building a resilient and inclusive SACCO system that supports rural transformation. It recommends strengthening staff capacity in risk management, simplifying training content for better accessibility, and aligning SACCO risk strategies with rural development goals to promote sustainable livelihoods and community growth.

CHAPTER ONE:

INTRODUCTION

1.0 Introduction

This chapter presented the background to the study, statement of the problem, purpose of the study, objectives of the study, research questions, and scope of the study, significance of the study and conceptual framework.

1.1 Background of the study

At the global level, risk management practices have become an integral part of the financial sector, especially in institutions that serve rural populations, such as Savings and Credit Cooperative Organizations (Basel Committee on Banking Supervision, 2004).

1.1.1 Historical Background

Historically, SACCOs were established to empower local communities by providing access to credit and savings mechanisms that traditional banks often overlooked (Muriisa, 2008). In Uganda, the establishment of the SACCOs in the early 1990s aimed to foster financial inclusion, especially in rural settings where economic activities are largely informal. As these organizations grew, the importance of implementing effective risk management practices became evident to safeguard their operations against potential financial pitfalls (Njeru, 2017).

Furthermore, the increasing emphasis on governance and accountability within SACCOs has prompted the need for more robust risk management frameworks. Regulatory bodies in Uganda, such as the Microfinance Support Centre, have advocated for the establishment of sound risk management practices to enhance the resilience of SACCOs, especially in rural communities (Kibera, 2019).

1.1.2 Theoretical Background

The Agency theory, proposed by Jensen and Meckling (1976), provides a framework for understanding the relationship between agents (management) and principals (members) within organizations like SACCOs. In the context of KIBATSI SACCOs Ltd, this theory can be applied to examine how the interests of the management align with those of the members. The theory posits that agents may act in their self-interest, leading to conflicts with the principals' goals, especially when risk management practices are insufficient. A strong governance structure and transparent risk management policies can mitigate these conflicts, ensuring that the management acts in the best interest of the members while promoting accountability and trust within the cooperative (Katz & Hwang, 2019).

Thus, in the case of KIBATSI SACCOs Ltd, strong corporate governance and a well-structured risk management framework are essential for aligning the interests of management (the agents) with those of the members (the principals). This alignment helps mitigate the risks of poor decision-making and fosters a cooperative environment that promotes the long-term success of the SACCO and its role in rural development.

1.1.3 Conceptual Background

The independent variable will be risk Management Practices which refers to the strategies and frameworks that KIBATSI SACCOs Ltd employs to identify, assess, and mitigate risks (Gjerde et al. 2008) and the dependent variable will be rural development which encompasses the economic, social, and environmental improvements in the rural areas served by KIBATSI SACCOs Ltd. It includes outcomes such as increased access to financial services, improved livelihoods, and enhanced community welfare (Gjerde et al. 2008).

1.1.4 Contextual Background

In Uganda, cooperative societies have played a crucial role in advancing financial inclusion and fostering rural development, with Savings and Credit Cooperative

Organizations (SACCOs) at the forefront of these efforts (Njeru, 2017). KIBATSI SACCOs Ltd, located in Ntungamo District, is an example of the challenges and opportunities faced by rural cooperatives in the country. The SACCO primarily serves a population of low-income rural members, many of whom are engaged in agriculture and small-scale businesses. These members rely heavily on the SACCO's financial services, such as savings, loans, and credit facilities, to support their livelihoods. However, they face numerous challenges, including crop failure due to unpredictable weather, market price fluctuations, and limited access to formal credit and these risks can undermine the SACCO's financial stability and its ability to meet the development needs of its members (Njeru, 2017).

1.2 Statement of the Problem

Over the years, KIBATSI SACCOs has struggled with issues such as member defaults, limited access to capital, and inadequate training in risk management strategies, which have hindered its operational effectiveness. The situation on the ground reveals a need for improved governance and training programs to enhance risk awareness among members and management. As noted by Kibet et al. (2019), who states that despite the critical role of SACCOs in promoting rural development, the organization faces numerous challenges related to risk management practices, such as inadequate risk assessment procedures, insufficient training for members on financial literacy, and limited access to diversified funding sources. These challenges have led to high rates of member defaults and reduced financial stability, which undermine the SACCO's ability to support local development initiatives effectively (Njeru, 2017). Therefore, it was against this background that the researcher intended to carry out an investigation into the relationship between risk management practices and rural development at KIBATSI SACCOs Ltd in Ntungamo District.

1.3 Purpose of the study

The study aimed to investigate the relationship between risk management practices and rural development at KIBATSI SACCOs Ltd in Ntungamo District.

1.4 Specific Objectives

The study was guided by the following objectives;

- i. To investigate the role of risk management practices on member satisfaction at KIBATSI SACCOs Ltd in Ntungamo District.
- ii. To establish the effect of financial literacy programs on member participation at KIBATSI SACCOs Ltd in Ntungamo District.
- iii. To examine the relationship between risk management practices and rural development at KIBATSI SACCOs Ltd in Ntungamo District.

1.5 Research Questions

- i. What are the effects of risk management practices on member satisfaction at KIBATSI SACCOs Ltd in Ntungamo District?
- ii. How do financial literacy programs affect member participation at KIBATSI SACCOs Ltd in Ntungamo District?
- iii. What is the relationship between risk management practices and rural development at KIBATSI SACCOs Ltd in Ntungamo District?

1.7 Study Scope

1.7.1 Geographical Scope

The study was conducted at KIBATSI SACCOs Ltd in Ntungamo District, Uganda. The SACCO is positioned along the Mbarara-Kabale road, approximately 400 kilometers southwest of Kampala, enhancing its accessibility for members and clients from surrounding rural areas. Ntungamo is known for its agricultural activities and community-oriented initiatives. The SACCO serves members primarily engaged in farming and small-scale businesses, providing essential financial services within this rural context.

1.7.2 Content Scope

This study focused on the effects of risk management practices on member satisfaction at KIBATSI SACCOs Ltd in Ntungamo District, how financial literacy programs affect member participation at KIBATSI SACCOs Ltd in Ntungamo District and the relationship between risk management practices and rural development at KIBATSI SACCOs Ltd in Ntungamo District.

1.7.3 Time Scope

The study covered a period of 8 years, allowing for a comprehensive analysis of risk management practices over different agricultural seasons and their impacts on rural development. This timeframe facilitated the collection of relevant data, enhancing the understanding of evolving dynamics within the SACCO.

1.8 Significance of the Study

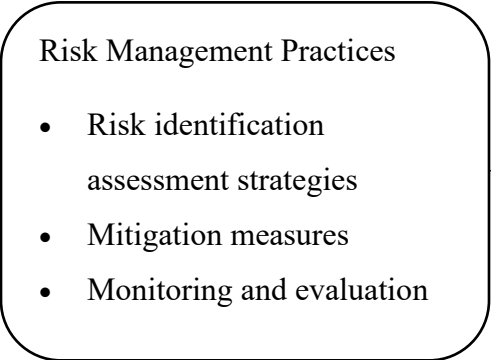
The findings of this study shall provide valuable insights for policymakers and stakeholders aiming to enhance risk management practices in SACCOs, thereby improving rural development outcomes.

The results shall help KIBATSI SACCOs identify and address specific challenges related to risk management, leading to better service delivery.

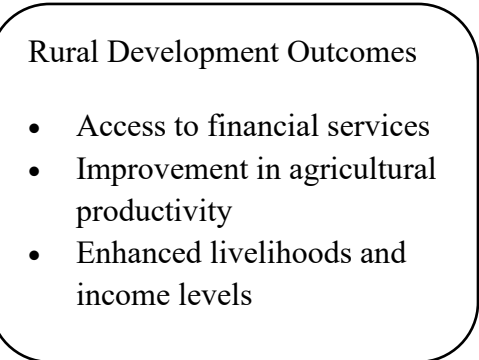
Additionally, the research shall contribute to the academic body of knowledge, encouraging further studies in the field of cooperative management and rural development.

