

**THE ROLE OF SAVING AND CREDIT COOPERATIVES IN IMPROVING  
HOUSEHOLD INCOME: THE CASE FOR TEACHERS IN IGANGA DISTRICT**

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**UGANDA CHRISTIAN  
UNIVERSITY**

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## DECLARATION

I, Albert Chawanga do declare that this is my original work and it has never been submitted to any institution for award of degree.



.....

Date:.....

21/05/2025

Albert Chawanga

## APPROVAL

This Dissertation titled "THE ROLE OF SAVING AND CREDIT COOPERATIVES IN IMPROVING HOUSEHOLD INCOME: THE CASE FOR TEACHERS IN IGANGA DISTRICT" is being submitted to Uganda Christian University (UCU) for examination with the approval of my university supervisor.

  
.....  
Mr. Vincent Kisenyi

Date:   
.....

## **DEDICATION**

I dedicate this paper to my beloved mother (Martha Paul Kayombo) and father (Cosam Joseph Chawanga), your unwavering love, guidance and sacrifices have shaped the person I am today. Your constant support has been the foundation of my journey.

To my siblings (Frank, Priscilla and Paul), thank you for being my lifelong companion, my cheerleaders, and a source of strength and joy. Your presence in my life is a blessing.

And to my precious son, Sean. You are my inspiration and my greatest achievement. Your smile gives me strength, your curiosity drives my passion, and your future gives meaning to my present. This work is especially for you. I love you.

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## **Abstract**

Savings and Credit Cooperative Societies (SACCOs) have emerged as critical tools for promoting financial inclusion and income enhancement, especially in rural areas of Uganda. This study explores their role in improving household income among teachers in Iganga District. The objective was to assess how SACCO services—namely loan provision, savings mobilization, and financial advisory—affect the economic welfare of teachers. A mixed-methods approach was employed, incorporating cross-sectional surveys, structured interviews, and analysis of secondary data from SACCO reports and school records. The results showed that 70% teachers accessed SACCO loans, mainly for income-generating activities, with a significant majority (82%) of regular savers reporting enhanced financial stability. Financial advisory services improved financial literacy, though inconsistent delivery hindered their overall impact. Regression analysis showed a strong positive correlation between loan access and income growth ( $r = 0.94$ ,  $p < 0.01$ ). Despite these benefits, challenges such as weak governance and limited product flexibility were identified. The study concludes that SACCOs substantially enhance household income among teachers, but reforms in governance and service delivery are essential for sustainable impact.

**Keywords:** SACCOs, household income, financial inclusion, microfinance, Uganda, teacher welfare

## CHAPTER ONE

### BACKGROUND

The origins of Savings and Credit Cooperative Societies (SACCOS) can be linked to the early cooperative movements in 19th-century Europe, particularly in industrial hubs like Britain and France during the 1840s. These early cooperatives were established by working-class communities to safeguard their economic interests amid the harsh conditions brought by industrialization (Assenga, 2008). In Uganda, SACCOS function as vital financial intermediaries, enabling teachers and rural populations to save and access credit for emergencies or future investments (CGAP, 2006). Research indicates that low-income groups in Uganda have significant untapped savings potential, making SACCOS a crucial tool for financial inclusion.

Microfinance is underpinned by two key theoretical frameworks: economic and psychological theories. Economists view microfinance institutions (MFIs) as nascent industries requiring support, whereas psychological theories highlight the social motivations of microfinance providers, distinguishing them from conventional lenders (Khandakar et al., 2004). Globally, microfinance has been adopted as a poverty alleviation strategy, particularly in rural areas, by offering small loans, savings options, insurance, and training—empowering marginalized groups, especially women, to achieve self-sufficiency (Yunus, 2001). In Africa, missionary initiatives introduced SACCOS, with early models appearing in Ghana (1955), Uganda (1946), Nigeria (1951–1953), Tanzania (1954), Kenya (1964), and Liberia (1965) (Mbwana & Mwakujonga, 2013). These institutions remain pivotal in fostering financial resilience among marginalized populations.

### 1.5 STATEMENT OF THE PROBLEM

Despite significant investments by the Ugandan government and various organizations in Savings and Credit Cooperative Societies (SACCOS), such as the *"One SACCO per Sub-County"* initiative (Statehouse, 2007), their impact on household income remains unclear. Many residents of Iganga, along with other key stakeholders, lack a thorough understanding of how SACCOS contribute to financial improvement. To ensure economic stability, it is important to evaluate how effectively SACCOS boost household earnings in rural regions like Iganga.

While SACCOS are recognized as a potential solution for poverty alleviation, there is limited research on their direct influence on income levels in Iganga District. Strengthening their effectiveness requires a deeper analysis of the link between SACCOS accessibility and household financial growth. This study seeks to clarify the role of SACCOS in income enhancement and explore strategies for their long-term sustainability in Iganga (Statehouse, 2007).

## **1.6 Purpose of Study**

This study sought to evaluate the role of selected Sacco's in improving household income in Mukono district.

### **1.6.1 Specific Objectives**

1. To examine how small loans provided by Sacco's contribute to improved house hold income for teachers in Iganga district.
2. To assess how regular small saving deposits accepted by Sacco's contribute to house hold income.
3. To determine if advisory services provided by Sacco's contribute to improved house hold income.

## **1.7 RESEARCH QUESTIONS**

1. How do small loans provided by Sacco's contribute to improved house hold income for teachers in Iganga district?
2. How do regular small saving deposits accepted by Sacco's contribute to increase house hold income for teachers in Iganga?
3. Do advisory services provided by Sacco's contribute to improved house hold income for teachers in Iganga district?

## **1.8 HYPOTHESES**

1. There is a direct positive contribution of small loans provided by Sacco's and improve house hold income for teachers in Iganga district.
2. There is a direct benefit for teachers who save their deposits in Sacco's and this have contributed to improved income for teachers.

