

THE CONTRIBUTION OF MICROFINANCE INSTITUTIONS ON HOUSEHOLD


WELFARE IN MASAKA MUNICIPALITY

A CASE STUDY OF KATWE - BUTEGO SUB-COUNTY

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BUSINESS  
ADMINISTRATION AND MANAGEMENT  
OF UGANDA MARTYRS UNIVERSITY

The logo of Uganda Martyrs University is a shield-shaped emblem. The shield is divided into four quadrants: top-left (yellow with a red bird), top-right (red with a white book), bottom-left (black with a white cross), and bottom-right (white with a black cross). The shield is surrounded by a yellow banner with the text 'UGANDA MARTYRS UNIVERSITY'. Above the shield, the Latin motto 'VERITAS ET SCIENTIA' is written in a semi-circle. Below the shield, the Latin motto 'DUC MUNDUS' is written in a semi-circle.

NKOZI

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## **Dedication**

I dedicate this research to my beloved parents Mr. Ssuwa David and Ms. Nanduddu Specioza for their financial support and prayers throughout the three years. I is also dedicated to Ms. Nabadda Juliet for her support and advice, may the Almighty God reward you abundantly

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## **ABBREVIATIONS**

NGOS	Non-Governmental Organizations
UWFT	Uganda's Women Finance Trust
USAID	United States Agency for International Development
MFI	Microfinance Institutional Services
AMFIU	Association of Micro enterprise finance Institutions
UMU	Uganda Martyrs University
GDRC	Global Development Research Centre
DCGSA	Masaka District Local Government Statistical Abstract
ODA	Official Development Assistance



## ABSTRACT

The main objective of the study was to scrutinize the relationship between microfinance institutions and household welfare in Katwe – Butego – Division in Masaka Municipality which was got from the topic of **“The contribution of Microfinance institutions on household welfare.**

Out of the total population of 3548(three thousand five hundred forty eight) households in this Division, the researcher used a sample of 316(three hundred sixteen) households.

The study based majorly on primary data which was got through use of structured questionnaires and interview guides and then data collected was analyzed using statistical package. Multiple regression analysis was used to establish the relationship between MFI Services and household welfare in Katwe Butego – Division.

Findings revealed that borrowers’ households were more likely to own living houses than non those who are non– borrowers’ households. Findings also revealed that they used part of their loans to finance their children’s Education and health services.

The findings also re asserts that provision of affordable microfinance services to households remains to be an important component of development strategy as it services like training provides household members to gain new skills and knowledge which can be invested in their businesses for development.

On the other hand the study emphasized that there is need to come up with more innovative Microfinance Institutions that are supportive of their own asset accumulation and improvement of household welfare by targeting potential clients. The findings also revealed that Masaka local Government should continue to explore improvements on the quality of education and creation of job opportunities in both private and public sector to improve household welfare in Katwe Butego-Division

## **CHAPTER ONE**

### **GENERAL INTRODUCTION**

#### **1.0 Introduction**

This chapter examines the background of the study, problem statement, objectives of the study, definition of terms, and significance of the study, its justification, research questions, conceptual frame work and the scope of the study.

#### **1.1 Background of the study**

Microfinance according to Otero (1999) is the provision of financial services to low income poor and very poor self-employed people.

The financial services provided according to Ledgerwood (1999) generally include saving, loans, credit, insurance and payment services to poor people. Schreiner and Colombet (2001) define microfinance as the attempt to improve access to small deposits and small loans for the poor households in both urban and rural settings who have no access to the formal financial sector.

According to Microfinance information Exchange, Microfinance institutions are organisations that offer financial services to the very poor.

The history of Micro financing can be traced back as long to the middle of the 1800s when the theorist Lysander Spooner was writing over the benefits from small credits to entrepreneurs and farmers as a way of getting people out of poverty. But it was at the end the World War II with

the Marshall plan whose concept had a big impact making the World view of Microfinance Institutions not being new to various people.

The today use of micro financing has its roots in the 1970s when organisations like Grameen Bank of Bangladesh which was found by the Microfinance pioneer Mohammed Yunus in 1983 to make very small loans to the poor and the industry of Micro financing, another pioneer in this sector is Akhtar Hameed Khan and at this time a new wave of microfinance initiatives introducing many new innovations into the sector and many pioneering enterprises began experimenting with loaning to the underserved people.

The main reason as to why microfinance is dated to 1970s is that the programs could show that people can be relied onto repaying their loans and that it's possible to provide financial services to people through market based enterprises without subsidy. Shore Bank was the first Microfinance institution and community development bank found in 1974 in Chicago and today the World Bank estimates that more than sixteen million people are served by seven thousand (7000) microfinance institutions all over the world and these institutions were dedicated by United Nations (UN) in 2005 to help the poor to save and cast some doubts on effectiveness of group financing.

### **1.1.2The microfinance sector in Uganda**

Uganda is generally seen as the country with most vibrant and successful Microfinance industry in Africa having a twenty six (26) years' experience in providing financial services to households in poverty. And the industry is fairly new compared to other well advanced microfinance countries like Bolivia and Bangladesh, Microfinance institutions in Uganda are registered and institutionalized microfinance providers constituted mainly of Non-Governmental Organisations

(NGOs) both local and foreign, savings and credit cooperatives and have experienced a strong growth and now reaching a considerable number of clients, a number of microfinance providers coming close to financial sustainability.

A series of impact studies conducted in Uganda in the past years demonstrated that the provision of Microfinance services contributes to reduce client vulnerability to economic risks which result into strengthening linkages of clients and their households to the agricultural sector and enabled them to acquire valued skills. The first true microfinance institutions like FINCA Uganda Limited and Uganda's Women finance Trust (UWFT) appeared in the early 1990 and in January 1996, USAID sponsored a microfinance seminar that was considered to be an eye opener for many practitioners who were exposed to the best practice methodologies.

At the same time the government started to view the private sector as the most important contributor to economic growth and identified improving access to financial services as one of the key strategies. And other examples of microfinance institutions in Uganda include; Uganda Finance Trust limited, BRAC Uganda and Pride Microfinance Limited.

In the early 1997, center for Microfinance started to provide trainings and technical assistance to microfinance institutions in key areas like loan tracking, interest rate setting, business planning, ownership and governance. In the same year the Association of Micro Enterprise Finance Institutions of Uganda (AMFIU) was set up to serve as the practitioner platform to share experiences and technologies and act as an advocacy body for Uganda Microfinance institutions. The closer look at the methodologies reveals that the services and products provided by majority of microfinance providers are similar to each other and are not adjusted to the specific needs of various groups of people.

The growing number of non – bank financial institutions like FINCA Uganda and Pride Uganda have both broadened access to financial services in Uganda, Regulations prevent the Non-Governmental Organizations (NGOs) from taking` savings with the exception of mandatory savings. This limitation on NGOs providing microcredit has been receiving the attention of the microfinance community which would like to change regulations (micro – save Africa 1999), through the German Technical cooperation supported program, the Bank of Uganda has been developing and the financial statute for the microfinance industry that categories microfinance institutions into tiers and will allow one tier to take deposits.

## **1.2 Statement of the Problem**

Over the past decades microfinance has become a very important topic in the attempt to eradicate poverty, and the statistic made by analysts show that at least 50% of Uganda’s population exists below the poverty line. This has made microfinance to become a key policy for programme intervention, following the logic of a bottom up strategy and keeping the locus on grass root development.

Microfinance is a mixture of financial services like deposits, loans, payment services, money transfers and insurance for low income households in both urban and rural areas, it also includes use of collateral substitutes to compensate for lack of fixed assets. With these services, poor people are meant to have a tool in their hands for self – development, escaping the poverty circle and living without the need for further development assistance.

People face a problem that physical labour and ideas are not enough to make things happen, microfinance started after the existence of financial rejection from markets, and all over the World people have a problem of accessing money especially t those living in developing

countries like Uganda, so the poor formed informal community – based agreements to cover their needs. (Brauwoller, 2004) provides that during the 1970s microfinance Institutions started to institutionalize and financial pioneers like Mohammed Yunus an economist from Bangladesh started a new era of financial developing assistance by founding the Grameen Bank project and by then with every year micro financial development became more and more popular and so did its significance of improving household welfare. Experts acknowledged the importance of microfinance discussing its efficiency in the 1995 World summit for social Development in Copenhagen and provided that it officially contributes to the strategy to the fulfillment of the Millennium development Goals proclaimed by Kofi Annan and general secretary of United Nations to halve poverty by 2015.

The effects of microfinance activities on households are still not unquestioned; many researchers doubt that the provision of money and saving deposits is a sustainable method to eradicate poverty. History has shown that the attempt of poverty alleviation by a single finance – based discipline may not be sufficient or even worse, may cause more problems than it solves. There is lack of trans-disciplinary understanding of microfinance beyond controversy but its efficiency is still questioned and huge amounts of official development assistance (ODA) are spent on microfinance development solutions thus making it reasonable and an enforcing factor that encouraged the researcher to question on its efficiency on the level of household welfare, more especially the contribution it has on poor households in Katwe Butego - Division in Masaka Municipality.

## **1.3 Objectives of the study**

### **1.3.1 General objective**

- i) To examine the contribution of microfinance Institutions on the Household welfare in Katwe Butego Division – Masaka Municipality

### **1.3.2 Specific objectives**

- i) To examine the relationship between microfinance Institutions and household welfare in Katwe Butego - Division – Masaka Municipality
- ii) To determine the rate of microfinance loan acquisition by Households in Katwe Butego - Division – Masaka Municipality.
- iii) To find out the extent by which access to microfinance services influence the development of households in Katwe Butego -Division Masaka Municipality.

## **1.4 Research Questions**

- i) What is the relationship between microfinance Institutions and household welfare in Katwe Butego - Division – Masaka Municipality?
- ii) What is the contribution of microfinance Institutional services on household welfare in Katwe Butego Division – Masaka Municipality?
- iii) What is the rate of micro finance loan acquisition by Households in Katwe Butego Division – Masaka Municipality?

## **1.5 Scope of the study**

### **1.5.1 Geographical scope**

The study was conducted in Katwe Butego Division – Masaka municipality found in Masaka District along Elgin Street, Edward Avenue Street, Katwe road and masaka road. It is surrounded by different hotels like Brovade, Mariaflo and golf rein.

The division name was out of the combination of two parish names, Katwe and Butego ward and the division has two wards and 19(nineteen) cells.

Masaka District is situated about 37kilometers away from the equator towards the south and lies between  $0^{\circ} - 25^{\circ}$  south and  $34^{\circ}$  East, having an average altitude of 1150m above sea level.

### **1.5.2 Time scope**

The study was based on the time scope between 2008 – 2015 so as to use findings made in that period about the contribution of microfinance institutions on household welfare in Katwe Butego Division – Masaka Municipality.

### **1.5.3 Content scope**

Regarding the content scope, the researcher examined the non – clients and clients households to microfinance institutions. Other information was got from different Authors who wrote on microfinance institutions and their relation towards household welfare.

The study also considered the contribution of microfinance institutions towards household welfare in Katwe Butego Division specifying on savings, credits, training, health, Education,



food security and ownership of land which acted as the elements of both the independent and dependent variables.

### **1.6 Justification of the study**

The study was bound to disclose the contribution of Microfinance institutions on household welfare in Katwe -Butego Division

To the side of Uganda Martyrs University (UMU), it was considered as a requirement needed to pave way for the award of a Bachelor's Degree in Business Administration and Management.