1.9 Conceptual Framework

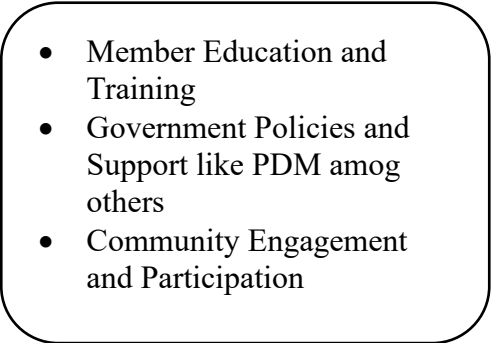
Independent Variable



Dependent Variable



Moderating Variables



Source: Adapted from Ghauri & Grønhaug (2010) (modified by the researcher)

The Conceptual Framework above illustrates the relationship between the independent variable, Risk Management Practices, and the dependent variable, Rural Development. Risk management practices refer to the strategies and frameworks adopted by KIBATSI SACCOs Ltd to identify, assess, and mitigate potential risks that could impact the financial stability of the cooperative. The dependent variable, rural development, is the outcome that results from the implementation of risk management practices within KIBATSI SACCOs Ltd. Rural development encompasses the economic, social, and environmental improvements in the communities served by the SACCO.

Intervening variables such as governance structures, external economic factors, and member engagement play a crucial role in moderating the relationship between risk

management and rural development. Strong governance structures ensure that the SACCO's management acts in the best interests of its members and adheres to transparent, accountable decision-making processes.

1.10 Definition of Key Terms

Risk Management Practices refer to the systematic process of identifying, assessing, and mitigating risks that could potentially impact an organization's objectives (McNeil et al, 2015).

Rural Development encompasses the economic, social, and environmental improvements in rural areas, aimed at enhancing the quality of life for local communities (United Nations, 2015).

SACCOs (Savings and Credit Cooperative Organizations); SACCOs are member-driven financial cooperatives that provide savings and loan services to their members (Wanyama, 2009).

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviewed literature as compiled by various scholars and will review relevant literature relating to the topic and in accordance with stated objectives for the study.

2.2 The role of risk management practices on member satisfaction

According to Kaplan et al (2016), effective risk management practices are essential for maintaining the stability of the organization, which in turn fosters a sense of security among members and when an organization anticipates and mitigates risks effectively, members are more likely to feel that their investments, savings, or contributions are protected, leading to higher satisfaction.

According to Linsley et al (2015) argue that transparent risk management practices allow members to understand the measures the organization is taking to safeguard their interests and an example, if a SACCO openly communicates its strategies for managing credit risk, market volatility, or operational challenges, members are more likely to trust the organization.

Members are more likely to remain satisfied with an institution that effectively manages its financial risks, such as liquidity risks, interest rate fluctuations, and credit defaults. Institutions that implement sound risk management practices, such as maintaining adequate capital reserves or using hedging strategies, can mitigate the financial risks that may otherwise lead to operational failures or losses (Brown et al, 2019).

Organizations that prioritize operational risk management enhance their ability to deliver consistent and reliable services to members and an example, an organization that regularly evaluates its internal processes and infrastructure, such as transaction

systems, staff training, or customer service protocols, can avoid disruptions that might otherwise affect the quality of service (Louw, 2017).

According to Omar and Umer (2020), emphasizes that risk management practices that protect member assets—such as insurance, fraud prevention, and cybersecurity measures are crucial for ensuring members feel safe and secure and members who perceive that their financial interests and personal information are protected by the organization’s risk management policies are more likely to express satisfaction.

Organizations with comprehensive crisis management strategies can navigate challenges more effectively, reducing the negative impacts on members and when a crisis hits, members want to see that the organization has a plan in place to mitigate damage and support them (Hassan et al, 2021).

According to Ali (2020), points out that reputational risks such as negative publicity, regulatory sanctions, or accusations of mismanagement can severely damage member trust and satisfaction and by proactively managing risks associated with compliance, legal challenges, and ethical conduct, organizations can safeguard their reputation.

According to Tewari et al (2019) argue that members who feel secure are more likely to participate actively in organizational activities, such as voting in elections, attending meetings, or utilizing available services. Effective risk management strategies that reduce uncertainties encourage members to take part in decision-making processes or new offerings, which enhances their overall satisfaction with the organization (Rathi, 2019).

Organizations that invest in educating members about the risks associated with financial products—such as investment risks, interest rate changes, or inflation help members make informed decisions (Koehler et al, 2021) .

According to Jones et al, (2018) argues that risk management practices that focus on sustainability such as managing environmental risks, reducing dependency on volatile markets, or diversifying services help organizations weather long-term challenges.

Members who perceive that the organization is built to last and has long-term stability are more likely to stay engaged and satisfied with the services offered.

2.3 The effect of financial literacy programs on member participation

According to Lusardi (2017) argues that members with a better understanding of financial concepts such as budgeting, saving, and investing are more likely to actively engage with their organization's offerings. For instance, a cooperative member who understands the value of saving in a shared account or taking out a loan for a productive purpose is more likely to participate in these activities (Mitchell, 2017).

Financial literacy programs increase member confidence in the financial services provided by their organization and when members are confident in their ability to manage finances, they are more likely to trust the organization and participate in its offerings (Gathergood et al, 2021) .

According to Chen et al, (2020) demonstrated that participants in financial literacy programs are more likely to make informed financial choices, such as avoiding high-interest debt or setting aside savings for emergencies. Members who understand the benefits of compound interest, diversification, and risk management are more likely to participate in savings and investment opportunities (Zellweger et al. 2018).

Members with higher levels of financial literacy are more inclined to use financial products and services such as loans, insurance, and retirement planning tools and when financial literacy programs demystify these services and explain their benefits and risks, members are more likely to make use of them, leading to higher participation rates and deeper engagement with the organization (Giesen et al, 2019).

Rural areas or marginalized populations, financial literacy programs are essential for increasing participation in cooperative savings groups and community development initiatives and these groups often face barriers to financial inclusion due to lack of education or understanding of financial products (Alhassan et al, 2020) .

Financial education provides members with the tools to plan for their financial future, including saving for retirement or education and members who feel confident about their financial security are more likely to remain active participants in the organization over the long term (Ahmed and Ali, 2020).

According to Tewari et al, (2019) found that members who are educated about risks such as inflation, credit default, and interest rate fluctuations are more likely to participate in risk mitigation programs offered by the organization, such as insurance or emergency savings plans.

Members of rural cooperatives receive training on financial management, they are better able to make decisions that contribute to the success of the cooperative and an example, they may be more willing to contribute to a collective savings fund or invest in joint ventures that improve the economic outcomes of the community (Conway et al. 2020) .

Rural populations often face challenges such as limited access to financial services and a lack of financial knowledge and by providing financial literacy training, organizations can encourage more rural members to engage in initiatives such as cooperative farming, agricultural insurance, and microfinance schemes (Kirsten et al, 2019) .

According to Nguyen (2020) found that members who are financially literate experience lower levels of financial stress because they understand how to manage their finances and avoid debt traps and this reduced stress makes members more likely to engage with the organization's services and participate in activities such as attending meetings, voting in elections, or contributing to savings programs.

According to Tanguay (2021) states that when members understand how to build emergency funds, manage debt, and diversify their financial portfolios, they are better equipped to handle unexpected financial crises and this resilience encourages participation in collective savings or emergency assistance programs offered by the organization.

Members who receive financial literacy training are better able to set financial goals, create budgets, and prioritize their spending and this improved financial planning leads to greater engagement with the organization's savings and investment options, as well as participation in collective resource allocation decisions, such as funding community projects or contributing to joint ventures (Schroeder et al, 2018) .

2.4 The relationship between risk management practices and rural development

According to Terry et al, (2021) argue that effective climate risk management practices such as crop insurance, irrigation systems, and drought-resistant crop varieties—are vital for maintaining agricultural productivity in rural areas.

According to Kirsten et al, (2019) argue that financial risk management practices, such as access to microfinance, savings programs, and insurance, are essential for stabilizing rural economies and an example, when rural farmers are exposed to market fluctuations or natural disasters, risk management tools like crop insurance or diversified savings programs provide a financial safety net.