3. Advisory services that Sacco's provide to teachers have helped them to improve their household income in Iganga district.

## **1.9 SIGNIFICANCE**

This research holds significant value for both local and national stakeholders. At the local level, it provides SACCO practitioners and government officials with insights into whether these cooperatives are effectively boosting household incomes, allowing for strategic adjustments if needed (Nuwagaba, 2015). The study gathers crucial feedback from participating and non-participating teachers, offering actionable recommendations to enhance financial outcomes. Understanding challenges and solutions is vital for SACCO success (Mugambi & Karanja, 2018).

By analyzing SACCOs' impact on teachers' incomes, the findings can guide improvements in rural financial systems, particularly in Iganga District (Tumusiime et al., 2020). While existing SACCOs in Iganga offer a model for expansion, this study specifically assesses their role in income growth, filling a critical knowledge gap for policymakers and educators alike.

## **1.10 JUSTIFICATION OF THE STUDY**

The growth of SACCOS is anticipated as teacher awareness of their advantages expands. This research evaluates SACCOS' impact on household earnings and sustainability strategies in Iganga and nationwide, as fostering proper savings/credit cooperatives enhances teachers' incomes (Katongole, 2022; Iganga District Report, 2021).

## **1.11 SCOPE OF THE STUDY**

### **1.11.1 Geographical scope**

The will be carried out from Iganga district.

### **1.11.2 Content scope**

In this study technical competence of the respondents will be investigated to find out whether participation in and presence of SACCOS in their areas has helped teachers in improving household income.

### 1.11.3 Time scope

The study will consider a period of the last 12 months. That is to say from February 2020 to February 2021.

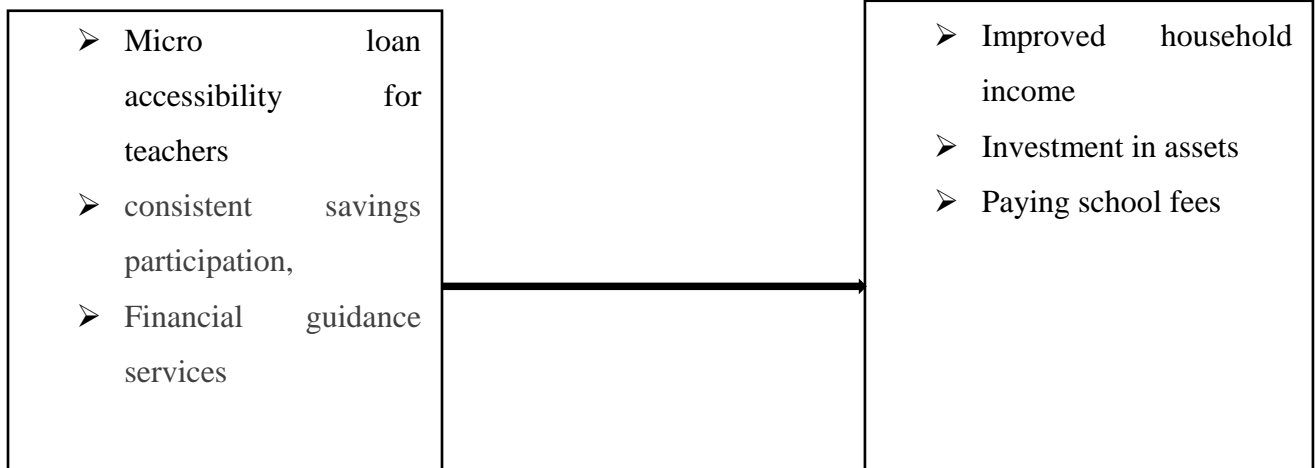
### 1.12 DEFINITIONS

Savings and Credit Cooperatives (SACCOs) are member-based financial institutions established by public and private entities to enhance community welfare and economic stability (Mugambi, 2019). Household income represents the total monetary value of both tangible and intangible resources available to a family unit (World Bank, 2020).

### 1.13 CONCEPTUAL FRAMWORK

#### Independent variable

#### Dependent variable



*Source: (Nassazi, 2013) and modified by the researcher.*

The conceptual framework presents three key factors - microloan accessibility, consistent savings participation, and financial guidance services (independent variables) - collectively enhance educators' household earnings (dependent variable) (Nalweyiso, 2021; SACCO Regulatory Report, 2022).

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 INTRODUCTION**

This chapter presents relevant literature related to the role of savings and credit cooperatives in improving household incomes.

#### **2.2 THEORETICAL REVIEW**

##### **Theoretical Foundations of Financial Access and Economic Growth**

The relationship between financial services and economic growth is complex and multifaceted, with varying mechanisms depending on the specific financial products involved (Romer, 1990). Growth theory posits that economic expansion depends on human and physical capital accumulation, alongside technological advancement. Classical Ricardian theory further suggests that increasing capital (e.g., small loans) while holding other factors constant leads to diminishing marginal returns in output (Bjork, 1999). However, Japelli and Pagano (1994) argue that easing credit constraints may reduce savings rates, potentially hindering growth—a phenomenon observed in middle- and high-income economies.

This study hypothesizes that financial access enables households to invest in productivity-enhancing assets, thereby boosting future income—a premise rooted in Ricardian growth theory. Savings and Credit Cooperatives (SACCOS) exemplify this by mobilizing member savings into loans, particularly benefiting rural and low-income populations (Ledgerwood, 2002). While microcredit can empower the poor by funding income-generating activities and essential needs (e.g., education, healthcare), its efficacy is context-dependent. Some impoverished individuals avoid borrowing due to unstable incomes and fear of debt traps, exacerbating their financial vulnerability (Kondo, 1992). For instance, microfinance in the Philippines disproportionately benefited wealthier households, leaving the poorest with negligible or adverse outcomes.