### **1.7 Significance of the study**

The study meant to help other academic scholars in broadening their knowledge and also encourages them to carry out more research on it

To the researcher, the study might broaden the pool of knowledge of the researcher as far as establishing the contribution of microfinance services on household welfare

The management of Katwe Butego- Division could use the information provided in this study to make analysis on how Microfinance can develop households within its locality and also enable it to make rational decisions.

### **1.8 Definition of key terms**

**Microfinance;** its defined as the financial services for poor and low income clients offered by different types of service providers.

**Households;** these are defined as all persons living under one roof or occupying a separate housing unit, having either direct access to the outside or a separate cooking facility.

**Welfare;** refers to the provision of a minimal level of well – being and social support for citizens without current means to support basic needs.

**Microfinance institutions;** these are organizations that offer financial services to low income populations.

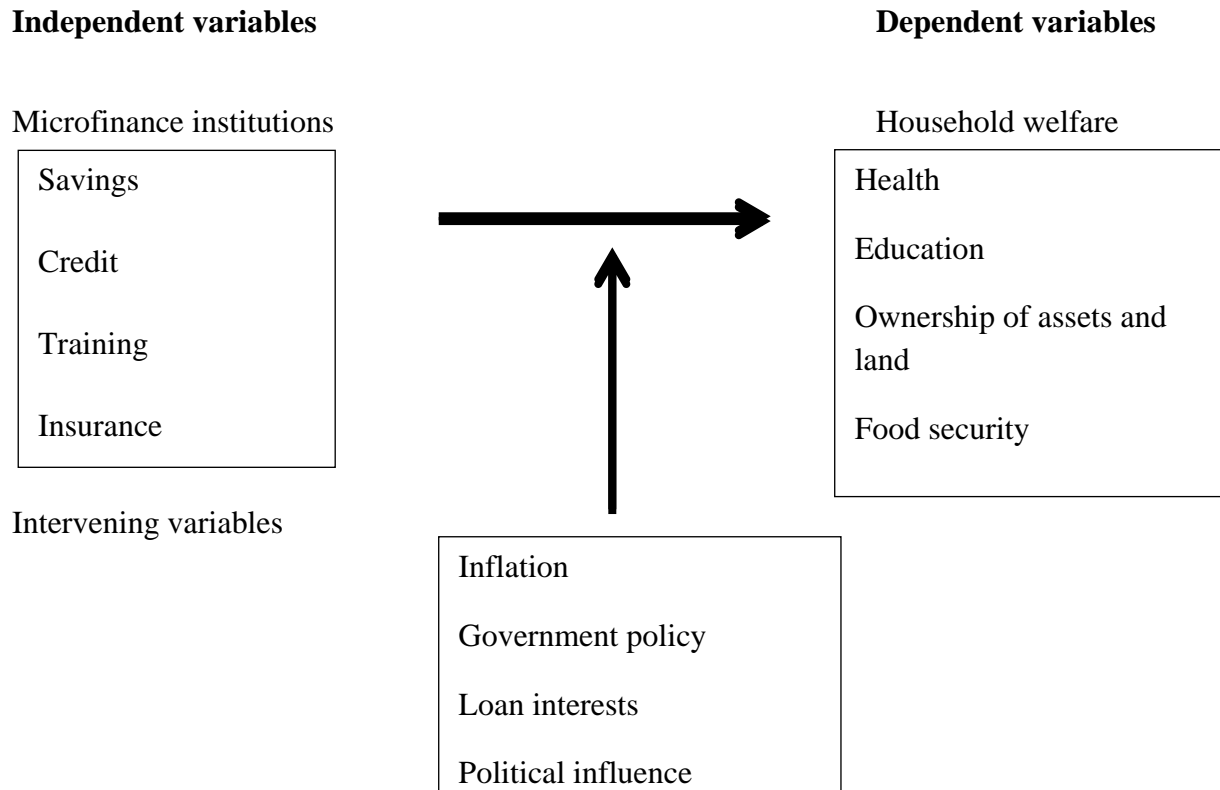
**Household spending,** this refers to the final consumption expenditure made by resident households to meet their everyday needs like food, clothing and housing.

**Savings,** these refer to a portion of disposable income which is not spent on consumption of consumer goods but invested in capital equipment

**Microenterprise,** Refers to a small business that employs a small number of employees and these can be family members.

## 1.9 Conceptual frame work

**Figure 1: Conceptual Framework**



**Source:** Designed by the Researcher using suggested ideas of Amin (2005)

Conceptual frame work refers to the analytical tool which has several variations used to organize ideas in order to meet research projects (Isaiah Berlin, 1953).

This was meant to show the relationship between microfinance institutions which is the independent variable and household welfare as the dependent variable; having different elements like savings, credits, training, ownership of assets, education, health and food security which were used by the researcher to formulate objectives of the study.

The intervening variables were first used by behavioral psychologist called Edwards Tolman in 1938 and therefore these variables refer to those that enable one to understand the relationship between independent and dependent variables which have no definite connections.

### **1.10 Conclusion**

This chapter has examined the background of the study, problem statement, objectives of the study, definition of terms, and significance of the study, its justification, research questions, conceptual frame work and the scope of the study. Therefore the next chapter discusses the literature review of the study.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter examines the literature availed by different Authors in theoretical approach and actual review. The literature also discusses “the contribution microfinance institutions on household welfare.

#### **2.1 Theoretical frame work**

Theories and models relating to microfinance variables and household welfare will be analyzed under this review whereby the numerous theories which relate microfinance institutions to household welfare will be discussed as below;

##### **2.1.1 The Welfarist theory**

Welfarist theory discussed by (Robinson 2001) as a theory which explains that loans are provided to poor borrowers at interest rates lower than the market value in order to reach the extremely poor individuals with an aim of helping them to overcome poverty and empower their welfare. This theory focuses on provision of credit in form of loans as a tool for reducing poverty and improving household welfare. This theory also reflects the rationale of credit in terms of loans and this is one of the products provided by microfinance institutions to its clients.

The reason as to why the study will focus on this theory is because of the similarities it portrays with the research undertaken.

### **2.1.2 The neoclassical theory**

(Leonard 2013) who quoted in his research that neoclassical theory put forward by classical theorists Adam Smith, (1723-1790) & Davido Ricardo (1772 -1823) states that “in order for a country’s economy to grow, savings is one of the important aspects amongst the citizens

(Todaro et al 2003) established that the main limitation for poor households in developing countries like Uganda is lack of access to financial services caused by imperfect financial markets and poor lending culture by commercial banks offering their services almost exclusively to only the medium and large companies perceived to be credit worthy. Thus the end result of this weakness is obstructing the accumulation of capital and growth of the economy. The nature of this theory figures out that for an economy to grow, there should be efficient and effective, fair and just distribution of financial services to all clients. It emphasizes access to all microfinance products.

### **2.1.3 The Village Banking Model**

According to (Holt 1994), this model operates on the principle which states that financial institutions such as microfinance village banks are community-managed, credit and savings associations established by NGO’s to provide access to financial services, enable building community self-help groups and help these groups to accumulate savings. These institutions have been in existence since the mid-1980s. They usually have 25 to 50 members who are low-income individuals seeking to improve their welfare through self-employment activities. Some loans are distributed to individuals through group associations on the basis of moral collateral (the promise that the group stands behind the repayment of each loan taken by the group members) (Global Development Research Centre).

The sponsoring MFI lends loan capital to the village bank, who in turn lend to the members. All members sign a loan agreement with the village bank to offer a collective guarantee. Members are usually requested to save twenty percent of the loan amount per cycle. (Ledgerwood, 1999)

However, this study will basically focus on the welfarist theory in relation to the Village Banking model. This is because, these two are not limited to the scope of one variable and also the similarities they portray with the research undertaken, considering improvement of household welfare due to microfinance services basing on income and corporate social responsibility like loans, savings, training and education which are all undertaken by microfinance institutions in improving household welfare.

## **2.2 Actual Review**

In this section, the prevailing literature relating to objective by objective of the study was studied and discussed as below;

### **2.2.1 Microfinance institutional Loans and Household welfare**

Micro financing loans refer to small loans granted to the poor and low-income, on the basis of the borrower's cash flow and other loans granted for their microenterprises and small businesses to enable them to raise their income levels and improve their living standards. These loans are typically unsecured but may also be secured in some cases. (Diagne and Zeller 2001)

Business dictionary defines a loan as an oral or written agreement for a temporary transfer of a property usually money from its owner to the borrower who promises to return it according to the terms of the agreement and usually with an interest attached to its use.

Households obtain funds from Microfinance Institutions and these funds can assist the poor households to run their micro business and smooth consumption. By giving Microfinance loans to low income households, it bridges the financing gap that is created conventional Banking institutions that require collaterals of huge value (Yunus, 2001).

Robinson (2001) provides that microfinance loans enable low income households to improve enterprise and household management, increase productivity, smooth income flows for households, enlarge and diversify their micro enterprises. There are a number of indicators of household welfare; Jesco and Peter (1997) provide that access of the poor to basic services water, electricity is often viewed as very important to the well-being of households. In addition, access of household to such services should not only be viewed as a reflection of the households' welfare standing, but also as a determinant of the latter.

Bagchi et al, (2002) also indicates that microfinance loans have the ability to improve the level of education for the participating households. The health of the households that utilize microfinance loans is also improved by this facility. The other positive effect of microfinance on household welfare is its ability to assist in empowering women in low income households, once these women are empowered financially; they can be able to provide for their families with various needs thus improving the living standards of the low income people in the society.

(Yunus, 2001) provides that Microfinance loans have also the ability to assist in poverty alleviation among developing countries. Most developing countries have confirmed that microfinance is indeed one of the strategies that can be used to alleviate poverty. By empowering



low-income households financially, governments are able to reduce the unemployment rates and improve on income per capita. The microenterprises run by low income households provide employment to many unemployed people thus improving their lives as well as those of their immediate dependents.

Binswanger and Khandker(1995) argued that access to MFI services like loans helps the poor people to smooth out their consumption over the lean periods of the year hence playing an important role in improvement of household welfare.

However a number of studies have found out that access to Microfinance Institutional loans does not show any difference between clients and non-clients in terms of investment on children's education; this can be evidenced on the study conducted in Madagascar which showed that there is no significant difference in school enrolment between clients and non-clients (Gubert and Roubaud, 2005).

### **2.2.2 Microfinance institutional Savings and its contribution on household welfare**

Christen (1997) defines microfinance as the means of providing a variety of financial services to the poor based on the market driven and commercial approaches. And these financial services include savings, payments, loans, remittances and insurance to poor people living in both urban and rural settings who are unable to obtain loans from the formal financial sector.

However many micro finance practices today still focus on micro-credit by providing the poor with small credit with the hope of improving their labour productivity and thereby leading to increment in household welfare and incomes. Binswanger and Khandker(1995), argued that

access to credit enables poor households to smooth out their consumption over the lean periods of the year hence improving household welfare.

Kamal (1996) provided that access to microfinance services like saving has a positive impact on the welfare of the borrowers which is evidenced by the fact that the income per capita of the borrowers is higher than that of the non-borrowers, this shows that microfinance institutions have a great contribution of improving the welfare of households.

According to the business Dictionary, Savings refer to a portion of disposable income that is not spent on consumption of consumer goods but accumulated or invested directly in capital equipment or in paying off a home mortgage or purchase securities in future.