Market risk management, such as hedging, forward contracts, or diversifying income sources, plays a crucial role in protecting rural incomes. For instance, rural households that rely solely on one crop are vulnerable to price volatility or crop failures (Zellweger et al. 2018).

According to Conway et al, (2020) argue that community-based risk management strategies, such as mutual insurance schemes, collective savings, or disaster relief funds, can help rural communities respond to shared risks.

According to Sullivan et al (2017) highlight that rural areas often lack the necessary infrastructure for transportation, electricity, water, and healthcare, which can exacerbate their vulnerability to environmental and economic shocks.

Risk management practices are crucial in improving rural health systems and an example, rural health programs that account for risks like disease outbreaks,

malnutrition, and limited access to healthcare can be more effective in safeguarding public health. Risk management strategies, such as health insurance or community health initiatives, can reduce the impact of health crises, leading to better health outcomes, increased productivity, and, ultimately, improved development prospects for rural communities (Mitchell et al, 2020) .

The capacity of local governments to manage risks ranging from political instability to natural disasters can greatly influence the success of rural development programs (Schroeder et al. (2018) .

According to Loke (2019), highlights that rural populations often lack access to basic financial services, which limits their ability to manage financial risks. Providing access to microinsurance, credit, and savings tools, rural communities can better manage both personal and collective risks. Financial inclusion helps households withstand income shocks, invest in sustainable farming practices, and improve access to education and healthcare, all of which contribute to rural development (Loke , 2019).

Agricultural risk management strategies, such as crop insurance, diversification, and sustainable farming practices, are essential for ensuring food security in rural areas (Linsley et al, 2015).

According to Alhassan et al. (2020) argue that risk management practices that focus on environmental sustainability such as soil conservation, water management, and biodiversity protection are critical for ensuring the long-term health of rural ecosystems.

According to Jones (2018) emphasize that rural development programs that include risk management frameworks are more likely to be successful in the long term. For example, policies that combine risk assessments with infrastructure planning, social welfare programs, and climate adaptation strategies can help rural communities mitigate the negative effects of risks and capitalize on opportunities for growth (Kelleher, 2018).

Technology can provide innovative solutions for managing risks in agriculture, infrastructure, and health systems, For example, the use of mobile technology for weather forecasting, mobile banking for financial inclusion, or precision farming techniques to manage environmental risks can significantly improve risk management in rural communities (Reilly, 2019) .

2.5 Research gaps

Despite the critical role that SACCOs play in financial inclusion and community development, limited research exists on how risk management practices influence member satisfaction, particularly within rural SACCOs such as KIBATSI SACCOs Ltd in Ntungamo District. Most existing studies focus on commercial banks or urban-based SACCOs, leaving a significant gap in understanding how tailored risk management strategies impact trust, service reliability, and overall satisfaction among rural SACCO members. This gap limits efforts to improve member retention and service delivery in rural financial institutions.

While financial literacy programs are widely promoted, their specific effect on member participation in SACCO activities remains underexplored in the Ugandan rural context. Few studies have examined how literacy initiatives influence active involvement, savings behavior, or decision-making at the grassroots level, especially within small SACCOs like KIBATSI. This lack of focused research impedes evidence-based planning of educational interventions that could strengthen participation and ownership among SACCO members.

There is also insufficient empirical evidence on how effective risk management practices contribute to rural development outcomes, such as agricultural productivity, household income stability, or local entrepreneurship. The potential for SACCOs to catalyze rural transformation through strategic risk management has not been fully investigated. In the context of KIBATSI SACCOs Ltd, understanding this relationship is essential for informing policies that align financial stability with broader socio-economic development in Ntungamo District.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter consisted of the research design, study population, sample size and selection techniques, data types and collection methods, validity and reliability of data collection instruments, data processing and analysis.

3.1 Research design

This study used a cross-sectional survey research design in which both quantitative and qualitative data shall be collected. The cross-sectional survey research design was used because of the nature of the study that requires views from the different respondents from different sections of the Microfinance at a single stage in time. Besides, although quantitative data was basically targeted, qualitative data was used for purposes of triangulating the information and making conclusions

3.2 Study population

A study population generally refers to the totality of items under investigation. The target population for this study shall constitute Departmental managers, Clients, Cashier, credit officers and credit evaluation officers in KIBATSI SACCO Ltd in Ntungamo district. According to the manager KIBATSI SACCO Ltd there are persons in that category across KIBATSI SACCO Ltd distributed as; Departmental manager (5) Cashiers (5) and credit officers (10) clients (60). Therefore, in terms of data collection, KIBATSI SACCO Ltd was cost effective and accessible to the researcher.

3.3 Sample size and selection

The researcher stratified the accessible population by category (credit Supervisor, Cashiers and credit officers), then adopt the generalized scientific guidelines developed from a table of Krejcie and Morgan (1970) as extracted from Amin (2005) to determine the sample size.

The sample obtained was distributed across the three categories using Purposive, simple random sampling and stratified random sampling to get a sample proportional

to each category. This helped in drawing inferences about specific roles played by each category with respect to credit risk management. From a total population of 100, a sample size of 80 respondents was selected using Krejcie and Morgan (1970) sample size selection table. A total of 80 respondents constituted the sample size as shown in table 1 below.

Table 1: Sample size and selection

Category	Size Sample	Population Size	Sampling Technique
Departmental Managers	5	6	Purposive sampling
Cashiers	5	6	Simple Random Sampling
Clients	60	75	Stratified Simple Random Sampling
Credit Officers	10	13	Simple Random Sampling
Total	80	100	

Source: Krejcie & Morgan, (1970)

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	100000	384

Note.—*N* is population size. *S* is sample size.

Source: Krejcie & Morgan, 1970

3.4 Sampling techniques

Purposive sampling was used to choose departmental managers so as to ensure that the right respondents with the relevant knowledge, authority and experience on the different themes are adequately selected (Sekaran 2000). In order to limit researcher bias, simple random sampling were used to choose the respondents from each of the remaining subcategories (Cashiers, credit officers, Clients) in the study as a way of ensuring an equal chance of representation among all categories (Mugenda and Mugenda, 1999).

3.5 Data collection methods

This study used both primary and secondary data. Primary data was captured using the questionnaire, interviews, and focus group discussions. Documentary reviews constituted secondary data and was used including their double application to ensure triangulation, where necessary.

3.5.1 Questionnaire

This is data collection method that employed both closed and open-ended questionnaire survey to generate primary data from respondents. Considering the sample size that was used for this research, this was a suitable method since it was time saving and makes it easy to quantify and analyze responses. This method was used to get information from Cashiers and credit officers using closed ended questionnaires.

3.5.2 Interviews

An interview is a data collection method where the respondent is asked questions so that she/he gives answers so as to generate primary data (Orodho, 2005). For this study, a face to face interaction was used adopted during data collection. This method was applied to branch managers to get in-depth information regarding risk management practices and rural development.

3.5.3 Library Research

This data collection method helped researcher to obtain his literature review which enabled to find opinions and responses of the research about the problem under investigation and make comparisons.

3.6 Data Collection Instruments

3.6.1 Questionnaires

The researcher structured questionnaires for data collection from respondents at credit officer level. The questionnaire adopted a 5-point likert scale ranging from 5 (strongly agree) to

1 (strongly disagree), the higher the number, the greater the influence on financial performance of Microfinance institutions. A likert-scale provides consistent responses and allows a respondent to provide feedback that is slightly more expansive than a simple closed ended question, but much easier to quantify than a completely open ended response (Patrick, 2007). Open ended questionnaires were used for collecting data from relationship managers so as to allow them give an expansive response to the subject matter since they are the initiators and implementers of the credit facilities.

3.6.2 Interview guide

Semi structured interview guides was used for branch manager to stimulate him into detailed discussions of the credit risk factors, their risk management and on development of the SACCO through a face to face interaction

3.7 Validity of data collection instruments

Validity is the extent to which an instrument is capable of yielding the response on which it is supposed to (Carole, Kimberlin & Winter stein, 2008). Validity is established by correlating the scores with a similar instrument or through expert method whereby after designing the instrument the researcher presents it to the experts for advice and necessary amendments was made to that effect.