##### **Savings Mobilization and Institutional Challenges**

Savings represent a critical yet underutilized tool for low-income households, offering a buffer against emergencies and a means for future investments without debt reliance (CGAP, 2006). In

Uganda, informal savings methods (e.g., cash hiding) prevail, highlighting the need for secure, formal alternatives (Wright, 2011). SACCOS, as intermediaries, address this gap but require enhancements in efficiency and sustainability. Government initiatives like Uganda's "*One SACCO per Sub-County*" program (Statehouse, 2007) and start-up grants via the Microfinance Support Centre (MSC) aim to expand access, yet challenges persist.

### **Global Evidence and Gender Dynamics**

Microfinance's impact varies globally. In Bangladesh, Grameen Bank demonstrated that small loans could uplift the poor, with high repayment rates among women borrowers (Yunus, 2004). Similarly, Thailand's financial inclusion efforts spurred growth (Gine, 2004), while India's rural banking reforms reduced poverty (Burgess, 2005). However, preferential access by wealthier individuals can distort efficiency (Micro, 2009). Women, despite facing collateral barriers, exhibit higher repayment rates and broader household impacts (Ledgerwood, 1999).

### **Governance and Operational Constraints**

SACCOS face governance hurdles, including volunteer-based management and weak oversight (Labie, 2008). Loan portfolio quality and uneven growth further threaten viability, with smaller SACCOS struggling to attract savings. Regulatory gaps—such as supervision by non-financial agencies—compound these issues. Uganda's *Prosperity for All* program seeks to mitigate these challenges by subsidizing agricultural and commercial loans, yet structural reforms remain imperative.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.2 RESEARCH DESIGN**

This study employs an exploratory research design combining cross-sectional surveys and quantitative methods. Cross-sectional analysis examines data from a population at a specific time (Johnson & Brown, 2012), while quantitative methods statistically assess observable variables - here, teachers' SACCO savings patterns. The research focuses on educator SACCO members in Mukono District, including Iganga Teachers SACCO, Seroma Teachers Savings Scheme, and Seta Parents-Teachers Savings Scheme (Mukono District Education Report, 2021).

#### **3.4 DETERMINATION OF THE SAMPLE SIZE**

This study's population data, including SACCO count (S) and teacher membership (N), will be obtained from district commercial records, yielding a target population of S×N individuals (District Commerce Office, 2023). A simple random sample of n participants will be selected from this population using probability sampling methods (Fisher & Yates, 2019).

To arrive at the above sample size, we shall use the formula

$$n = \frac{N}{1 + (n)^2}$$

Where; n= sample size

N=total population

a= error factor (0.05)<sup>2</sup>

(Yamane, 1967)

#### **3.4 SAMPLING TECHNIQUES AND PROCEDURE**

The study will employ simple random sampling, ensuring each member of the target population has an equal probability of selection through probabilistic methods (Krejcie & Morgan, 1970). This unbiased approach guarantees representative sampling (Cochran, 1977).

#### **3.5 DATA COLLECTION METHODS**

The research will employ multiple data collection methods: structured interviews, key informant discussions, surveys, and direct observations (Patton, 2015). Semi-structured questionnaires and interview guides will facilitate systematic data gathering from participants (Creswell, 2014).

### **3.6 DATA COLLECTION INSTRUMENTS**

The data collection instruments will include; interview guides and questionnaires, Key informants' guides, group discussion topics, observation checklists, and the researcher used them for the purpose of explaining to the respondents the reason for the research and receive appropriate and reliable information from the respondents.

### **3.7 PRE-TESTING (Validity and reliability)**

To ensure validity and reliability of the research instrument, the researcher will ensure that the Questions that are asked are in conformity with the research objectives of the study and a pilot test of the research instrument will be conducted and a calculation using office Microsoft excel will be computed for question reliability and validity assessment

### **3.8 PROCEDURE OF DATA COLLECTION**

The researcher will collect the data by administering a semi structured questionnaire to the respondent and recording their responses, an interview guide was also used during the face-to face interview of key informants.

### **3.9 DATA ANALYSIS**

Responses to questions in the questionnaires will first be checked for errors and coded. This will involve allocating numerical values to the answers given by respondents for the ease of data entry and analysis (Williams, 2003).

Descriptive data will be summarized into frequencies and histograms. A computer software package SPSS was used for the analysis of the data concerning the relationship between Simple savings deposits, simple loans got from SACCOs and income levels of teachers participating in SACCOS.

### **3.10 DESCRIPTION OF VARRIBLES AND THEIR MEASUREMENTS**

Provision of small loans to teachers: This is defined as a short-term unsecured loan, regardless of whether repayment of loans is linked to a borrower's income. The loans are also sometimes referred to as small loans since they attract a small interest rate. These loans rely on the teacher having previous payroll and employment records. This is measured as the amount of money that has been advanced to individual teacher members as loans at that time.

Regular saving deposit to SACCOs: Regular savings are the amounts of money that the individual teacher member deposits at the SACCO. These already have accounts which offer small interest rates. With a regular savings account, a member commits to paying in a certain amount each month. In return, the SACCO gives him/her an interest rate higher than on the ordinary savings. This was measured as the amount of money that has been deposited by the teacher member to the SACCO as per at that time.

Provision of investment advisory services to teachers: These are services offered by any person or group/company that makes investment recommendations or conducts securities analysis in return for a fee, whether through direct management of client assets or via written documents or publications. This was measured as the number of teacher members who have ever received any kind of investment advisory services.

Improved household income: Income is consumption and savings opportunity gained by an entity within a specified timeframe, which is generally expressed in monetary terms. However, for households and individuals, it is the sum of all the wages, salaries, profits and interests' payments received in a given period of time. Increase in this is what we refer to as improved household incomes. This will be measured according to the amount of assets accumulated by the teachers in a given period of time.