Zinman et al (2014) wrote in their research of “review and wealth” that in Yale country, mobilization of savings is a critical approach for improving individual and societal welfare in terms of food security assurance, securing health and education services plus acquisition of assets. At an individual level, savings enable households attain smooth consumption assurance and also finance productive investments in small business. However, the microfinance market faces a number of friction forces that limit the effectiveness of savings by the low income households which include transaction costs in terms of withdraw charges and mobile alert messages, lack of trust by clients and government policies.

The problem associated with savings by poor households is that it can be subjected to both family and extended family pressures which can make it difficult to save for long term purposes. Moreover these savings are in most cases short term savings and its intended aim may not be achieved and the fluctuations in savings do not only obstruct the efforts to cope with risks in times of crises but also the efforts to break out of poverty.

### **2.3 Impact of Microfinance on Household Incomes**

Micro-loans by Microfinance institutions in various continents have experienced explosive growth in the last three decades, it has been discovered that they have the potential to alleviate poverty amongst the poor population especially in rural areas. Micro-financing is an essential input to increase productivity at household level since they boost household incomes and increase employment of household members Okurut et al (2004).

Ross (2002) argues that the impact of micro financing on household incomes remains only partial and contested, he further argues that it has very beneficial economic and social impacts of the households.

Navajaset al (2000) asserts that the goal of micro financing is to improve the welfare of the poor. However, Burger (1989) observed that microfinance tend to stabilize rather than increase income and tend to preserve rather than create jobs which would have developed household welfare.

In Uganda, according to the Microfinance Institutional Report conducted by USAID/ Uganda in 1997, the microfinance programs and participation leads to inputs in economic welfare of households and strengthens social networks with rural areas since they reach low income households in both rural and urban areas.

Goets and Gupta (1994) noted that access to microfinance had a negative effect on gender empowerment. This conclusion based on the observation that while women were the ones who signed the loan contracts with microfinance institutions and the control over these loans was taken over by men.

However the Primary responsibility of loan repayment lay with the women who in most cases had to draw on their personal savings to settle the loans and this conflict over control for the loans caused domestic violence in families especially against the women which increases cases of failure to repay loans to microfinance institutions.

## **2.4Conclusion**

Literature reviewed above shows that microfinance services have done a great work in improving household welfare regardless of the market gaps that is portrayed by different Authors as discussed above in this chapter. And therefore the next chapter is all about research methodology.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

This chapter discusses the research design, study population, sampling techniques, sample size and selection, methods of data collection, data management and analysis, reliability and validity, ethical considerations, area of the study and its limitations.

#### **3.1 Research design**

This explained what the researcher expects to follow when carrying out research for the study (Oso&Onen, 2005).

According to Jobber (2010), a research design can be the process of arranging the conditions for data collection and analysis in such a way that targets to make the research relevant to the economy and the society. Research design consists of the overall strategy that one chooses to integrate the different components of the study in a coherent and logical way in order to effectively express the research problem. And when the researcher begins investigating early before thinking critically about the information needed to express the research questions, it can end up making mistakes and the problem for carrying out the research might not be addressed since it may lead to development of weak conclusions.

The descriptive research design helped in providing answers to questions of what, where, when among others associated with particular research problem, this enabled the researcher to obtain

information regarding the current status of the phenomena with respect to the dependent and independent variables (CA: Sage, 2008)

The researcher in this study used the survey research design and this was a present time oriented design used to investigate and gather information by selecting representatives across the sections of the sample. This research design was used because the researcher visited many households found in Katwe Butego - Division with different needs which provided the researcher with different opinions, ideas and attitudes when being interviewed about the research topic.

### **3.2 Study Population**

William D and Jerome E (2005) provide that population can be seen as the total number of people, things or events that a researcher tends to investigate. And according Mugenda and Mugenda (1999) population can be a complete set of individuals, objects with some common observable characteristics.

The study population of this study consisted of respondents found in households within Katwe Butego - Division – Masaka Municipality focusing mainly on the clients of Microfinance Institutions so as to get information regarding the benefit gained by them when coordinating with those Microfinance Institutions. These were focused on since they possessed the best information that the researcher needed to carry out the study.

According to MDLGSA (2012), Katwe-Butego - division is comprised of 3,548 households and these were selected as the study population.

### 3.3 Area of the study

The study was carried out in Katwe-Butego Division which is found in Masaka Municipality concentrating majorly on Households, the case study of Katwe - Butego – Division was chosen because of its location and accessibility of the researcher

### 3.4 Sample size and selection

A sample can be a subject of people, items from a larger population that one decides to use in building a good research study. The researcher used a representative sample which means collecting some information from a given group of selected population following given procedures. This study focused on 316(three hundred sixteen) respondents of Katwe - Butego Division – Masaka Municipality, this was because the needed information about microfinance could be provided by them since the research was mostly focusing on information provided by household clients of Microfinance Institutions in Masaka - Municipality.

The sample size was derived by the use of Morgan’s formula illustrated below;

$$S = \frac{X^2NP(1-P)}{D^2(N-1) + X^2P(1-P)}$$

Whereby;

P = Standard population proportion (0.5)

N = Population size

X = Standard confidence level (1.96)

S = Target sample size

D = Degree of accuracy (expressed as a proportion of 0.05) which means the margin of error.

### **3.5 Sampling techniques**

Sampling means a method used for investigating a given large population. And Sarantakos(1997)provides that sampling can be the study of a relatively small number of units in place of the target population and to obtain data which is representative of the whole target population. Therefore the researcher used random sampling technique as it was least biased and there was no subjectivity and every member of the population could easily be selected. And another sampling technique used by the researcher was purposive sampling which involves non – probability sampling in which those to be used in the sample were selected by the researcher so as to get information from respondents who were interested in participating in the research.

### **3.6 Methods of data collection**

The researcher used different methods to collect relevant data in the field and these were used basing on their suitability on the required information which was beneficial in compiling final results in the case study and these methods included the following;

#### **3.6.1 Questionnaires**

A questionnaire consists of systematically structured questions that are used by the researcher to get information needed from the respondents. These can be in different terms like, surveys, schedules, and check lists among others. It is a suitable method used to collect data for research since it is appropriate for collecting a lot of information in a short period of time (Oso&Onen, 2009).

A questionnaire has its main function as measurement (Oppenheim 100) which is the main data collection method in surveys, however due to provision of endless, the instrument may be used



to develop qualitative and exploratory data (Dornyei 101). Therefore the researcher made sure that self-administered questionnaires were constructed to match with the research questions so as to reflect to the topic of the study.

### **3.6.2 Interviews**

Interviews consists of different methods for collecting data where given participants from a large population can be asked questions so as to get information needed from the selected respondents. And therefore this required the researcher to hold a person to person verbal communication in which oral questions about the study topic were asked and the respondents also provided oral answers; this was used because information about Microfinance and its clients in Katwe Butego-Division cannot easily be seen and got without interviewing these clients of these financial institution making collection of information effectively within a short period of time.

### **3.7 Data management and analysis**

Data management means the process of controlling information gathered during research (26 march 2013). Therefore data was gathered, recorded in given reports and edited for completion and later clarification was made so as to use the data during the preparation for analysis.

Then data collected was analyzed using statistical package and data from the field through asking questions to the respondents by organizing them into manageable procedures so as to arrange data into different sources of information needed.

Data analysis confirmed separation of data into consistent elements and the examination of data to distinguish the component parts, this was done through editing the information given in the field and analyzing of questionnaires to edit answers given in order to see if they were relevant to

the study so as to pick out any needed information which possessed meaning and data presented in form of graphs. The researcher also used normative way of analysis where she presented a literal detailed description of the observations and information collected in the field.

### **3.8 Reliability and validity**

Reliability means the consistency with which measuring instruments yield certain results when the entity being measured has not changed (Leedy&Ormrod2005). Reliability can be the degree to which assessment tool procedures, stable and consistent data required by the researcher for the study as she ensures the use of reliable instruments (Oso&Onen 2009).

There was also need to know the reliability of instruments used to collect data to make the research's findings reliable. Grinnel(1993) states that reliability measures the accuracy of measurement an instrument provides.

Validity means the researcher's ability to build meaningful inferences from a given sample (Creswell, 2005). And therefore the major validity issues are internal and external issues. Internal validity is the extent to which the design and data yielded allows the researcher to make accurate conclusions about the cause and contribution of the relationship between the variables (Leedy&Ormrod, p.103-104)

External validity is the extent to which results obtained apply to situations beyond the study. This makes it easier for the researcher to demonstrate that the results can be applied even to the natural settings. (King&Hee, 2005) Therefore this made it possible for validity in connecting the study items with the dependent and independent variables which were identified in the topic of the study by the researcher.

### **3.9 Ethical considerations**

Since ethics is very important in research, the researcher conducted the research voluntarily by ensuring use of ethical approval, the researcher also respected respondents so as to avoid misleading factors that may limit her to achieve the best information and this was done by respecting their privacy to prevent them from any negative outcomes that may arise

The information gathered for building this research was got from respondents within Katwe Butego- Division which was the case study selected by the researcher to avoid fraud and exposure of untrue information about clients and microfinance Institutions found within.

The researcher took a responsibility of ensuring that the respondents had knowledge about the major aim for the research by explaining to them that it was a requirement of the University for attainment of a Bachelor's degree in Business Administration and Management through presenting her university identity card and an introductory document from the University Administration introducing her to the respondents.

### **3.10 Limitations of the study**

Limitations can be seen as the anticipated constraints imposed by methods, location and situation of the study. Therefore the limitations of this study were as follow;

Wrong information provided; some of the respondents only provided incomplete information since they lacked facts or feared to expose off their secrets to people which made it difficult for the researcher to get enough and right information needed to carry on the research successfully.

The study was only limited to one case study which was Katwe Butego- Division yet there were other Sub – Counties in Masaka Municipality with different number of households and microfinance institutions under the same issue being researched on by the researcher.

Confidentiality of the respondents, this was another limitation of the study since some clients or family members within a given household were not willing to reveal important data about them to the researcher leading to provision of irrelevant information which limited the success of the researcher's aim.

Due to regular unpredictable movements of the researcher from one place to another to meet respondents, there was a challenge of an extension in her financial budget inform of meeting transport costs.