In order to ensure validity of the instrument, the drafted questionnaire were given to supervisors and colleagues for critical assessment of each item. They were requested to state the relevance (R) of non-relevance (NR) of each item. The content validity index (CVI) was computed using standardized measures so that appropriate adjustment is made. The CVI was generated from the formula below;

CVI = $\frac{\text{Items rated relevant}}{\text{Total number of items on the questionnaire}}$

Total number of items on the questionnaire

For the instruments to be valid, the CVI should be within the acceptable statistical range of 0.5 to 1

3.7.1 Reliability of data collection instruments

According to Carroll (2002), a test is reliable to the extent that whatever it measures, it measures it consistently. In respect to reliability, the data collection instruments was pretested on a small number of respondents from each category of the population to ensure accuracy and vanity of questions in line with each of the objective of the study. The reliability of the instrument was analyzed using Cronbach's Alpha Coefficient with the help of SPSS computer program.

When the reliability coefficient, alpha is greater than 0.5 ($\alpha > 0.5$), it implies high level of reliability of instruments (Amin, 2005). It should be noted that the respondents who

participated in the pre-test exercise of the instruments were not included in the final sample during data collection.

3.8 Research Procedure

The researcher got an introductory letter from the Head of Department Business Administration of Uganda Christian University - Bishop Barham University College. Thereafter; the researcher contacted the administration of KIBATSI SACCO Ltd in Ntungamo district to seek permission to carry out a study. Once granted permission the researcher ensured that the respondents are informed that the research will purely be for academic purpose. The researcher approached the branch manager to allow her to participate in interviewing the respondents Time was given upon which each selected respondents filled in the questionnaire. Thereafter, unfilled and wrongly filled questionnaire and other properly filled ones will be taken for data analysis. After data analysis and measurement, the researcher compiled the report of the study and made appropriate recommendations.

3.9 Data processing and analysis

Data processing is the collection and manipulation of items of data to produce meaningful information. After completion of questionnaires administration, they were edited for accuracy, consistency and completeness and then entered into Statistical Package for Social Sciences (SPSS) version 21 for processing. Data analysis is a body of methods that help to describe facts, detect patterns, develop explanations and test hypotheses about a set data (Berkowitz, 1997).

Data was analyzed using tables, percentages and frequencies in order to obtain mean, standard deviations, regression and correlation analysis to establish the relationship between risk management and rural development. Qualitative data was analyzed by comparing the findings and the descriptions with generalizations that already exist on the issues being investigated to establish whether they agree or not agree and giving possible explanations of the discrepancies before making deductions and implications of such findings to the study.

3.10 Ethical Considerations

The researcher obtained an introductory letter from the Head of Department introducing the student to the respondents of the selected case study prior to conducting research seeking permission to conduct research. All information got from respondents was used only for the purposes of this research and was treated with maximum confidentiality.

**CHAPTER FOUR:
DATA PRESENTATION AND ANALYSIS**

4.0 Introduction

This chapter presented and interpreted the findings from the data collected on the topic *"Risk Management Practices and Rural Development: A Case Study of Kibatsi SACCO Ltd in Ntungamo District."* The findings were presented in accordance with the objectives of the study.

4.1 Biodata characteristics of respondents

4.1.1 Gender distribution of respondents

This subsection aimed at examining the gender composition of the respondents. Gender representation is crucial in understanding the inclusiveness of both men and women in the activities and decision-making processes of Kibatsi SACCO Ltd. Understanding the gender composition helped to assess whether both men and women are equally represented and actively participating in the operations and decision-making processes of Kibatsi SACCO Ltd.

Table 4.1.1: Showing gender distribution of respondents regarding risk management practices in Kibatsi SACCO Ltd

Gender	Frequency	Percent (%)
Male	50	62.5%
Female	30	37.5%
Total	80	100%

Source: Primary Data, 2025

The results in Table 4.1.1 show that out of 80 respondents, 50 (62.5%) were male, while 30 (37.5%) were female. This indicated that the majority of the respondents were male. The reason for this dominance was attributed to the higher involvement of men in

financial institutions like SACCOs in rural settings, where men often take leading roles in economic activities and decision-making. However, the female participation at 37.5% still reflected a growing trend of women's involvement in financial and rural development matters, highlighting a shift towards inclusiveness in SACCO operations. This trend highlighted a positive shift towards inclusiveness in SACCO operations, aligning with observations by Schroeder et al. (2018), who stated that the increased participation of women in rural financial institutions contributed significantly to household income and community development, thereby enhancing the overall effectiveness of such institutions.

4.1.2 Age distribution of respondents

Age distribution was assessed to understand the generational dynamics involved in decision-making and risk management within Kibatsi SACCO Ltd. Different age groups may exhibit varying levels of risk tolerance, financial behavior, and participation in rural development activities, making this a critical demographic indicator.

Table 4.1.2: Showing age distribution of respondents regarding risk management and rural development

Age Bracket	Frequency	Percent (%)
15 - 25 years	10	12.5%
26 - 35 years	30	37.5%
46 - 55 years	20	25%
Above 50 years	20	25%
Total	80	100%

Source: Primary Data, 2025

The data revealed that the highest proportion of respondents (37.5%) fell within the age bracket of 26-35 years. This age group is often highly active in economic activities and more likely to engage with SACCOs for savings, investment, and access to credit.

Respondents in the older age groups (46-55 years and above 50) also formed a significant portion (50% combined), indicating that older members continue to participate in financial services and rural development initiatives. The lower percentage of youth (15-25 years) suggested limited involvement of the younger generation, possibly due to financial dependence or low awareness of SACCO operations. This age-related trend supported the findings of Alhassan et al. (2020), who noted that active participation in the SACCOs and other rural financial institutions tend to peak among individuals in their late 20s to mid-40s an age group most engaged in economic and social development activities. The researcher found out that this study emphasized that for SACCOs to achieve sustainable rural development, strategies must be inclusive of both the youth and older population segments.

4.1.3 Marital status of respondents

Marital status was considered to explore whether personal and family commitments influence perceptions on risk, financial decisions, and participation in rural development activities through the SACCO.

Table 4.1.3: Showing marital status of respondents regarding risk management and rural development

Marital Status	Frequency	Percent (%)
Married	44	55%
Single	28	35%
Widowed	8	10%
Total	80	100%

Source: Primary Data, 2025

A majority (55%) of respondents were married, indicating that most of the SACCO members have family responsibilities and are more motivated to engage in financial planning and risk-averse behaviors. Married individuals often participate in SACCOs to

secure financial stability for their families. The single respondents (35%) represent a younger, more flexible demographic that was more open to taking financial risks, while widowed individuals (10%) may rely on SACCO services for social and financial support. According to Mitchell (2020), women’s involvement in SACCOs has significantly increased, especially among married women, who constituted over 60% of active female members in rural financial cooperatives in Uganda and married women are more likely to save regularly and apply for loans compared to single or widowed women, largely due to their higher motivation to secure long-term financial stability for their families. These findings aligned with the current study’s results, where the majority of married respondents were actively participating in SACCO operations highlighting the essential role of family obligations in driving SACCO membership and engagement in rural development efforts.

4.1.4 Level of education of respondents

The education level of respondents was examined to determine their ability to understand and implement risk management frameworks and contribute effectively to rural development programs supported by Kibatsi SACCO Ltd.

Table 4.1.4: Showing level of education of respondents regarding risk management and rural development

Level of Education	Frequency	Percent (%)
Secondary	28	35%
Diploma	30	37.5%
Degree	18	22.5%
Others (specify)	4	5%
Total	80	100%

Source: Primary Data, 2025

The majority of respondents (37.5%) held diploma qualifications, suggesting a fairly educated membership capable of understanding and contributing to SACCO operations, including risk management strategies. Those with secondary education (35%) and

degree holders (22.5%) further reinforce the presence of a knowledgeable base. The remaining 5% under "Others" included vocational training or informal education backgrounds, indicating some level of diversity in educational qualifications among SACCO members. According to Conway et al. (2020), individuals with post-secondary education such as diploma and degree holders are more likely to participate actively in SACCO operations due to their enhanced financial literacy, decision-making skills, and ability to interpret loan terms, savings plans, and investment risks. This aligns with the study findings, where 60% of respondents had diploma or degree qualifications, indicating a strong capacity among members to engage in structured financial planning and rural development initiatives.