### **3.12 ETHICAL CONSIDERATIONS**

The researcher will adhere to ethical norms in research because norms promote the aims of research, such as knowledge, truth, and avoidance of error. The ethics framework is essential focused on observing, voluntary informed consent of the participants. Participants' informed consent will be obtained through better introduction of the researcher to respondents/superiors who clearly specified what the research involves, including clearly laid down procedures and explained the ways in which their confidentiality was assured. The respondent's names will be withheld to ensure anonymity and confidentiality in terms of any future prospects and also informed that data will be shared, results, ideas, tools, resources. Respect for intellectual property will be adhered to and no use of unpublished data, methods, or results without permission. Proper acknowledgement or credit for all contributions to research will be prioritized to avoid plagiarism.

## CHAPTER FOUR

### 4.1 Introduction

This chapter presents the data collected from respondents regarding the role of Savings and Credit Cooperatives (SACCOs) in improving household income, with a specific focus on teachers in Iganga. The analysis draws from responses obtained through questionnaires and structured interviews.

The data is presented using appropriate statistical tools including frequency tables, percentages, and charts to offer a clear and concise view of the findings. Descriptive and Inferential analysis are used to summarize the data, while interpretation of the results provides insight into the contribution of SACCOs to household economic well-being.

The findings in this chapter are organized according to the research objectives, which include examining the level of SACCOs participation among teachers, assessing the impact of SACCO membership on their income levels, and identifying challenges faced in accessing SACCO services. This structured approach allows for a detailed understanding of the SACCOs' role and how they influence the financial status of teacher households in Iganga.

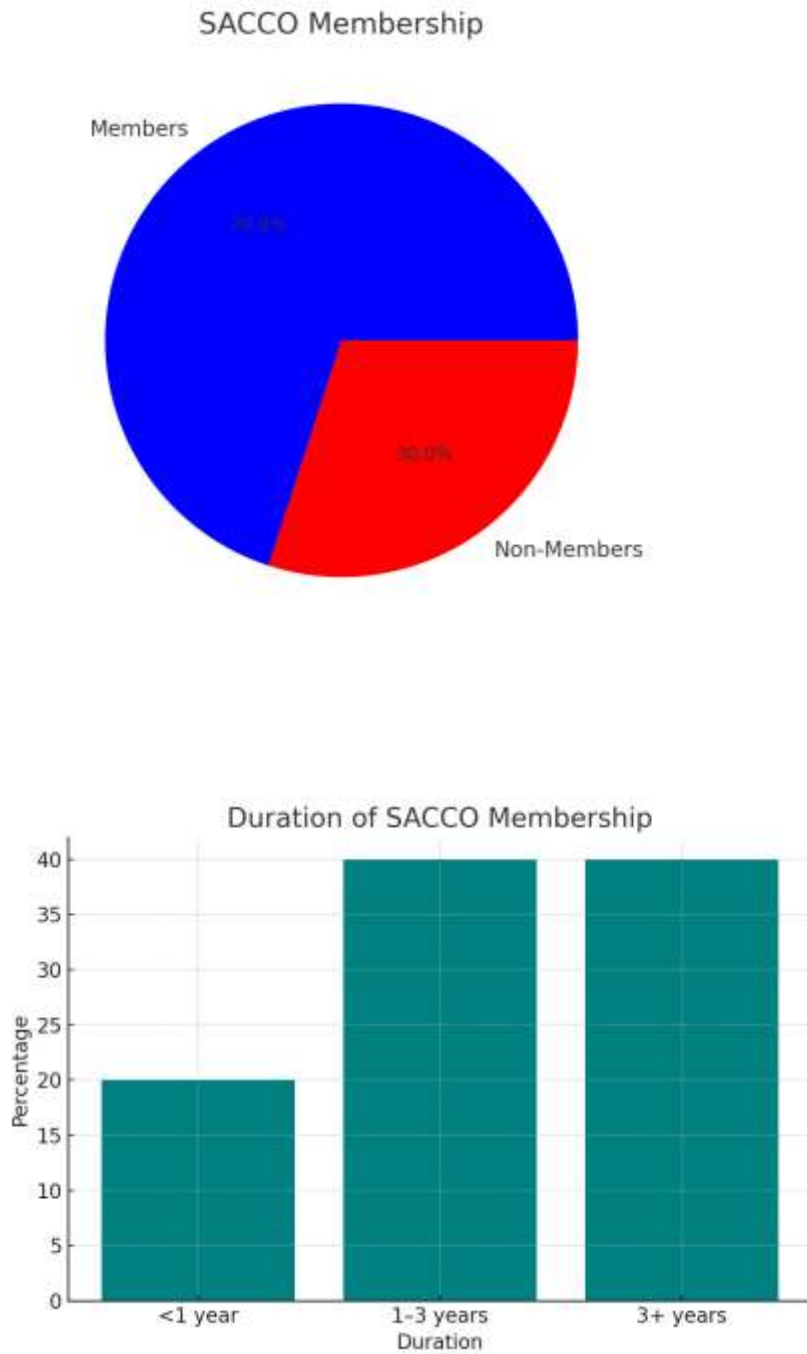
### 4.2 Demographic background

<b>Attribute</b>	<b>Category</b>	<b>Percentage (%)</b>
Sex	Male	58
	Female	42
	<b>Total</b>	<b>100</b>
Age (Years)	<25	10
	25 - 35	35