### **3.11 Conclusion**

This chapter has discussed the research design, study population, sampling techniques, sample size and selection, methods of data collection, data management and analysis, reliability and validity, ethical considerations, area of the study and its limitations,. Therefore the next chapter is all about presentation and discussion of data

## CHAPTER FOUR

### DATA PRESENTATION AND DISCUSSION

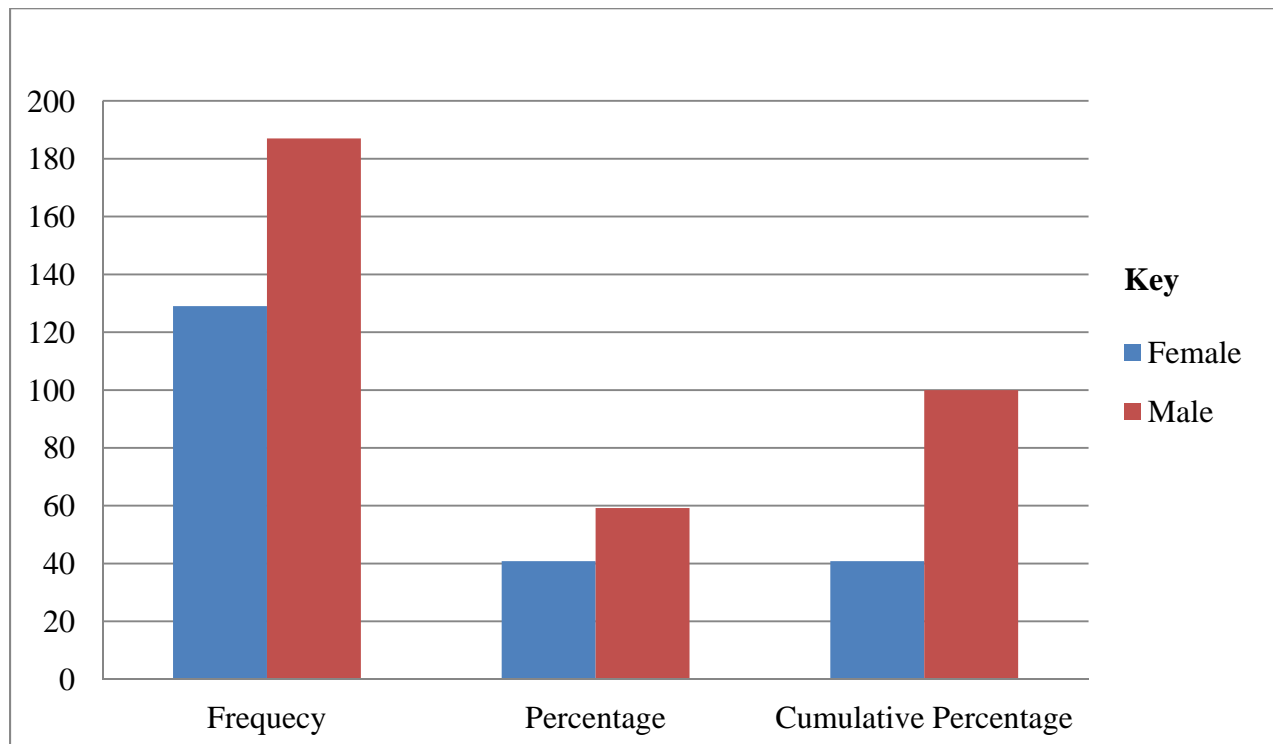
#### 4.0 Introduction

This chapter examines the research findings, analysis and interpretation of findings. And the data is presented using graphs.

#### 4.1 personal data

The researcher investigated on the education level, gender, sources of income used and the age of respondents found in households with in Katwe Butego- Division – Masaka Municipality

##### 4.1.1 Figure 2: A graph showing response on the gender of respondents



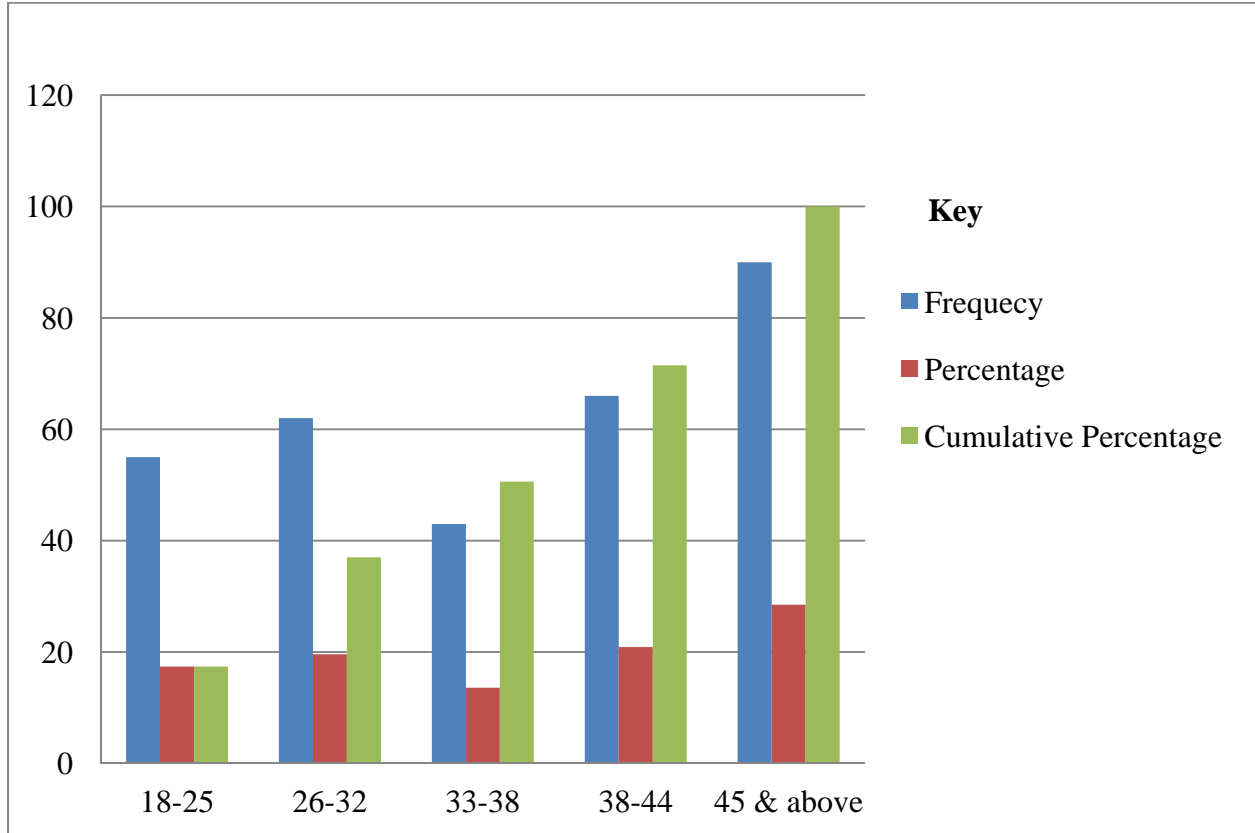
**Source: Primary data**

Basing on the findings in the above figure, out of the 316 (100%) respondents 129(40.8%) were females and 189 (59.8%) were males.

This shows that the male respondents were more than the female respondents. This was so because most of the households in Katwe - Butego – Division are owned and managed by males who were identified to be providers of education, health facilities, food and security to their family members.

Some households only comprised of females and their children and all the necessities needed were catered for by them, some comprised of only males and their children and some were found to be only males, others females who were observed to be single.

**4.1.2 Figure 3: A graph showing age of respondents**

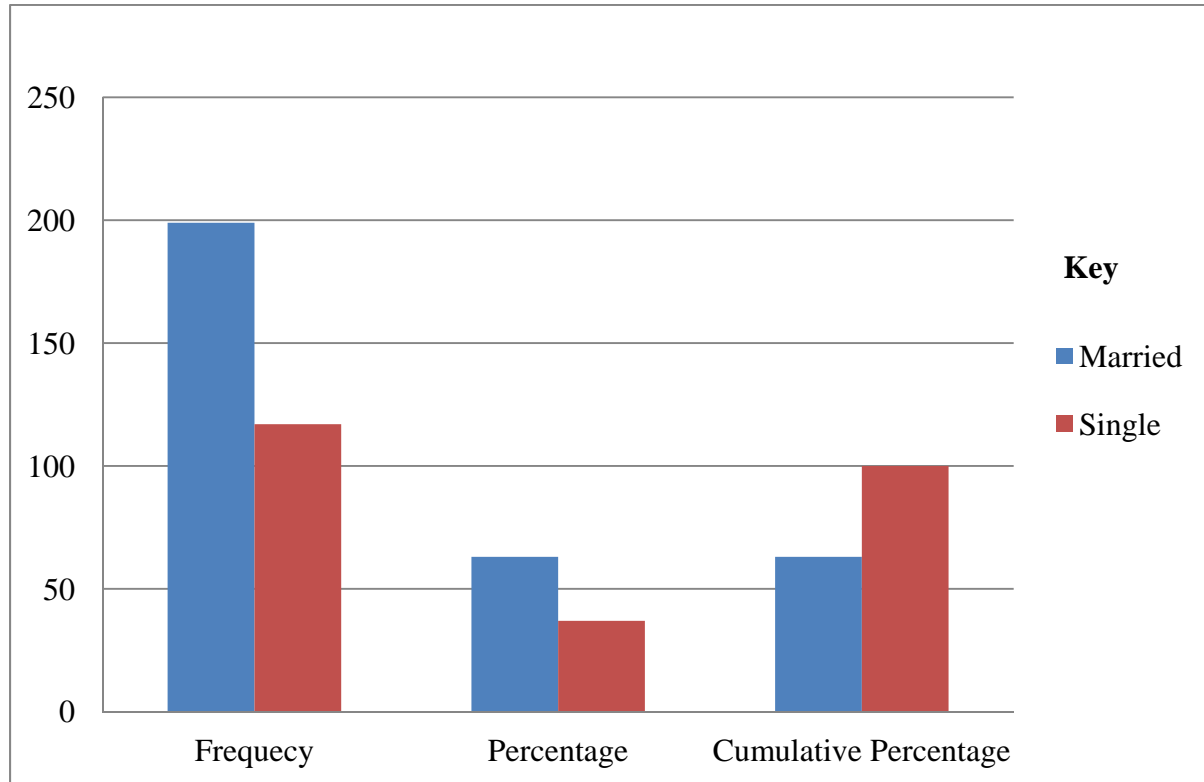


**Source: Primary data**

The graph above shows that out of the 316 (100%) respondents 55 (17.4%) were between the age of 18 -25 years, 62(19.6%) were between the age of 26 – 32 years, 43 (13.6%) were between the age of 33 -38 years, 66(20.9%) were between the age of 39 – 44 and 90(28.4%) were between the age of 45 and above.

This shows that most of the households found in Katwe Butego – Division are comprised of people between the age of 45 and above, these were followed by households between the age of 39-44, 26 -32, 18-25 and the least were those between the age of 33 -38. This means that households in this Division had more adults compared to the youth respondents.