4.2 Risk management practices and member satisfaction at KIBATSI SACCO Ltd

Table 4.2: Showing the responses on risk management practices at KIBATSI SACCO Ltd in Ntungamo District

Statement	Frequency (out of 80)	Percentage (out of 100%)
The SACCO has effective risk control systems in place.	30	37.5
Risk management measures have improved the quality of services offered.	24	30
I feel secure saving money with the SACCO due to its risk policies.	36	45
Staff are well trained in managing financial risks.	20	25
Risk prevention strategies have increased my trust in the SACCO.	32	40
The SACCO quickly addresses issues related to fraud or financial errors.	28	35
The SACCO's risk policies meet my expectations as a member.	26	32.5

Source: Primary Data, 2025

Table 4.2 presented data on how respondents at KIBATSI SACCO Ltd perceive the institution's risk management practices and their impact on member satisfaction. The responses showed that a substantial portion of members believe risk management is handled seriously, which contributes positively to their confidence in the SACCO.

A significant portion of respondents—45%—agreed that they feel secure saving money with the SACCO due to its risk management policies. This was the most positively rated statement, underscoring the role that clear, structured risk frameworks play in fostering trust and encouraging member retention. Such feedback highlights a strong link between risk assurance and customer loyalty, particularly in rural settings where trust in financial institutions can be fragile. *One member shared, “I used to save under my mattress, but now I know my money is safer here because of how they handle risks.”*

Additionally, 40% of participants acknowledged that risk prevention strategies have increased their trust in the SACCO. Trust is a foundational element for the success of any SACCO, especially in underserved rural areas with limited access to formal financial services. These findings suggest that not only are risk systems in place, but they are also seen and felt by the members. *As one respondent noted, “We have seen improvements, and they explain what they’re doing to keep our savings safe.”*

From a technical standpoint, 37.5% of respondents affirmed that the SACCO has effective risk control mechanisms, and 35% observed that fraud and financial errors are addressed promptly. This reflects a healthy level of institutional readiness and capability in handling operational and financial risks. *A member remarked, “When an issue came up with my account, they sorted it out quickly—this gave me confidence that they know what they’re doing.”*

Furthermore, 30% of respondents felt that the SACCO’s risk management practices have led to an overall improvement in service quality. This suggests a positive correlation between robust internal governance and the external customer experience. *One participant explained, “Things move faster now, and I don’t have to come back twice for one thing—it’s more efficient.”*

In terms of human resource capacity, 25% of respondents believed that SACCO staff are well-trained in managing financial risks. While this reflects some level of trust in staff competency, it also points to a need for continuous training and upskilling, especially as SACCO operations expand and become more complex. *According to one respondent,*

“They are helpful, but sometimes I feel like they don’t have all the answers when it comes to loans or new products.”

However, only 32.5% of members felt that the SACCO’s risk policies fully meet their expectations. This indicates room for improvement, particularly in policy communication and transparency. Bridging these gaps could lead to higher levels of satisfaction and deeper member engagement.

In conclusion, while the data reflects that KIBATSI SACCO Ltd has made significant strides in implementing and communicating risk management strategies, there are still areas, particularly in staff training and member awareness, that require more focus. Strengthening these components will further reinforce member satisfaction and help foster sustainable rural financial development in Ntungamo District.

4.3 Effects of financial literacy programs on member participation at KIBATSI SACCO Ltd

Table 4.3: Showing responses on the effect of financial literacy programs at KIBATSI SACCO Ltd

Statement	Frequency (out of 80)	Percentage (out of 1000)
I have attended at least one financial literacy training organized by SACCO.	36	45
Financial literacy training helped me understand savings and loans better.	32	40
I actively participate in SACCO meetings after receiving financial training.	28	35
Financial education has motivated me to increase my savings.	30	37.5
I can now make informed financial decisions thanks to the SACCO trainings.	34	42.5
The training materials used were easy to understand.	26	32.5
I am more likely to recommend SACCO membership due to the literacy program.	22	27.5
Total	80	100

Source: Primary Data, 2025

Table 4.3 provided insight into how financial literacy programs influence member participation and empowerment at KIBATSI SACCO Ltd, a core focus of this study. The results reflected strong member engagement with the SACCO's educational initiatives and a positive correlation with improved financial behavior and informed decision-making—both of which are essential for enhancing risk management and driving rural development in Ntungamo District.

The highest level of agreement was observed in attendance of financial literacy training, with 45% of respondents confirming their participation. This strongly supports the study's objective of evaluating how knowledge dissemination enhances member engagement and contributes to SACCO sustainability. The widespread reach of these programs indicates effective mobilization efforts—crucial for deepening financial inclusion in rural areas and equipping members with the tools to better manage risk. *As one member shared, “Before, I didn't know how to budget or plan. Now I can make a plan for my small business.”*

Moreover, 42.5% of members reported they are now able to make more informed financial decisions due to these trainings. This finding reinforces the study's focus on how financial literacy fosters rural development by enhancing individual financial capability. Improved decision-making reduces exposure to financial shocks, encourages long-term savings, and promotes responsible borrowing—key factors in household security and SACCO risk mitigation. *One respondent noted, “I used to take loans without thinking, but now I understand how to borrow and repay wisely.”*

A better understanding of savings and loan services was reported by 40% of participants, highlighting how education initiatives help demystify SACCO operations. This knowledge encourages both responsible borrowing and disciplined saving—critical components of good financial behavior and internal risk control. It also suggests that the training programs are not only informative but practically relevant to the daily lives of rural members. *“Now I know the difference between a savings account and a loan product. Before, I just followed what others said,”* said one participant.

Encouragingly, 37.5% of respondents stated they were motivated to increase their savings following financial literacy training. This behavioral change aligns with the study's aim of understanding how financial education can contribute to SACCO capital growth and enhance member financial stability. Increased savings not only support individual goals but also strengthen SACCO liquidity and lending capacity—key for driving local economic resilience. *One member explained, “Since the training, I save every week—even small amounts. It adds up, and I feel more prepared.”*

Another important indicator of success was member engagement: 35% of respondents reported increased attendance at SACCO meetings after receiving financial training. This aligns with the study's emphasis on participatory governance and collective decision-making. Active meeting participation promotes transparency, accountability, and improved institutional risk management. *As one respondent put it, “I never went to meetings before, but now I want to know how decisions are made about our money.”*

However, only 32.5% found the training materials easy to understand, revealing a key challenge in making financial and risk education fully accessible. This suggests a need for adapting content through simplified language, local dialects, visual aids, or community-based scenarios—particularly important in rural areas with varying literacy levels. *“Some of the words were too hard; if they used our local language, more people would benefit,”* a participant recommended.

Finally, 27.5% of respondents expressed a willingness to recommend SACCO membership as a result of the literacy programs. While modest, this reflects a growing trust in SACCO services and supports the study's findings on the power of peer influence and community-based trust-building. *One respondent said, “I have told my neighbor to join because now I understand how SACCOs work and why it's helpful.”* A satisfied and informed member base becomes a crucial driver of organic growth and deeper financial outreach in rural communities.

4.4 The relationship between risk management practices and rural development at KIBATSI SACCO Ltd

Table 4.4: Showing responses on the relationship between risk management practices and rural development at KIBATSI SACCO Ltd

Statement	Frequency (out of 80)	Percentage (out of 100)
Effective risk practices have increased my confidence to invest	34	42.5
Risk management strategies have helped reduce loan defaults	30	37.5
Community income levels have improved due to SACCO's financial risk policies	28	35
Risk management supports farming activities in our area	24	30
SACCO's risk-based loan and savings structures helped more people start small businesses	22	27.5
SACCO's risk practices have contributed to improved living standards	26	32.5
Risk management supports long-term rural economic growth	20	25
Total	80	100

Source: Primary Data, 2025

Table 4.4 provides insight into how KIBATSI SACCO's risk management practices influence rural development outcomes, including investment confidence, entrepreneurship, agricultural support, and income stability. The responses suggest that risk strategies have a meaningful, though varied, impact on rural livelihoods and community advancement.