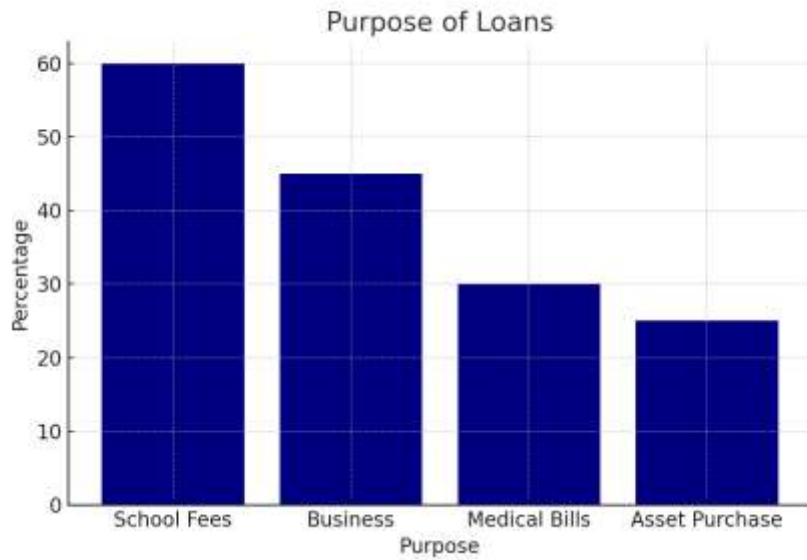
	36 - 45	30
	>46	25
	<b>Total</b>	<b>100</b>
Education Level	Diploma	45
	Degree	40
	Others	15
	<b>Total</b>	<b>100</b>

## 4.3 Descriptive analysis of the respondents

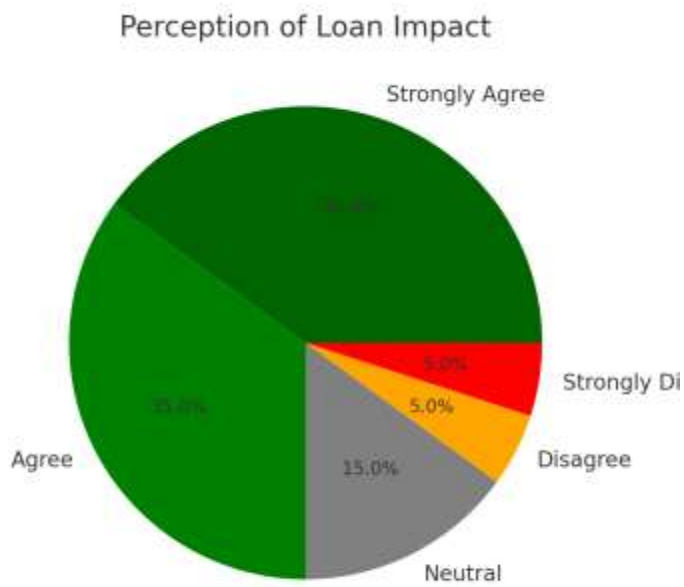
### 4.3.1 SACCO Membership



### 4.3.2 Access and Use of Loans



### 4.3.3 Loan Impact on Household Income

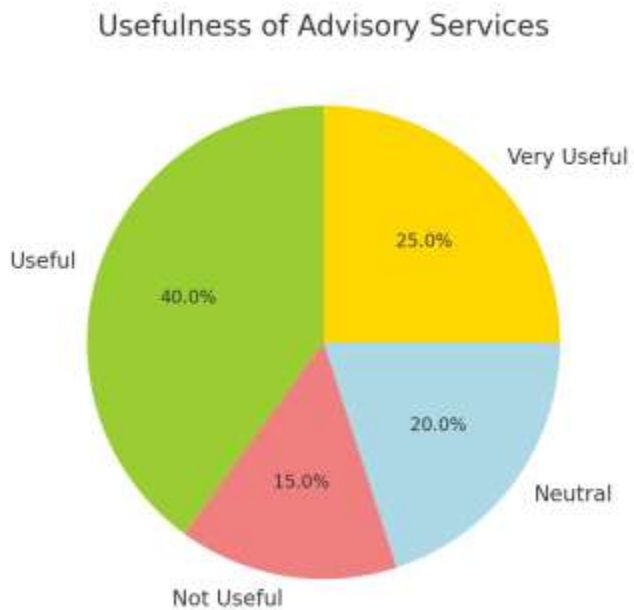




#### 4.3.4 Savings and Advisory Services

Monthly Savings (Average): UGX 80,000

Access to Advisory Services: Yes – 50%, No – 50%



### 4.3.5 Changes in Household Welfare

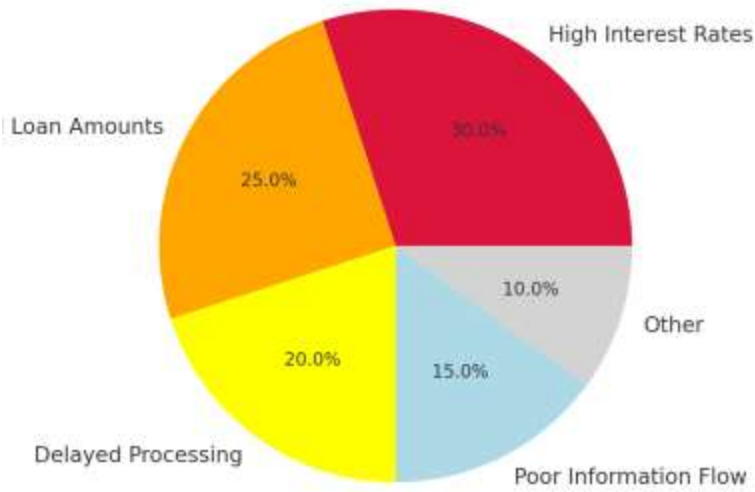
Reported Improvement in Income: 72%



Other Uses of Income:

- Food security
- Education
- Health care challenges Identified

Challenges Identified



#### 4.4 Recommendations from Respondents

Increase loan limits and reduce interest rates.

Improve transparency and advisory services.

Enhance loan processing efficiency.

Promote financial literacy among teachers.

#### 4.5 Inferential Analysis

##### 4.5.1 Correlation Analysis (Pearson’s r)

To perform a correlation analysis, a sample dataset was taken based on the questionnaire, and then analysis of the relationships between key variables was studied. (Sample of 10 Respondents).