**4.1.3 Figure 4: A graph showing the marital status of the respondents**



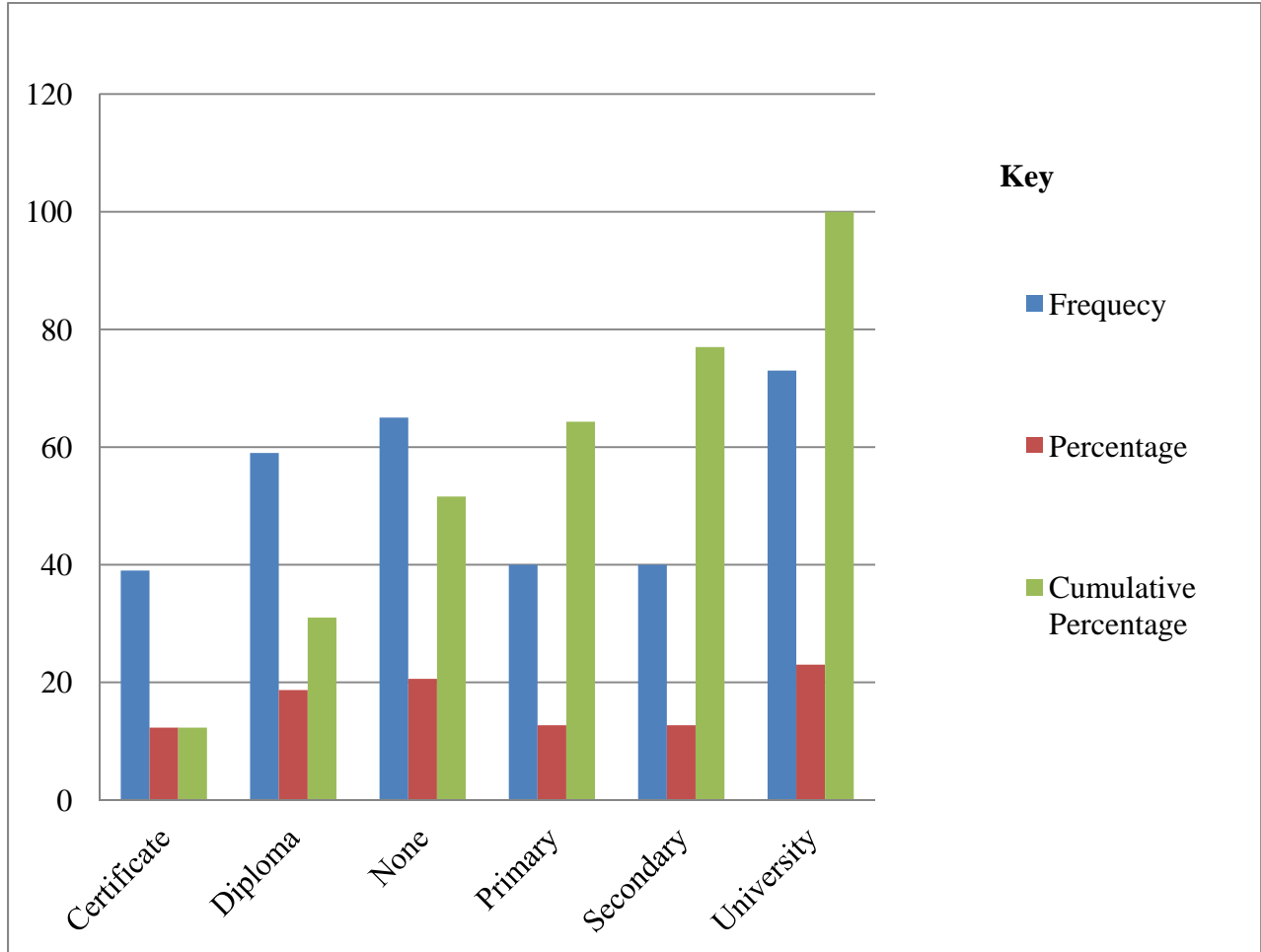
**Source: Primary data**

Basing on the data in the graph above, out of the 316 (100%) respondents 199(63%) were married and 117(37%) were single, these comprised of males and females.

This shows that the most of respondents were married and these were at a percentage of 63% and others were single, showing that some households consisted of few family members since some were even one in the whole household.



**4.1.4 Figure 5: A graph showing education level of respondents**



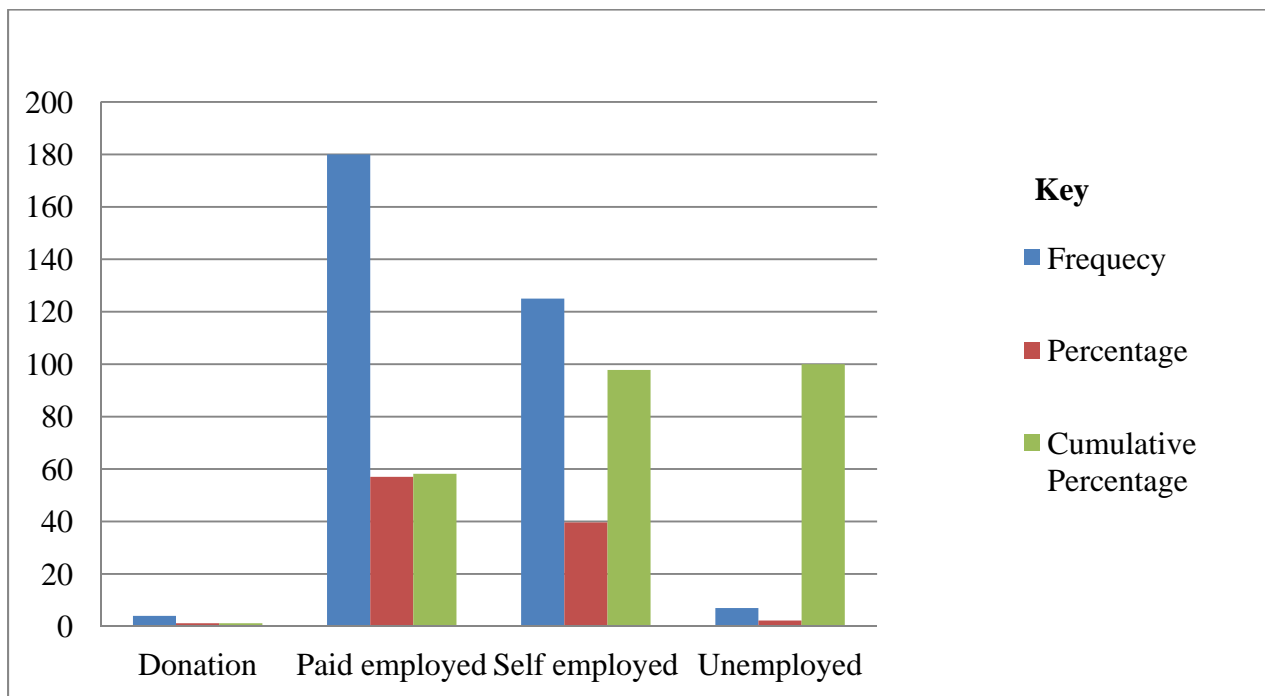
**Source: Primary data**

The graph above shows that the biggest number of respondents was 73 and these were at University level with 23%, followed by none (those who did not attend school) and these were 65 with 20.6%, 59 (18.7%) were diploma holders, 40(12.7%) stopped their studies in Primary, other 40(12.7%) stopped in secondary and the least number of respondents were certificate holders and these totaled to 39(12.3%).

This implies that Katwe Butego –Division was largely comprised of qualified household members since the biggest number of respondents was at University level which was followed by those who did not attend studies.

The findings revealed that households in Katwe Butego – Division – Masaka Municipality are comprised of people with the ability and knowledge on how to develop and improve their welfare through identifying strategies to adopt and how put them into consideration.

**4.1.5 Figure 6: A graph showing sources of income**



**Source: Primary data**

The graph above provides that out of the 316(100%) respondents, 180(57%) were paid employed, 125(39.6%) were self-employed, 7(2.2%) were unemployed and 4(1.3%) were under donation.

This revealed that the biggest number of households 180(57%) was paid employed and therefore earned income through working in different organizations in both private and public sector within and outside Katwe Butego – Division in Masaka Municipality and being paid by their employers for the efforts provided, this was followed by 125(39.6%) respondents who were self - employed showing that some of the households in Katwe Butego-Division in Masaka Municipality are comprised of family members who utilize their skills and start up their own businesses using their own capital and loans got from microfinance institutions.

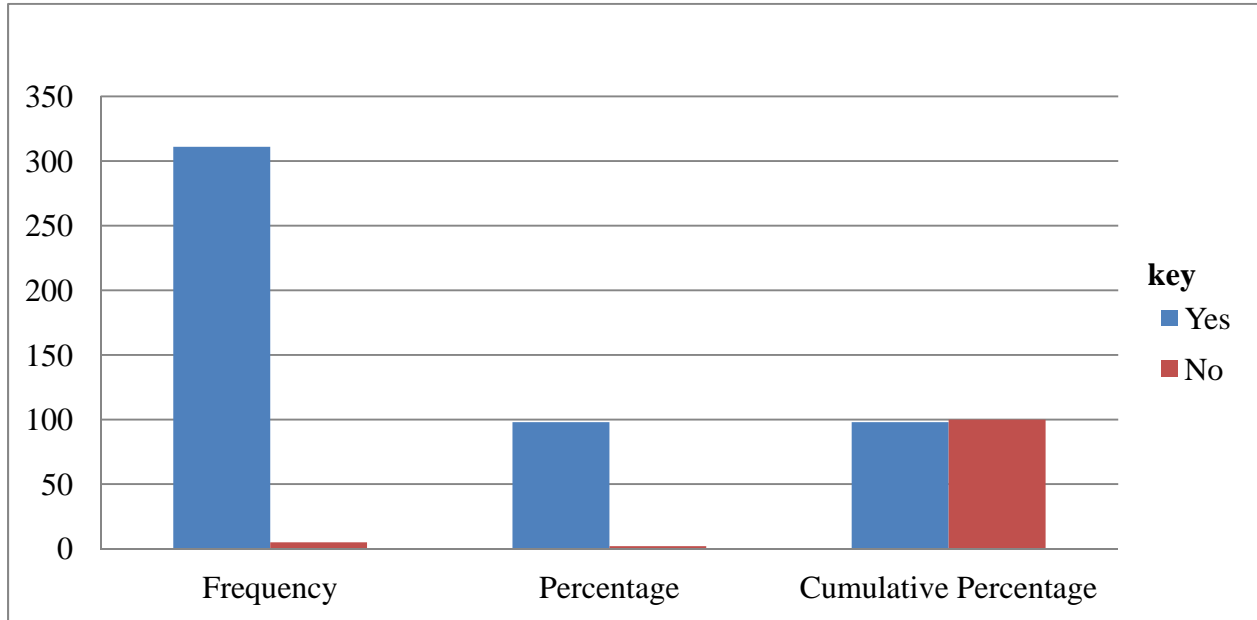
These were followed by those who were unemployed and the majorities were women who stayed home waiting for their husbands who go for work for self or paid employment, and the other were disabled and therefore under the care of their relatives.

The lowest group of respondents was those under donation with a total number of 4(1.3%) from government and various charitable organizations like TASO, and these household members are not employed anywhere but only stay home and wait for help from the different charitable organizations which are found in and outside Masaka district.

Therefore basing on data got from the respondents, most households are under paid employment and self -employment which enabled the researcher to come up with a conclusion that these respondents require microfinance institution services to enable them develop economically and socially.

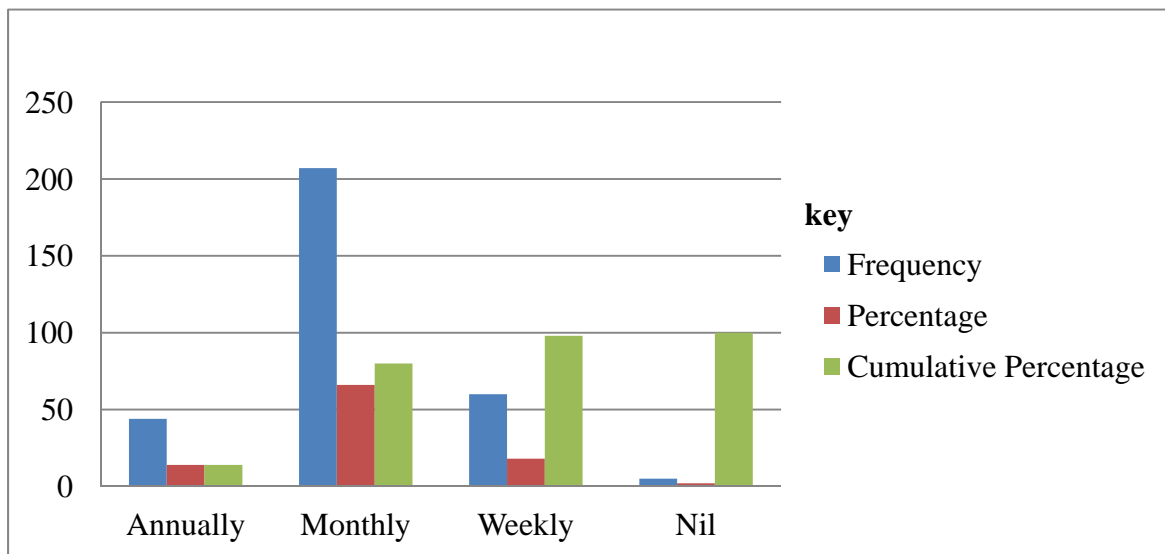
## 4.2 Presentation and discussion of findings

### 4.2.1 Figure 7 A graph showing response on saving with microfinance institutions



Source: Primary data

### 4.2.2 Figure 8: A graph showing how often savings are made by respondents



### **Source: Primary data**

Basing on **figure 7** above, out of the 316(100%) respondents 311(98.4%) agreed that they save with microfinance institutions and 5(1.6%) do not save with any microfinance institution

This reveals that majority of households in Katwe Butego – Division in Masaka Municipality carry out saving with microfinance institutions therefore regarded as clients to these microfinance institutions and those who do not save are regarded as non-clients.