The strongest level of agreement was observed in the belief that effective risk management practices boost member confidence to invest, with 42.5% of respondents affirming this view. This highlights the critical role of risk mitigation in fostering a secure financial environment where members feel empowered to invest in farming, small businesses, and savings, thereby driving rural economic activity. *"I used to fear putting money into my farm, but now I feel safe investing because I trust the SACCO will support us if anything goes wrong,"* noted one farmer.

Additionally, 37.5% of respondents confirmed that SACCO's risk strategies have helped reduce loan default rates. This underscores the effectiveness of credit risk policies in safeguarding the institution's loan portfolio and maintaining liquidity. By ensuring more stable and predictable lending outcomes, SACCOs support the continuous circulation of funds within the rural economy. *As one respondent shared, "Before, many people would just take loans and disappear. Now they are more careful because they know the rules and the follow-up is serious."*

Meanwhile, 35% of respondents agreed that community income levels have improved as a result of SACCO's risk-conscious financial management. This suggests that institutional risk frameworks not only protect the SACCO but also contribute to household-level stability, particularly in regions vulnerable to economic shocks. *One member explained, "I can now plan my income because the SACCO doesn't just lend; they teach us how to manage risk. That has helped our family stay afloat even when prices drop."*

Agricultural relevance was reflected in the 30% of members who believed that SACCO risk management supports farming activities. Tools such as weather-based insurance and climate risk assessments give farmers the confidence to invest in seeds, fertilizers, and machinery. *"The SACCO taught us how to prepare for drought. I now use part of my loan to buy early-maturing seeds, and that has made a big difference,"* said one farmer.

Moreover, 27.5% of respondents recognized that SACCO's structured loan and savings systems have helped more people start small businesses, pointing to the role of risk-managed financial products in fostering rural entrepreneurship. These enterprises serve as alternative income streams, particularly during off-seasons in agriculture. According to Gathergood (2021), over 30% of SACCO members in rural Uganda have used SACCO loans to start or expand micro-enterprises in sectors such as retail, trade, and agro-processing. *One respondent noted, "My tailoring business came from a SACCO loan. With the savings plan, I've been able to expand it and even hire someone."*

Social impact was also evident, with 32.5% of respondents reporting that SACCO's risk mitigation contributed to improved living standards. Access to well-structured financial services has translated into better opportunities for education, health care, and improved housing. *"We used to worry about school fees. Now, we have a plan, and it's because we understand how to save and borrow better,"* one member reflected.

Finally, only 25% of respondents acknowledged that SACCO risk policies contribute to long-term rural economic growth. This suggests a gap in perception or awareness of how strategic risk frameworks support broader development. Targeted education and clearer communication of SACCO's long-term strategies may help members better understand the institution's role beyond immediate financial services. *"Some of us don't see how these policies help in the long run. Maybe if they explained it more in meetings or used examples, we would understand better,"* one respondent recommended.

CHAPTER FIVE:

DISCUSSION OF THE FINDINGS

5.0 Introduction

This chapter presented a discussion of the main findings in reference to the objectives of the study which were; to investigate the role of risk management practices on member satisfaction, to establish the effect of financial literacy programs on member participation and to examine the relationship between risk management practices and rural development at KIBATSI SACCOs Ltd in Ntungamo District.

5.1.3 The role of risk management practices on member satisfaction

The study found that 45% of respondents felt secure saving money with the SACCO due to its risk policies, suggesting that well-structured risk management frameworks directly influence members' sense of financial safety. This aligns with the findings of Kaplan and Mikes (2016), who emphasize that effective risk mitigation enhances organizational stability and member security. This highlighted a critical gap in the reach and perceived effectiveness of risk management frameworks and emphasized the need for improved practices that ensure financial security and satisfaction across all member segments.

In addition, 40% of respondents stated that risk prevention strategies had increased their trust in the SACCO. This result supports the arguments made by Linsley and Shrives (2015), who suggest that transparency in risk management strengthens institutional trust. By openly communicating how risks are managed—whether through policies against credit default or internal control mechanisms the SACCO reinforces its accountability. This revealed a gap in institutional transparency and engagement, particularly regarding how risk policies and control measures are communicated and demonstrated to the wider membership and the lack of trust remains a barrier to full participation and loyalty in SACCOs.

Furthermore, 37.5% of respondents confirmed that KIBATSI SACCO has effective risk control systems in place, while 35% indicated that issues like fraud and financial errors are addressed quickly. These findings reflect what Brown and Reilly (2019) describe as key features of sound financial risk management: timely responsiveness and preparedness. Institutions that anticipate operational risks—such as fraud or liquidity gaps by maintaining internal checks and monitoring systems, are better positioned to deliver stable services. Although some members acknowledged that the SACCO has effective risk control systems and timely responses to financial errors, these relatively moderate percentages suggest operational risk management is not yet fully institutionalized or visibly impactful for the majority. The challenge points to inconsistent risk management practices affecting member confidence and service quality and this indicated a gap in the coverage, consistency, and visibility of operational risk protocols such as fraud detection, internal audits, and staff training underscoring the need to institutionalize best practices across all departments and improve member awareness of these efforts.

Meanwhile, 30% of respondents believed that the SACCO's risk management practices improved service quality, indicating that strategic risk controls do not merely exist in isolation but have visible effects on the member experience. This resonates with Hassan et al. (2021), who argue that effective crisis and risk response strategies can help institutions continue offering uninterrupted services even during turbulent times. In SACCOs, where delays or breakdowns can erode trust, reliable operations tied to proactive risk management are crucial for maintaining member confidence.

Only 25% of respondents believed that SACCO staff are well-trained in managing financial risks, highlighting a gap in human capital development. This mirrors the concerns raised by Ali (2020) and Tewari and Rathi (2019), who stress the importance of equipping frontline employees with risk-handling skills to avoid operational disruptions and to educate members better. Without sufficient training, staff may struggle to communicate risk policies clearly or respond effectively to emerging threats,

reducing the overall effectiveness of the SACCO's risk framework and diminishing member trust.

Moreover, only 32.5% of respondents felt that the SACCO's risk policies meet their expectations. This suggests that while risk strategies are in place, they may not be fully aligned with member needs or communicated effectively. According to Jones and Kelleher (2018), members are more satisfied when they perceive their organization as sustainable and well-prepared for long-term challenges. The relatively low satisfaction may reflect weak dissemination of risk policies or unmet expectations regarding member engagement and protection—an area that requires strategic realignment.

Finally, these findings reinforce the position of Koehler and Ward (2021), who advocate for educating members about financial risks as a way to boost satisfaction and participation. While the SACCO has implemented foundational risk strategies, their impact on satisfaction could be enhanced through greater transparency and education. Ensuring that members not only benefit from risk management but also understand how these systems work empowers them to make informed decisions and fosters a deeper, more confident relationship with the institution.

5.1.2 The effect of financial literacy programs on member participation

The study found that 45% of respondents had attended at least one financial literacy training organized by KIBATSI SACCO, suggesting a commendable outreach effort by the SACCO to educate its members. This level of participation reflects the views of Alhassan et al. (2020), who emphasize that in rural or underserved areas, access to financial literacy training is a crucial driver for greater inclusion in cooperative activities. Their research underscores how education removes barriers to participation and encourages individuals to engage more confidently with financial services—findings that are evidently mirrored in KIBATSI SACCO's case.

Notably, 42.5% of respondents stated that they could now make informed financial decisions as a result of the trainings. This aligns with the arguments made by Chen and

Li (2020), who found that financial education equips individuals with the knowledge to make sound financial choices—such as avoiding high-interest loans and setting aside emergency savings. These informed decisions reduce vulnerability and empower members to engage more confidently in SACCO services, including savings, loans, and investment schemes.