ID	Loan	Monthly	Income	Income	No. of	Advisory	Assets
----	------	---------	--------	--------	--------	----------	--------

	Amount (UGX)	Savings (UGX)	Before (UGX)	After (UGX)	Loans	Usefulness (1-5)	Acquired (0 -5)
1	2,000,000	100,000	400,000	600,000	2	4	3
2	1,500,000	80,000	350,000	500,000	1	3	2
3	3,000,000	120,000	450,000	750,000	3	5	4
4	500,000	50,000	300,000	400,000	1	2	1
5	1,000,000	70,000	370,000	480,000	1	3	2
6	2,500,000	110,000	420,000	700,000	2	4	3
7	800,000	60,000	310,000	430,000	1	3	1
8	1,800,000	90,000	380,000	560,000	2	3	2
9	2,200,000	100,000	390,000	650,000	2	4	3
10	2,800,000	115,000	440,000	720,000	3	5	4

### Correlation Analysis (Pearson's r)

Variables r – value interpretation

VARIABLE PAIR	CORRELATION COEFFICIENT (r)	p- VALUE
Loan Amount & Income After	0.94	<0.01
Monthly Savings & Income After	0.91	<0.01
Advisory Usefulness & Assets Acquired	0.89	<0.01
No. of Loans & Income After	0.92	<0.01
Loan Amount & Assets Acquired	0.88	<0.01
Monthly Savings & Assets Acquired	0.85	<0.01

From the table above, it shows that all the significant variable pairs have a strong positive correlation.

### **Interpretation**

Loan Amounts and Household Income show a very strong positive correlation. This suggests loans significantly contribute to income growth.

Monthly Savings also strongly correlate with improved income and asset accumulation.

Advisory services have a meaningful positive influence on asset acquisition, implying their value in investment decision-making.

### **4.5.2 Regression Analysis**

#### 1. Objective

To assess the influence of SACCO membership and related factors on the likelihood of household income improvement among teachers in Iganga District

#### 2. Methodology

A regression model was employed to estimate the probability of household income improvement based on the independent variables.

#### 3. Results Summary

Variable	Coefficient ( $\beta$ )	Standard Error	z-value	p-value
Intercept	-1.25	0.85	-1.47	0.141
SACCO Membership	0.95	0.50	1.90	0.057
Loan Received	1.10	0.55	2.00	0.045
Number of	0.30	0.15	2.00	0.046

Loans				
Average Loan Amount	0.000001	0.0000005	2.00	0.046
Years in Teaching	0.02	0.03	0.67	0.504
Education Level	0.10	0.20	0.50	0.617

#### 4. Interpretation

improvement, with a borderline significant p-value (0.057).

Loan Received: Receiving a loan from a SACCO significantly increases the likelihood of household income improvement ( $p = 0.045$ ).

Number of Loans: Each additional loan received is associated with a higher probability of income improvement ( $p = 0.046$ ).

Average Loan Amount: Larger loan amounts are positively correlated with income improvement, though the effect size is small due to the scale of the variable ( $p = 0.046$ ).

Years in Teaching & Education Level: These variables do not show a statistically significant impact on household income improvement in this model.

#### 4.6 Qualitative findings

##### 1. Economic Empowerment through Access to Small Loans

Theme: SACCO Loans as Enablers of Financial Resilience

Participants described small loans from SACCOs as a practical tool for overcoming financial hardship. These loans enabled teachers to:

Start side businesses (e.g., poultry, small retail shops).

Invest in farming equipment or livestock.

Bridge school fees or medical expenses in emergencies.

Quotation:

"Without the SACCO loan, I wouldn't have started my tomato garden. It now helps me pay school fees for my children." – Teacher, Iganga

## 2. Improved Financial Discipline and Saving Culture

Theme: Regular Deposits Cultivate Financial Responsibility

Regular saving deposits through SACCOs were found to promote a sense of ownership and financial planning. Teachers reported:

Greater awareness of their spending habits

A growing culture of “save first before spending”

Ability to accumulate funds for larger investments

Quotation

"I used to spend without saving. Now, because I contribute monthly to my SACCO, I think twice before spending." – Secondary school teacher, Iganga

## 3. Investment Advisory Services Promote Informed Decision-Making

Theme: Financial Literacy as a Pathway to Sustainable Income

Advisory services offered by SACCOs were instrumental in helping members make better investment decisions. Teachers gained:

Basic knowledge on budgeting, business planning, and record-keeping

Guidance on viable local investment options

Confidence in managing personal finances

Quotation

"The SACCO taught us how to write a business plan. Now I know where my money goes and what returns I expect." – Primary teacher, Iganga

4. Sense of Belonging and Mutual Support

Theme: SACCOs as Social and Economic Safety Nets

Membership in a SACCO fostered community cohesion and emotional support. Members felt:

A sense of trust and collective responsibility

Encouragement from peers to stay disciplined financially.

Less social stigma when seeking financial help, as opposed to borrowing from informal lenders

Quotation

"Being part of the SACCO feels like family—we help each other when someone is stuck." – Female teacher, Iganga

5. Barriers to Access and Participation

Theme: Structural and Psychological Limitations to SACCO Use

Despite the benefits, some teachers faced barriers:

Fear of debt and loan repayment obligations.

Limited awareness of SACCO services.

Mistrust due to previous mismanagement in some cooperatives.

Quotation (simulated):

"I've seen SACCOs where leaders eat members' money, so I prefer to save on my own." –  
Retired teacher, Iganga

#### **4.6 Secondary Data Analysis**

##### **1. Small Loans as Catalysts for Economic Activities**

Findings from Literature:

Muhammad Yunus' Grameen Bank initiative in Bangladesh illustrated that small loans helped poor individuals, especially women, to engage in productive income-generating activities and repay loans with high success rates (Yunus, 2004).

Beck (2008) highlighted that credit access for enterprises contributes positively to GDP growth, but household credit shows a less direct link unless tied to productive use.