When the non-clients were asked the reasons why they do not save with microfinance institutions they replied that these institutions are irrelevant since they had no or little information about them and they are inaccessible due to cultural constraints and from this some of these respondents think that saving their money in microfinance institutions can make it dead and therefore better use it to invest in their small business than keeping it.

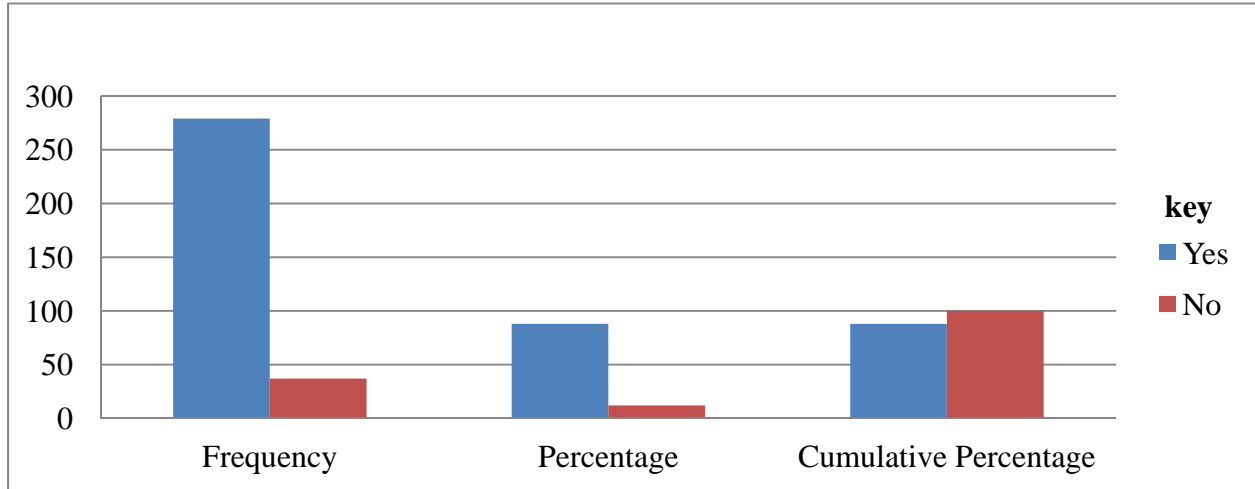
Some said that using these microfinance institutions is inconvenient since it may cost them more to take a bus for transport so as to go to these institutions than they are depositing.

Basing on **figure 8**, out of the 316(100%) respondents, the 311 respondents who agreed that they save money with microfinance institutions; 207(65.5%) save money on a monthly basis and these are mainly those that are paid employed, 60(19%) save on weekly basis, 44(13.9%) save on an annual basis and finally the lowest number was that of households who do not save with these institutions and these did not save money at any period and they were 5(1.6%).

Basing on the findings the researcher concluded by identifying that the biggest percentage of households in Katwe Butego – Division had access to microfinance services like saving which

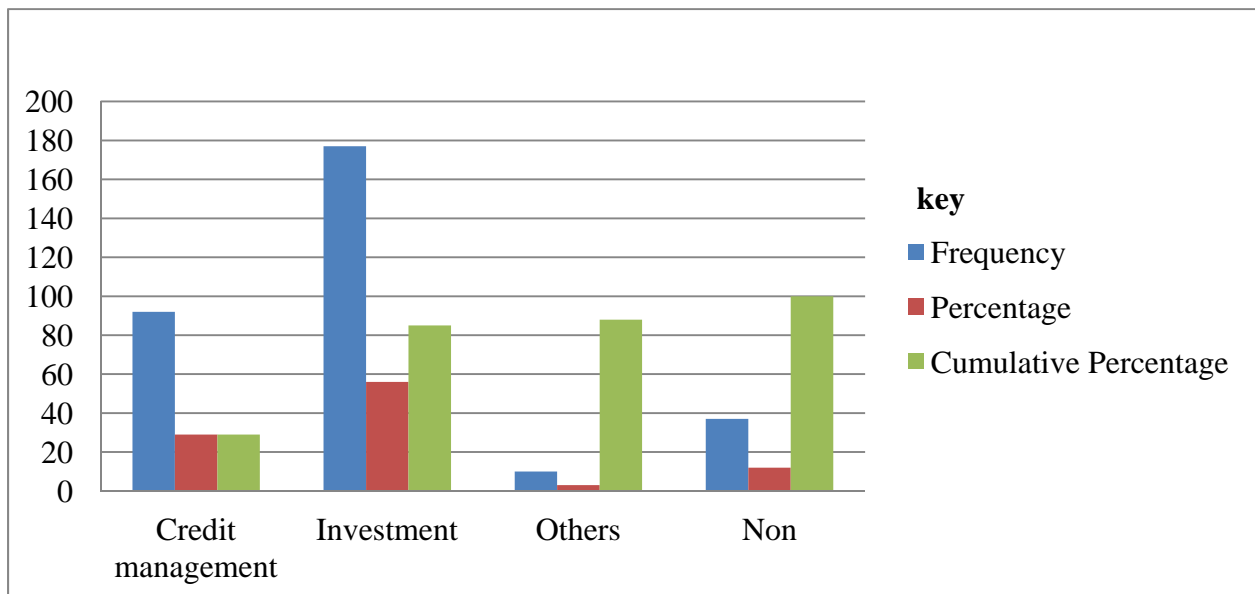
could help them in safe guarding their money, increase on their income so as to use it to settle future needs of their families, and these were observed to be at 98.4%.

**4.2.3 Figure 9: A graph showing response on microfinance institutional training**



Source: Primary data

**4.2.4 Figure 10: a graph showing kinds of training offered by microfinance institutions to its clients.**



Source: Primary data

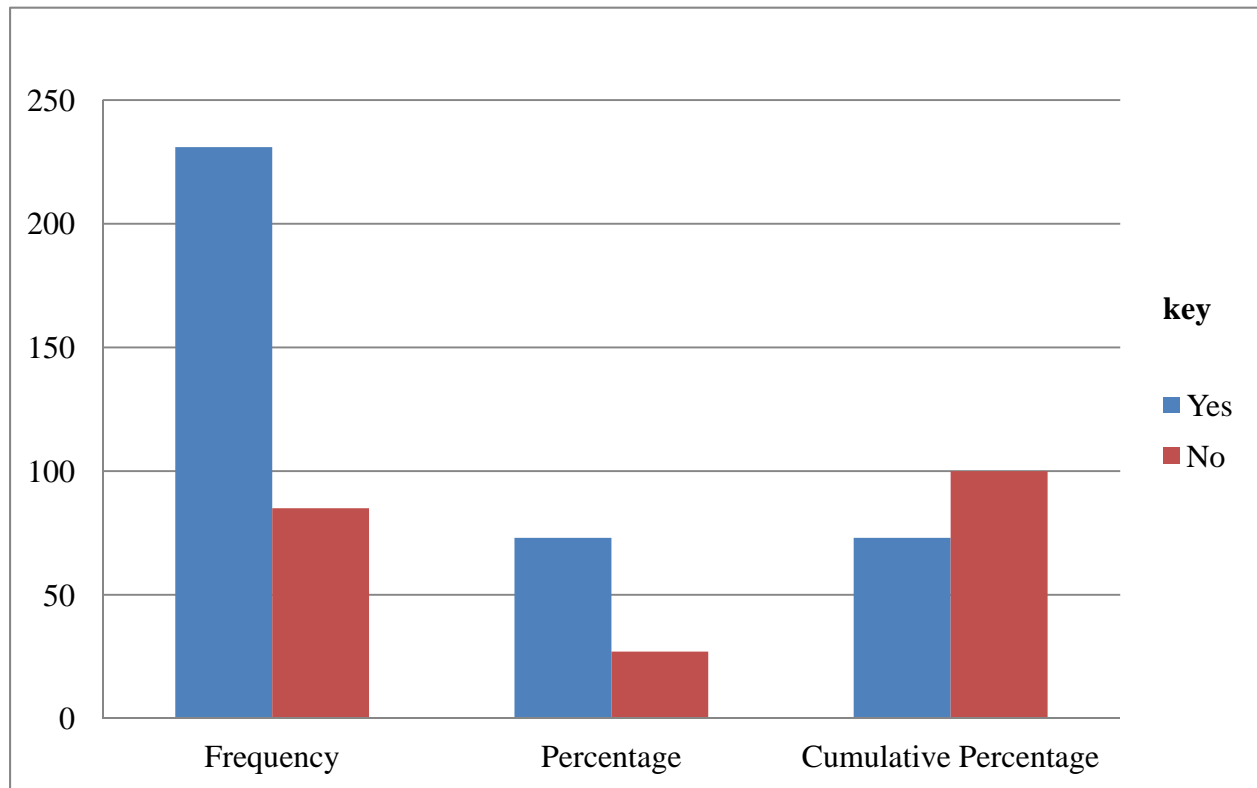
The graph in **figure 9** above provides that out of the 316 respondents 279(88.3%) agreed that they are offered with microfinance institutional training and 37 do not have access to this training. This shows that those offered with training are able to obtain various skills like investment skills, management skills and skills on how to manage credit which can be used in managing and running businesses.

**Figure 10** shows that there are different kinds of training offered and these include credit management, investment, 177(56%) respondents acquired investment training, 92(29%) respondents acquired credit management training, 37(11.7%) did not acquire any type of training and 10(3.2%) acquired the other kinds of training like saving and budget preparation.

The data provided above enabled the researcher to conclude by showing that households in Katwe Butego – Division are able to acquire various skills of investment, managing credits and funds allocation from training provided by microfinance institutions in their area which enables them to utilize these skills in allocation of resources like funds, making strategic financial decisions for investment and stabilizing the operation of their small business.