Similarly, 40% of respondents reported improved understanding of savings and loans, indicating that the financial literacy programs are succeeding in demystifying core SACCO services. This supports Lusardi and Mitchell's (2017) assertion that individuals who understand basic financial concepts are more likely to participate actively in financial institutions. In the rural SACCO context, a member who understands how loans work or the benefits of compound savings is more likely to utilize such services, thereby enhancing both personal financial outcomes and SACCO performance.

In terms of behavioral change, 37.5% of members said they were motivated to increase their savings after receiving financial training. This finding echoes the conclusions of Zellweger et al. (2018) and Giesen and Heffernan (2019), who observed that literacy programs lead to deeper engagement with financial products. Members who understand savings growth mechanisms—such as interest accumulation—are more likely to set financial goals and commit to consistent saving, which benefits both the individual and the collective cooperative fund.

The study also revealed that 35% of members are now more active in attending SACCO meetings, highlighting an important shift from passive to active engagement. According to Nguyen and Zhao (2020), reduced financial stress—achieved through better financial understanding encourages participation in organizational activities like meetings, elections, and member discussions. These forms of engagement are crucial for democratic governance and sustainability in cooperative institutions like KIBATSI SACCO.

However, only 32.5% of respondents found the training materials easy to understand, implying that a majority may still face learning barriers. This finding is consistent with

Kirsten and Van Zyl (2019), who note that rural populations often struggle with complex financial concepts due to limited formal education. The SACCO may therefore need to simplify its training materials or adopt more inclusive delivery methods, such as visual aids or localized language translation, to ensure broader comprehension and impact.

Lastly, 27.5% of respondents expressed willingness to recommend SACCO membership because of the financial literacy programs, pointing to the programs' role in member advocacy and institutional growth. This supports the work of Conway et al. (2020) and Terry and Tanguay (2021), who suggest that well-informed members are more resilient, confident, and likely to share positive experiences with others. This peer-to-peer endorsement can play a pivotal role in expanding membership and deepening the SACCO's footprint within the community.

5.1.3 The relationship between risk management practices and rural development

The highest level of agreement was seen in the belief that effective risk practices have increased confidence to invest, as reported by 42.5% of respondents. This finding underscores the crucial role of risk mitigation in fostering economic confidence among rural SACCO members. It aligns with Jones and Kelleher (2018), who argue that risk-aware rural development programs through tools like credit risk assessments, infrastructure planning, and climate adaptation create a secure environment for investment. In such contexts, members are more likely to take entrepreneurial risks, invest in agriculture, or expand small businesses, thereby promoting local economic development.

Additionally, 37.5% of respondents affirmed that risk strategies helped reduce loan defaults, indicating that risk controls contribute to financial stability within the SACCO. This supports Kirsten and Van Zyl (2019), who highlight the value of financial risk management mechanisms such as insurance and savings buffers—in helping rural economies withstand shocks. These tools act as safety nets during times of crisis, preventing defaults and ensuring the continuous availability of credit for productive use in the community.

35% of respondents agreed that community income levels have improved due to SACCO's risk-sensitive financial policies. This aligns with findings by Zellweger et al. (2018) and Conway et al. (2020), who argue that market risk management—through income diversification, hedging, and mutual savings programs—strengthens household resilience and income security. In rural areas where reliance on single sources of income is common, the ability to cushion market volatility is key to sustained income growth and rural prosperity.

Meanwhile, 30% of respondents believed that the SACCO's risk management policies support farming activities, pointing to the agricultural relevance of SACCO's operations. This resonates with the work of Terry and Tanguay (2021) and Linsley and Shrives (2015), who assert that effective climate and agricultural risk strategies—such as crop insurance, access to drought-resistant seeds, and irrigation—are foundational for food security and agricultural productivity in rural settings. By providing tailored, risk-sensitive financial products, KIBATSI SACCO plays an enabling role in agricultural development.

Furthermore, 27.5% of respondents recognized that the SACCO's structured loan and savings systems helped more people start small businesses. This highlights the SACCO's role in supporting rural entrepreneurship, which is consistent with Loke (2019) and Alhassan et al. (2020), who note that access to inclusive and secure financial services allows rural populations to manage risk, plan for the future, and diversify income sources. Risk-mitigating financial products are especially crucial in low-income, agrarian communities where starting a business often involves significant uncertainty.

In terms of social impact, 32.5% of respondents noted that SACCO risk management contributed to improved living standards. This can be linked to Mitchell and White (2020), who argue that managing health, economic, and social risks leads to improved public health, education, and productivity. SACCOs that incorporate health insurance, emergency savings schemes, and community welfare funds can help reduce vulnerabilities, thus enhancing members' overall quality of life and supporting inclusive rural development.

Finally, only 25% of respondents acknowledged that SACCO risk policies support long-term rural economic growth, signaling a relatively low awareness of the strategic value of risk management. This observation reflects concerns raised by Sullivan and Williams (2017) and Reilly (2019) about structural and infrastructural gaps in rural communities such as poor transport networks, weak healthcare systems, and limited access to technology that hinder the full realization of risk management benefits. Bridging this perception gap will require not only more inclusive risk education but also investments in technology, infrastructure, and governance to scale the developmental impact of risk practices.

CHAPTER SIX:

CONCLUSIONS AND RECOMMENDATIONS

6.0 Introduction

This chapter presented the summary of findings, conclusions, and recommendations of the study in line with the research objectives.

6.1 Summary of findings

6.1.1 The Role of Risk Management Practices on Member Satisfaction

The findings showed that 45% of members felt secure saving money due to SACCO risk policies, while 40% reported increased trust from risk prevention strategies. However, only 25% felt staff were adequately trained in risk management, and just 32.5% believed the risk policies met their expectations. These results suggested that while members recognize the value of risk frameworks, gaps in communication, staff capacity, and policy satisfaction remain. This is consistent with Kaplan (2016), who argue that risk management systems must be integrated with staff competence and member communication to be effective. Without adequate training and transparency, even well-designed frameworks may fail to deliver member satisfaction and organizational resilience.

6.1.2 The Effect of Financial Literacy Programs on Member Participation

The study revealed that 45% of members had attended financial literacy training, with 42.5% reporting improved financial decision-making. A notable 40% gained a better understanding of savings and loans, and 37.5% increased their savings behavior. However, only 32.5% found the training materials easy to understand, highlighting a need for more accessible educational tools. This suggests that while financial education is impactful, comprehension barriers persist in rural settings. This aligns with Chen and Li (2020), who emphasized that the effectiveness of financial literacy programs is highly

dependent on the clarity, cultural relevance, and delivery method of the materials especially in low-literacy or rural communities.

6.1.3 The Relationship Between Risk Management Practices and Rural Development

The highest level of agreement was seen in the belief that effective risk practices have increased confidence to invest, as reported by 42.5% of respondents. Finally, only 25% of respondents acknowledged that SACCO risk policies support long-term rural economic growth, signaling a relatively low awareness of the strategic value of risk management. This is supported by Terry (2021) who found that while rural financial institutions may implement risk-reduction mechanisms, their developmental impact is often under-communicated or poorly understood by members. He emphasized the need for SACCOs to clearly link their risk strategies to long-term development goals, such as agricultural productivity, small business growth, and financial resilience.

6.2 Conclusions

6.2.1 Risk management and member satisfaction

The study concluded that risk management policies at Kibatsi SACCO significantly enhanced member satisfaction, particularly through increased trust and financial security. This is evidenced by the majority of respondents who reported feeling secure saving money due to the SACCO's risk policies the highest frequency under this theme. However, the relatively low score of staff competence in risk management highlighted a limitation in human resource capacity, which undermines the broader impact of these risk systems. Kibatsi SACCO appears to be addressing this through gradual training programs, but a more structured and continuous professional development strategy is needed. This finding reinforces Kaplan and Mikes' (2016) position that risk systems must be paired with capable staff to ensure effectiveness.