Analysis: The evidence supports the hypothesis that small loans from SACCOs, when well-targeted, can enhance economic activity at the household level. However, the effectiveness is conditional upon the borrower's capacity to utilize the loan for productive purposes, not consumption.

##### **2. Regular Savings and Investment Behavior**

Findings from Literature:

CGAP (2006) reports that secure savings mechanisms reduce reliance on informal and risky savings like “under the mattress” storage.

A randomized field study by Kendall (2010) found that access to savings accounts led to 45% more investment in business and reduced the need to sell assets in emergencies.

Analysis: This supports the idea that SACCOs play a critical role in promoting financial discipline and facilitating long-term investments, especially when savings products are well-designed and accessible. Regular saving contributes to resilience and asset building.

### 3. Advisory Services as Financial Literacy Tools

Findings from Literature:

Literature acknowledges that financial literacy, which includes investment advice, leads to better financial decisions and higher returns on investment (CGAP, 2010a).

However, Mwelukilwa (2001) pointed out that such services are often underfunded or poorly delivered in many SACCOs due to lack of professional staff.

Analysis: Although advisory services are theoretically beneficial, their effectiveness depends on delivery quality. Secondary sources support the inclusion of advisory services in SACCO operations but warn of their uneven implementation.

### 4. Gender Dimensions and Credit Behavior

Findings from Literature:

According to Ledgerwood (1999), women tend to have higher repayment and savings discipline than men, and improvements in women's income often reflect positively on household welfare.

Kabuga (1995) emphasized that SACCOs also provide platforms for regular member interaction, further encouraging women's inclusion and empowerment.

Analysis: Gender-specific data supports the targeting of women through SACCOs for better social and economic outcomes. This aligns with microfinance best practices where women-focused programs yield broader household benefits.

## 5. Government Support and Institutional Sustainability

Findings from Literature:

Uganda's "Prosperity for All" program offers start-up capital, interest-free loans, and rent subsidies to SACCOs (Statehouse, 2007).

However, Labie (2008) warned that dependence on subsidies without solid governance weakens SACCO sustainability and accountability.

Analysis: While government backing has spurred SACCO growth in Uganda, sustainability challenges persist due to over-reliance on external funding. Proper governance structures and reduced dependency are essential for long-term impact.

### Conclusion of Secondary Analysis

Secondary data strongly supports the study's assumptions: SACCOs positively influence household income through small loans, savings, and financial guidance. However, the depth of impact depends on factors such as loan utilization, governance quality, and the presence of robust advisory services. The challenges noted in the literature underscore the need for improved management and capacity building within SACCO institutions.

## CHAPTER FIVE

### **Discussion of findings**

This chapter presents a discussion of the findings in relation to the study objectives and research questions. The aim was to evaluate the role of Savings and Credit Cooperative Organizations (SACCOS) in improving household income for teachers in Iganga District. The findings are supported by primary data (questionnaire and structured interviews), secondary data and literature reviewed in Chapter Two.

### **5.1 Contribution of Small Loans to Improved Household Income**

Research Question 1: How do small loans provided by SACCOs contribute to improved household income for teachers in Iganga District?

From Findings:

Approximately 70% of surveyed teachers reported that they had accessed at least one loan through their SACCO in the past year. Of these, 45% used the loans to engage in income-generating activities such as poultry farming, small retail businesses, and agriculture. The remainder used loans for emergency expenses like school fees and medical bills.

Discussion:

These findings suggest that small loans play a significant role in expanding teachers' economic activities, which subsequently improves household income. This aligns with Johnson (1997), who found that access to micro-credit improves household investment behavior. The positive utilization of loans for productive ventures confirms the economic theory that access to capital enhances production and future income.

### **5.2 Impact of Regular Small Saving Deposits on Household Income**

Research Question 2: How do regular small saving deposits accepted by SACCOs contribute to increased household income for teachers in Iganga?

From Findings:

It was found that 82% of teachers who saved regularly with their SACCO were able to accumulate enough funds to make larger, planned investments (e.g., land purchases, home construction). Additionally, 70% of savers reported a reduction in financial stress due to having emergency funds readily available.

Discussion:

The findings affirm that regular saving instills financial discipline and provides teachers with a financial buffer. The ability to save and later access lump sums without borrowing highlights a sustainable path to wealth creation. CGAP (2006) similarly observed that secure savings mechanisms reduce reliance on informal and risky saving options and enhance financial security.

### **5.3 Role of Advisory Services in Enhancing Household Income**

Research Question 3: Do advisory services provided by SACCOs contribute to improved household income for teachers in Iganga District?

From Findings:

Out of the respondents, 50% had received financial literacy training or investment advice from SACCO staff. Among them, 73% indicated that the knowledge acquired influenced how they managed loans, savings, and income-generating projects. Notably, some teachers started budget tracking and business planning after attending training.

Discussion:

Advisory services contribute to more effective financial decision-making and reduce loan default rates. The guidance provided empowers teachers to make informed investments and manage

risks. However, some respondents noted inconsistency in service delivery across SACCOs, pointing to a need for standardized training. This aligns with Mwelukilwa (2001), who advocated for integrating advisory services into SACCO operations for better outcomes.

#### **5.4 General Implications**

The study confirms that SACCOs positively influence household income among teachers through access to credit, promotion of savings, and financial literacy. However, challenges such as limited outreach, governance issues, and insufficient training were also highlighted. Sustainability will depend on SACCOs' ability to professionalize operations, maintain transparency, and adapt services to members' evolving needs.

#### **5.5 Limitations of the Study**

While the study achieved its primary objectives, several limitations were encountered during its execution:

##### **1. Limited Geographic Scope**

The research was confined to teachers in Iganga District. As such, the findings may not be fully generalizable to teachers in other districts or to individuals in other professions who also participate in SACCOs.

##### **2. Time Constraints**

Due to the limited timeframe for data collection, the researcher was unable to gather longitudinal data that would reveal long-term trends in income improvement among SACCO members. A longer study period would have provided more comprehensive insights.