Making microfinance institutions in Katwe Butego-Division to be of great importance to households hence contributing to improvement of family members' welfare irrespective of the few who did not acquire this training

**4.2.5 Figure 11: A graph showing response on acquisition of microfinance institution loans**

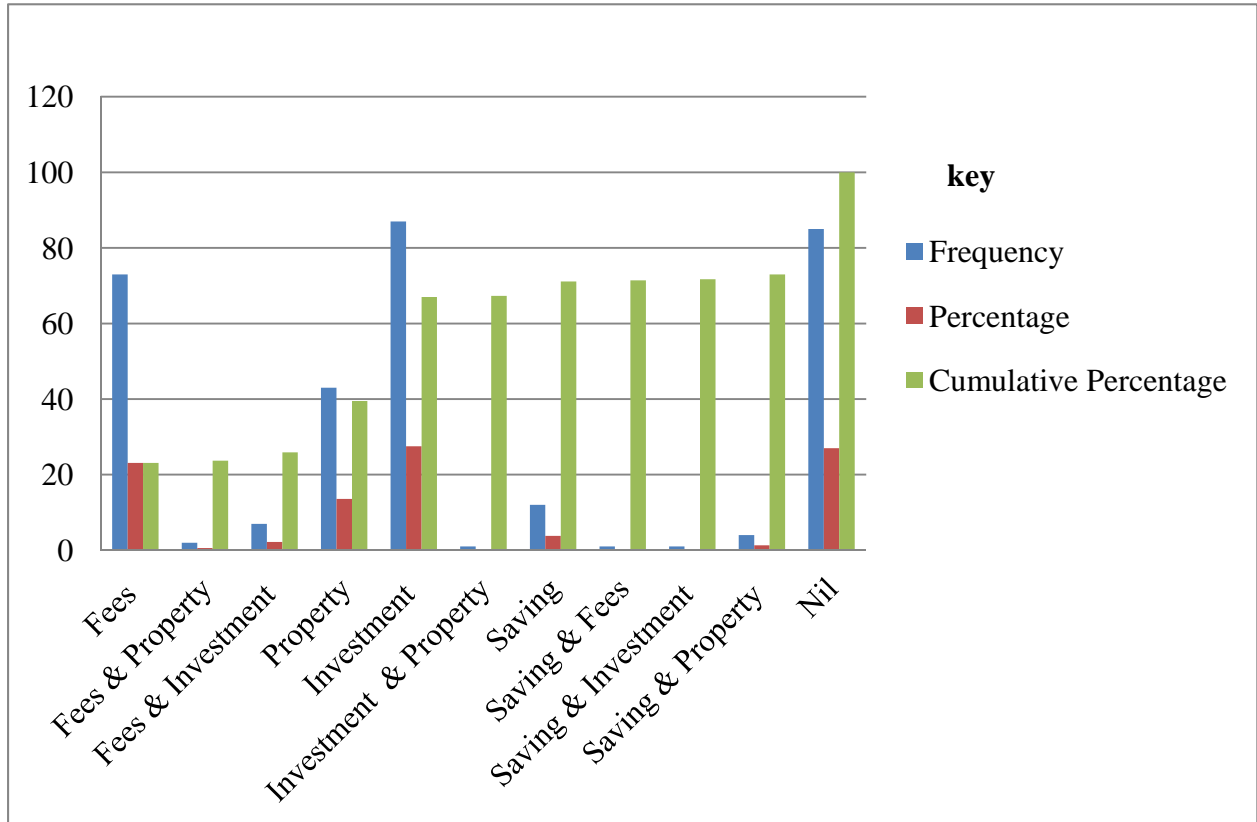


**Source: Primary data**

The graph above provides that majority of respondents in Katwe Butego – Division acquire loans from microfinance institutions, out of the 316 respondents, 231(73.1%) receive loans and 85(26.9)% do not acquire loans since they fear challenges that may arise when they fail to fulfill the loan agreements made between the microfinance institutions and clients.



**4.2.6 Figure 12: A graph showing response on use for loans acquired from microfinance institutions**



**Source: Primary data**

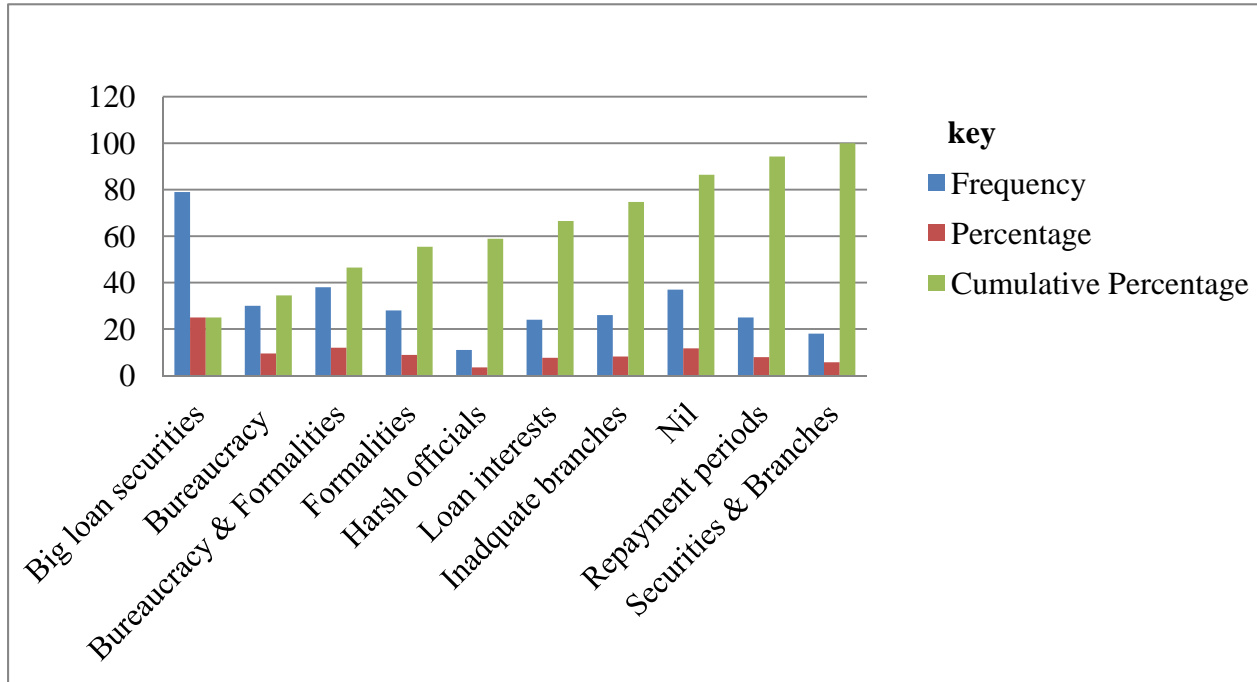
The respondents were asked what they use the loans acquired from the microfinance institutions and 85(26.9%) have no use for the loans since they don't acquire any, 87(27.5%) used the loans for investment in existing businesses and sometimes starting up new ones to widen their investments and interests, 73(23.1%) use loans for fulfilling school requirements like paying tuition or school fees, buying books, pens and pencils for their children, 43(13.6%) use them for acquiring property like buying land and cars for business for example cars for transportation.

12(3.8%) of the respondents use it for saving especially on fixed accounts to yield more,7(2.2%) use them for fulfillment of school requirements and investment, 4(1.3%) use loans for saving on fixed accounts and acquiring property, 2(0.6%) use the loans for fulfillment of school requirements and acquiring property like buying personal cars,1(0.3%) use them for investment and acquiring property, (0.3%) use the loans for paying fees requirements and saving, 1(0.3%) use them for saving and investment and finally 1(0.3%) on saving and acquiring property.

The data provided above show that microfinance institutional loans have greatly helped household borrowers to own long term assets like land, smoothening and ensuring sustainability of their small scale businesses.

In addition, enabling poor households to access microfinance institutional loans help them to start micro enterprises which would enable them improve their incomes and eventually escape out of poverty and contribute to development of their welfare.

**4.2.7 Figure 13: A graph showing challenges faced by respondents in accessing MFI services**

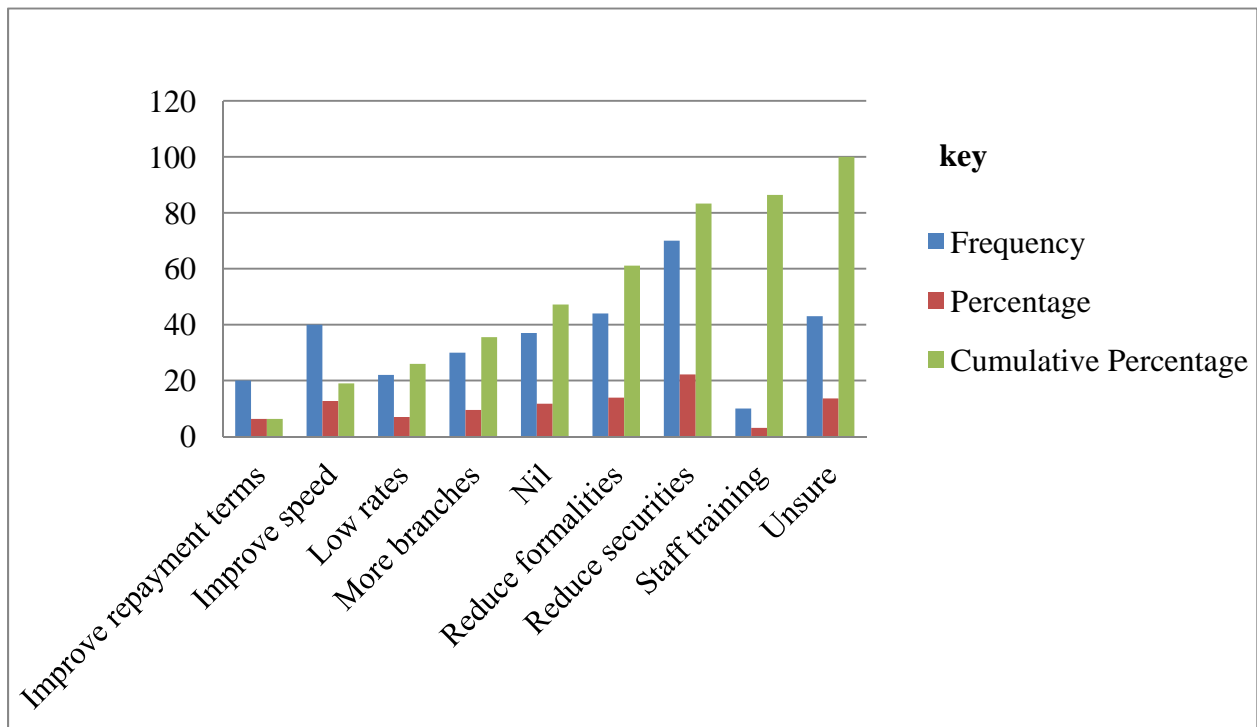


**Source: Primary data**

The graph above provides that household members who go in for MFI services face a number of challenges and when asked by the researcher on these challenges 79(25%) face a challenge of big loan securities like land, firms and buildings which are required to be big enough so as to access loans, 38(12%) face both bureaucracy and formalities challenges which are time consuming, 30(9.5%) face bureaucracy challenge, 28(8.9%) face a challenge of long formalities, 11(3.5%) face a challenge of harsh officials who burst at them thus discouraging them from acquiring their services, 24(7.6%) face a challenge of high interest loans which make the cost of borrowing to be at a high rate.

26(8.2%) of the respondents face a challenge of inadequate branches which makes it difficult for MFIs to reach all its clients most especially those who lived in villages like Kidda, this means that they have to incur transport to access MFI services hence being a challenge,25(7.9%) face repayment period challenge where the time for paying back loans reaches yet the clients has not yet received the debt,18(5.7%) face challenges of big loan securities required and inadequate branches,37(11.7%) do not face any challenge since they do not access MFI services.

**4.2.7 Figure 14: A graph showing possible solutions on how to cab challenges faced in accessing MFI services by households**



**Source: Primary data**

Respondents were asked to suggest possible solutions on how to cab the challenges they face when accessing MFI services and out of the 316 respondents 70(22.2%) suggested that MFIs

should reduce on the size of securities required to access loan services, 44(13.9%) said that formalities that are followed to access MFI services must be reduced and revised, 40(12.7) said that there must by increment on the speed at which workers in these institutions attend to clients so as to save time and reduce on the long lines, 30(9.5%) said that more branches should be established,22(7%) suggested that MFIs should charge low interest rates to reduce the cost of borrowing, 20(6.3%) said that repayment terms should be improved, 37(11.7%) suggested nothing since they do not acquire MFI services, 10(3.2%) said that there must be provision of staff training to equip them with skills and knowledge on how to handle customers and 40(12.7%) where unsure of the solutions that must be adopted to cab the challenges faced.