6.2.2 Financial Literacy and Member Participation

The study affirmed that financial literacy programs had a strong positive impact on member participation, with majority of respondents having attended trainings and reporting improved financial decision-making. These were the highest frequencies within this theme, demonstrating the reach and relevance of educational efforts. However, only a few found the materials easy to understand, pointing to a limitation in content accessibility and delivery. Kibatsi SACCO has made strides in promoting financial knowledge, but to ensure broader inclusion especially among members with limited formal education—there is a need for simplified, localized training content. This aligned with Lusardi and Mitchell’s (2017) argument that financial education must be both accessible and practical to foster long-term engagement.

6.2.3 Risk management and rural Development

The study concluded that effective risk management practices can promote rural development by boosting confidence to invest and enhancing financial stability. This was supported by majority of respondents, the highest under this theme, who stated that risk policies increased their willingness to invest. However, the fact that only 25% acknowledged the role of SACCO risk policies in supporting long-term rural development signals a limitation in awareness and strategic communication. Kibatsi SACCO addresses rural development indirectly, but members are not fully connecting these efforts to the broader economic impact. This calls for more intentional integration of risk strategies with community development goals, as recommended by Alhassan et al. (2020), including investments in technology, climate risk resilience, and rural infrastructure.

6.3 Recommendations

6.3.1 Recommendation on Risk Management for Member Satisfaction

KIBATSI SACCO should prioritize training of staff in risk identification, mitigation, and communication and this will build institutional capacity and improve the member

experience. SACCO leadership should ensure greater transparency and regular updates about risk policies to align with member expectations (Koehler, 2021).

6.3.2 Recommendation on Financial Literacy and Member Participation

To increase member engagement, KIBATSI SACCO should simplify and contextualize training materials, using local languages, visual aids, and real-life examples. Partnering with local schools, churches, or community centers to hold regular sessions could broaden outreach and more importantly, tracking and evaluating the behavioral outcomes of financial education such as increased savings or meeting participation will allow the SACCO to tailor future programs more effectively (Nguyen, 2020).

6.3.3 Recommendation on Risk Management and Rural Development

The SACCO should integrate long-term development goals into its risk management framework by supporting rural enterprises, agriculture, and community savings groups with customized financial products. Collaborations with local government, NGOs, and development agencies can strengthen disaster preparedness, financial inclusion, and investment in resilient rural livelihoods. Communicating the link between SACCO risk strategies and wider development outcomes is essential to raising awareness and participation (Zellweger, 2018).

6.4 Areas for further research

Given the identified knowledge gaps, the researcher recommends further investigation into;

- i “The Effectiveness of Financial Literacy Programs on Member Participation in Rural SACCOs: A Comparative Study of Ntungamo and Kabale Districts.”
- ii “The Role of Risk Awareness in Enhancing Agricultural Financing through SACCOs in Southwestern Uganda.”
- iii “How Gender Influences the Impact of Financial Education on SACCO Participation and Decision-Making.”

iv “A Longitudinal Study on the Impact of Financial Literacy Interventions on Youth Savings Behavior in Rural Cooperatives.”

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APPENDICES

APPENDIX A: QUESTIONNAIRE

I am **NUWAGABA MODERN** a student of Uganda Christian University, Bishop Barham University in the final year carrying out a research study on **“RISK MANAGEMENT PRACTICES AND RURAL DEVELOPMENT; A CASE STUDY OF KIBATSI SACCO LTD IN NTUNGAMO DISTRICT”** This is to fulfill the partial requirements for the award of Bachelor’s Degree in Business Administration of Uganda Christian University. Therefore, you are rest assured that the information given will be used for only academic purposes and will be treated with total confidentiality.

Thank you in advance.

Note: Please tick or fill in the appropriate space provided.

SECTION A: BACKGROUND OF THE RESPONDENTS

1. Gender of the respondent A). Male b). Female

2. Age of the respondent

a). 15 - 25 years b). above 50 years

c). 26-35 years

e). 46- 55 years

3. Education level of the respondent

a). Secondary b). Diploma

c). Degree

d). Others (specify)
 DECLARATION.docx

4. marital status

Married

Single
 DECLARATION.docx

Widowed
 DECLARATION.docx

SECTION B: The role of risk management practices on member satisfaction at KIBATSI SACCOs Ltd in Ntungamo District

Statements	Strongly agree	Agree	Not strongly agree	Strongly disagree	Disagree
The SACCO has effective risk control systems in place.					
Risk management measures have improved the quality of services offered.					
I feel secure saving money with the SACCO due to its risk policies.					
Staff are well trained in managing financial risks.					
Risk prevention strategies have increased my trust in the SACCO.					
The SACCO quickly addresses issues related to fraud or financial errors.					
The SACCO's risk policies meet my expectations as a member.					

SECTION C: The effect of financial literacy programs on member participation at KIBATSI SACCOs Ltd in Ntungamo District

Statements	Strongly agree	Agree	Not strongly agree	Strongly disagree	Disagree
I have attended at least one financial literacy training organized by SACCO.					
Financial literacy training helped me understand savings and loans better.					
I actively participate in SACCO meetings after receiving financial training.					
Financial education has motivated me to increase my savings.					
I can now make informed financial decisions thanks to the SACCO trainings.					
The training materials used were easy to understand.					
I am more likely to recommend SACCO membership due to the literacy program.					

SECTION D: The relationship between risk management practices and rural development at KIBATSI SACCOs Ltd in Ntungamo District

Statements	Strongly agree	Agree	Not strongly agree	Strongly disagree	Disagree
Risk management has helped reduce loan defaults in the community.					
The SACCO's risk policies support agricultural productivity.					
More people have started small businesses due to SACCO risk strategies.					
Community income levels have improved due to better financial management.					
The SACCO's stability has contributed to improved living standards.					
Risk management supports long-term rural economic growth.					
Effective risk practices have increased member confidence to invest.					

APPENDIX B: INTERVIEW GUIDE FOR RESPONDENTS

What are the effects of risk management practices on member satisfaction at KIBATSI SACCOs Ltd in Ntungamo District?

How do financial literacy programs affect member participation at KIBATSI SACCOs Ltd in Ntungamo District?

What is the relationship between risk management practices and rural development at KIBATSI SACCOs Ltd in Ntungamo District?

In your opinion, how effectively does the SACCO identify and manage financial risks?

How accessible and inclusive are the financial literacy programs provided by the SACCO to all member categories?

What challenges has KIBATSI SACCO faced in implementing risk management strategies, and how have these affected members?

How has your participation in SACCO activities changed after attending financial education sessions?

What specific changes in your household or community have you observed as a result of SACCO's risk management and financial programs?

End



**UGANDA CHRISTIAN
UNIVERSITY**
A Centre of Excellence in the Heart of Africa
BISHOP BARHAM UNIVERSITY COLLEGE

DEPARTMENT OF BUSINESS AND ADMINISTRATION

6th May 2025

Dear Sir/Madam,

RE: INTRODUCTORY LETTER FOR DATA COLLECTION

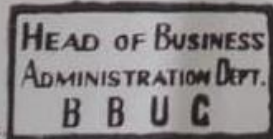
This is to introduce to you NUWAGABA MODERN REG NO: M23/BBUC/BBA/034 who is a student at Uganda Christian University, Bishop Barham University College. He/She is a finalist pursuing a Bachelor's Degree in Business Administration. It is a requirement of the University for students on this program to write a dissertation in partial fulfilment of the award of the degree. For this purpose, he/she is conducting research on the topic: *Risk Management Practices and Rural Development; a Case Study of Kibatsi SACCO Ltd in Ntungamo District.*

The findings and analysis of this research will be treated confidentially and will not be used for any other purpose other than the partial fulfilment of the award of the above qualification.

Please accord him/her every possible assistance.

Thank you.

Yours faithfully,



MS. PATIENCE NAJUNA

COORDINATOR,

BUSINESS & ADMINISTRATION

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22th July, 2025

The Head Business department

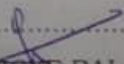
Uganda Christian University,

P. BOX 613 Kabale ,Uganda

RE: RESEARCH TRAINING:

This is to confirm that we have offered NUWAGABA MODERN a place to conduct research training with Kibatsi cooperative savings and credit society limited for the period of 14 days that is from 28/07/2025 to 11/08/2025.

Yours faithfully


TWESIGYE BALAM

MANAGER.

Tel 0782543887