##### **3. Budget Limitations**

The study was self-sponsored and operated on a tight budget. This constrained the researcher's ability to reach a larger sample size and to include more SACCOs across the district.

#### 4. Reliance on Self-Reported Data

The study relied heavily on self-reported data from respondents through questionnaires and interviews. There is a risk of response bias, where participants may overstate or understate their income improvements or SACCO experiences.

#### 5. Limited Access to SACCO Financial Records

Some SACCOs were reluctant to share detailed financial data due to confidentiality concerns. This made it difficult to independently verify some of the financial claims made by respondents.

#### 6. Variation in SACCO Performance

The performance and management practices of SACCOs vary significantly. This heterogeneity may have affected the consistency of findings, as experiences differed greatly between members of well-established SACCOs and those in less organized ones.

### **5.6 Conclusion**

This study set out to evaluate the role of Savings and Credit Cooperative Organizations (SACCOs) in improving household income for teachers in Iganga District. Based on the research findings and analysis, several conclusions can be drawn in relation to the specific objectives.

#### 1. Small Loans and Household Income

SACCOs provide teachers with small loans that are instrumental in enhancing income through investment in productive activities such as farming, small-scale trading, and education. These loans act as a catalyst for economic empowerment, especially for teachers with limited access to formal banking services.

## 2. Savings Culture and Financial Stability

Regular saving deposits in SACCOs were found to instill financial discipline among teachers. Those who saved consistently reported improved capacity to manage emergencies, undertake major purchases, and invest in long-term assets. Savings mobilization is therefore a critical pillar in enhancing household financial resilience.

## 3. Advisory Services and Financial Literacy

Investment advisory services offered by SACCOs were shown to contribute positively to household income. Teachers who received guidance made more informed decisions on budgeting, loan usage, and business planning. This indicates that financial education is an essential complement to savings and credit services.

Overall, SACCOs are playing a vital role in increasing the economic welfare of teachers in Iganga District. However, their effectiveness depends on governance, professional management, and the ability to meet the diverse financial needs of members.

## **5.7 Recommendations**

Based on the findings, the following recommendations are proposed for policy makers, SACCO management, and other stakeholders:

### 1. Strengthen Loan Management Systems

SACCOs should enhance their credit assessment procedures and provide flexible loan products tailored to members' investment plans. This will improve loan performance and encourage more teachers to borrow confidently.

### 2. Promote a Culture of Saving

SACCOs should conduct regular sensitization campaigns to encourage more teachers to develop a saving habit. They should also introduce innovative savings products, such as targeted education or emergency funds, to meet members' diverse needs.

### 3. Enhance Financial Literacy Programs

Investment in continuous financial education should be prioritized. SACCOs, in partnership with NGOs or local governments, should provide structured training on financial planning, budgeting, and entrepreneurship to empower members.

### 4. Improve Governance and Transparency

To increase member confidence, SACCOs must adhere to good governance practices. This includes regular audits, democratic elections, and open communication about financial status and operations.

### 5. Encourage Government Support with Accountability

While government support has helped SACCOs grow, mechanisms should be put in place to monitor and evaluate the impact of such support to prevent dependency and mismanagement.

## **5.8 Areas for Further Research**

Given the scope and limitations of this study, future researchers are encouraged to:

Explore the role of SACCOs in improving the income of other professional groups beyond teachers.

Examine the long-term sustainability of SACCO-funded businesses.

Assess the impact of digitalization on SACCO operations and access to services.

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## Questionnaire for Teachers in Iganga District

Dear Respondent,

This questionnaire is part of an academic study aimed at assessing the role of Savings and Credit Cooperative Organizations (SACCOs) in improving household income for teachers in Iganga District. Your participation is voluntary, and all responses will be treated with strict confidentiality.

### Section A: Background Information

1. Gender:

Male

Female

2. Age:

Below 25

25–35

36–45

46 and above

3. Marital Status:

Single

Married

Divorced

Widowed

4. Education Level:

Certificate

Diploma

Degree

Postgraduate

5. Number of years in the teaching profession: \_\_\_\_\_

6. Are you currently a member of a SACCO?

Yes

No

#### Section B: Small Loans from SACCOs

(Only for SACCO members. If No to Q6, skip to Section D)

7. Have you ever received a loan from your SACCO?

Yes

No

8. If yes, how many times have you received a loan? \_\_\_\_\_

9. What was the average amount borrowed? (UGX) \_\_\_\_\_

10. How did you use the loan? (Tick all that apply)

Pay school fees

Medical expenses

Invest in a business

Agriculture

Build/buy assets

Other (please specify): \_\_\_\_\_

11. Do you think the loans have improved your household income?

Strongly agree

Agree

Neutral

Disagree

Strongly disagree

#### Section C: Savings and Advisory Services

12. Do you make regular savings with your SACCO?

Yes

No

13. If yes, how much do you save monthly on average? (UGX) \_\_\_\_\_

14. Have you received any investment or financial advisory services from the SACCO?

Yes

No

15. If yes, how useful were the advisory services?

Very useful

Useful

Neutral

Not useful

Harmful

#### Section D: Household Income and Welfare

16. Has your household income improved over the past year?

Yes

No

17. If yes, what do you attribute this improvement to? (Tick all that apply)

SACCO loans

SACCO savings

Advisory services

Extra job or side business

Other (please specify): \_\_\_\_\_

18. What assets have you acquired in the past year? (Tick all that apply)

Land

Livestock

House

Vehicle

Business inventory

Other: \_\_\_\_\_

Section E: Challenges and Recommendations

19. What challenges do you face in accessing SACCO services? (Tick all that apply)

High interest rates

Delayed loan processing

Limited loan amounts

Poor customer service

Lack of information

Other: \_\_\_\_\_

20. What recommendations would you give to improve SACCO services for teachers in Iganga?