#### **4.3 Conclusion**

This chapter examined the findings of the study obtained from the data collected from respondents of Households within Katwe Butego – Division, data has been presented in graph form in both frequency and percentage variances and these observed that overall microfinance services play a positive role in entrepreneurial establishment and on the case of household welfare it was not much effective.

And therefore the findings made in this chapter will be used to provide summary, conclusions, recommendations and suggestions for further research in the next chapter.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter summarizes the findings of the study, conclusions and recommendations and suggestions for further studies.

#### 5.2 Summary of findings

The main objective of the study was to scrutinize the relationship between microfinance institutional services and household welfare in Katwe – Butego – Division in Masaka Municipality which was got from the topic of **“The contribution of Microfinance institutions on household welfare**. Out of the total population of 3548(three thousand five hundred forty eight) households in this Division, the researcher used a sample of 316(three hundred sixteen) households.

The study based majorly on Primary data which was got through use of structured questionnaires and interview guides and then data collected was analyzed using statistical package multiple regression analysis was used to establish the relationship between MFI Services and household welfare in Katwe Butego – Division.

Basing on the use of the above the researcher came up with the following findings from the study;

### **5.2.1 Background of the respondents**

From the findings made in the field it was revealed that majority of the households in Katwe Butego – Division comprised of male who had a total of 187(59.2%) out of the total sample size, the maximum age range of the respondents was between the age of 45 years and above and these were identified by the researcher to be 90(28.5%) out of the total sample size of 316 respondents being interviewed, the biggest percentage of 63% household members was observed to be under the marriage status.

Findings showed that basing on the level of education majority of the households had reached university level and mostly under paid employment.

### **5.2.2 Contribution of MFI savings on household welfare**

The findings revealed that most of the household respondents in found in Katwe Butego – Division save their money with MFI and these were at 98.4% showing that Microfinance Institutional services are of great significance in providing safe custody for clients' money and out of these clients, majority save monthly since they are mostly under paid employment.

This can be evidenced on a study provided by Kamal that access to microfinance services like saving has a positive impact on the welfare of the borrowers which is evidenced by the fact that the income percapita of the clients is higher than that of the non- clients, this shows that microfinance institutions have a great contribution of improving the welfare of households Kamal (1996).

### 5.2.3 Provision of MFI training and methods of training to household clients

Findings on acquisition of MFI training revealed that most of the respondents had access to these to MFI training services and these were in the total of 279(88.3%) acquiring different kinds of training like investment and credit management where majority of these respondents of a total of 177(56%) acquired training on investment which provided them with investment skills that is used to manage and smoothen the running of their small scale business that act as source of finance to cater for their families in buying food and land for constructing houses, paying fees and providing health services.

Others gained credit management skills and skills on how to allocate funds to different ventures so as to ensure sustainability in operations.

It was revealed that microfinance services play a positive role in entrepreneurial establishment since household clients have access to training which provides them with new skills though in the case of household social welfare it was not very effective since social impacts are very slow and require long time to develop than economic impacts.

### **5.2.3 MFI loan acquisition by households**

It was provided that 231(73.1%) respondents agreed that they acquire loans from Microfinance institutional loans to ensure improved welfare of their families. This provided that a big number of household members in Katwe Butego – Division acquire loans for their wellbeing and ensuring development.



### **5.2.3 Uses of the loans acquired from MFIs by households**

Respondents provided that when they acquire loans from microfinance institutions they use them for paying school fees and buying school requirements like books and school uniforms for their children, others use the loans for buying properties like land which could be used for constructing houses for both personal and business use, some said that they use them for investment in existing businesses or starting up new small scale business to ensure that there is an increase in economic security.

This revealed that microfinance has created more positive and significant impact on household borrowers through enabling them to have access to health facilities and educational services for their children, ownership of properties as compared to non – borrowers.

The findings also revealed that households looking for fast loans for household survival would consume all or part of the loans face challenges making MFI services to be of negative significance, and this happens when they use all of these loans in non – productive household activities they may increase their chances of reducing household assets in the process of repayment.

The negative significance of MFIs was also revealed from studies made by Barnes et al (2001) who conducted a study in Uganda and provided that clients are unable to pay school charges for one or more household members for at least one term during the previous two years than non – clients, according to this study children of the clients to microfinance Institutions are more likely to drop out of school than those of non – clients.

Furthermore a study conducted by (Gubert and Roubaud) showed that access to Microfinance Institutional loans does not show any difference between clients and non-clients in terms of investment on children's education; this can be evidenced on the study conducted in Madagascar which showed that there is no significant difference in school enrolment between clients and non-clients (Gubert and Roubaud, 2005).

#### **5.2.4 Challenges faced in accessing MFI services**

Basing on the findings it was revealed that households face a number of challenges when accessing Microfinance Institutional services and these majorly faced a challenge of big loan securities which put their long term assets like land at risk, high interest rates which reduced their desire to acquire loans from Microfinance institutions since it makes the cost of borrowing high, securities and inadequate branches, harsh officials and some of these were corrupt.

#### **5.2.5 Conclusions**

There is empirical evidence provided in this study that according to the findings household borrowers are able to own property like living houses than the non-borrowers, accordingly the findings provided that household clients to MFIs owned more assets than non – clients .

Furthermore the qualitative findings used by the researcher revealed that household borrowers had used part of the loans acquired form Microfinance Institutions to finance their children's education and health services. Given evidences from this study and the previous studies, it is revealed that Microfinance Institutional services are useful to the wellbeing of the borrowers by enabling them own long term assets like living houses.

Furthermore, access of household women to microfinance institutional services leads to their empowerment through enabling them to participate in household expenditure decision making, being respected by family members and the community at large.

### **5.3 Recommendations**

The rate of interest charged by Microfinance institutions in Katwe Butego – Division is high yet it is the main reason to which clients can generate positive impact on household members' welfare, therefore these Microfinance institutions are recommended to reduce the interest rate on loans so as the cost of borrowing is lowered to make it affordable for their clients.

Microfinance institutions should also organize constant seminars and workshops in order to educate households in Katwe Butego – Division about the benefits of their services like saving, training and provision of loans to equip them with knowledge and skills on how to manage credit and allocate funds to various ventures.

Microfinance Institutions should also train their officials through organizing seminars to equip them with skills on how to handle customers and reduce on their act of being harsh and rude which may discourage these clients from accessing their services.

Microfinance institutions should introduce more innovative institutional branches that are supportive of their own asset accumulation and improvement of household welfare by targeting potential clients and reduce on wastage of clients' time and costs that may arise from moving to different microfinance institutions which are scarce in Katwe Butego– Division

Masaka local government should continue to explore improvements on the quality of education and creation of job opportunities in both private and public sector to improve household welfare in Katwe Butego – Division.

The Administration of Uganda Martyrs University should provide enough time for the research exercise so that the best is compiled out of the findings made during the research process

The Administration of Uganda Martyrs University should also organize research seminars to smoothen the research exercise since information to be followed will be provided in such seminars.

#### **5.4 Suggestions for further research**

“The role of microfinance institutional services on rural development” This is so because it was revealed that microfinance institutional services can affect development of households found in rural areas.

“Examining the sustainable role of microfinance institutions and rural household poverty” This is because the research revealed that rural households do not have better access to microfinance institutional services which affects the level of their income.

Furthermore, another research on “The Contribution of Microfinance Institutional Services on household welfares” in other Divisions so as to know the overall contribution of MFIs in Masaka District

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**APPENDIX I**  
**QUESTIONNAIRE**

I am **Aremi Evalyn**, a student of Uganda Martyrs University pursuing a Bachelor’s Degree in Business Administration and Management. This questionnaire is all about collecting information from you concerning the topic; **“The Contribution of Microfinance Institutions on Household Welfare”**.

The information provided by you will be of great importance to me and will be **strictly confidential since it will be used for academic purposes only and therefore answer it** without fear and to the best of your knowledge.

**SECTION A: RESPONDENT’S BIO DATA**

**Please tick the right option**

1. Gender

Male

Female

2. Age range

Age range	18-25yrs	26-32yrs	33-38yrs	38-44yrs	45yrs and above

3. Marital Status

Married

Single

4. Level of Education(please choose only one)

Primary	Secondary	Certificate	University	None	Others



If others, please specify .....

5. What do you do as a means of earning a living? (Please tick the best option)

Paid employed  Self-employed

If others, please specify .....

**SECTION B: MICROFINANCE INSTITUTION SERVICES AND CONTRIBUTION ON HOUSEHOLD WELFARE**

1. Do you have a savings account with any Microfinance Institution? (tick the right option)

Yes  No

**a. If yes,**

i. How often do you save?

Daily  Weekly  Monthly  Annually

ii. Please outline some of the benefits you get from saving money with a microfinance institution.

- a. ....
- b. ....
- c. ....

**b. If no, please specify why?**

- a. ....
- b. ....
- c. ....

2. Do you access financial training from any microfinance institution?

Yes  No

**a. If yes,**

i. What kind of training do you acquire?

Investment  Credit management

If others, please specify .....

ii. Please identify the benefits you get from acquiring the above training services;

Credit management                  Investment skills                  Funds allocation

**b. If no, please specify why?**

- a. ....
- b. ....
- c. ....

**SECTION C: CONTRIBUTION OF LOANS ON HOUSEHOLD WELFARE**

1. Do you acquire loans from any microfinance institution?

Yes                                   No

**a. If yes,**

i. What do you use these loans for? (Circle the right option)

- A. Saving    C. Re-investing
- B. Acquisition of property.                  D. Paying school fees

**b. If no, please specify why?**

- d. ....
- e. ....
- f. ....

A. What challenges do you face when accessing microfinance institutional services?

- a. ....
- b. ....
- c. ....
- d. ....
- e. ....

B. Please suggest possible solutions to cab these challenges.

- a. ....
- b. ....
- c. ....
- d. ....

**Thanks for your time and corporation.**

**APPENDIX II**  
**INTERVIEW GUIDE**

I am **Aremi Evalyn**, a student of Uganda Martyrs University pursuing a Bachelor’s Degree in Business Administration and Management. This questionnaire is all about collecting information from you concerning the topic; **“The Contribution of Microfinance Institutions on Household Welfare”**.

The information provided by you will be of great importance to me and will be **strictly confidential since it will be used for academic purposes only and therefore answer it** without fear and to the best of your knowledge.

1. Gender
2. Age range
3. Marital Status
4. Level of Education
5. What do you do as a means of earning a living? (Please tick the best option)
6. Do you have a savings account with any Microfinance Institution? (tick the right option)
7. If yes, how often do you save?
8. Please outline some of the benefits you get from saving money with a microfinance institution.
9. Do you access financial training from any microfinance institution?
10. If yes, what kind of training do you acquire?
11. Please identify the benefits you get from acquiring the above training services;
12. If no, please specify why?
13. Do you acquire loans from any microfinance institution?
14. If yes, what do you use these loans for?
15. If no, please specify why?

16. What challenges do you face when accessing microfinance institutional services?

17. How do you manage the challenges above?

**Thanks for your time and corporation in answering the interview guide.**

