FINANCIAL LITERACY AND PERFORMANCE OF TEACHERS SACCOs.

IN UGANDA.

Case Study: Mengo Teachers Saving and Credit Society Limited(METCO)

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September 2016

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A Research Dissertation Presented To

The Faculty of Business Administration and Management

In Partial Fulfilment of the Requirement For

The Award of the Degree

Master's in Business Administration

Uganda Martyrs University

September 2016

DEDICATION

This book is dedicated to my parents the Late Ernest Semwanga Salongo and Esther Semwanga Nalongo.

To my wife and children, Ruth, Ernest and Gideon

ACKNOWLEDGMENTS

This dissertation would not have been possible without the guidance and the help of several individuals who in one way or another contributed and extended their valuable assistance in the preparation and completion of this study

I am deeply indebted to my supervisor Mr. Jude Kimera and Mr Edward Segawa for their valuable and committed guidance during my research.

I owe my profound gratitude to Mr Joseph Ssengendo the Secretary Manager of Mengo Teachers Saving and Credit Cooperative Society Limited and Staff for authorizing me and furnishing me with data during the interview and also offering challenging insights towards this study.

My appreciation is also extended to my Big family ERIKASOSA FOUNDATION and MIREMBE FAMILY who have inspired and encouraged me and have had a positive impact in my life.

Last but not least, my family more so my Wife Christine ,my children Ruth Nakiwala, Benjamin Semwanga, and Gideon David Ssonko who tirelessly stood by my side.

Above all the Almighty God for answering my prayers for giving me the courage despite wanting to give up, thank you so much dear Lord.

Jjemba Kato Moses.

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ACRONYMS

ASEC	-	American Savings Education Council
NEFE	-	National Endowment for Financial Education
SACCO	-	Savings and Credit Cooperative Organisation
METCO	-	Mengo Teachers Savings and Credit Organisation
MSC	-	Microfinance Support Centre Ltd
BOU	-	Bank of Uganda
MFI	-	Microfinance Institutions.

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ABSTRACT

This study investigated effect of financial literacy on performance of teachers Savings and Credit Co-operative Organizations (SACCOs) in Uganda. In particular the study looked at the effect of saving mobilisation knowledge, financial planning skills and credit management skills on performance of teachers SACCOs. Using a case study design on a sample of 317 respondents, quantitative and qualitative approaches were adopted. Data was collected by use of questionnaire and interviews and analysed quantitatively and qualitatively. Quantitative data was analysed using the Statistical Package for Social Scientists version 20.0 (SPSS). At univariate level, data was analysed basing on the mean, standard deviation and frequencies. At bivariate level, data was analysed basing on correlational analysis and at multivariate level data analysis was carried out using multiple linear regression. Qualitative data was analysed by content analysis with the results of the study presented basing on the study and constructs themes. The study established financial planning skills was the most significant predictor of performance of teachers SACCOs followed by savings mobilisation knowledge and credit management skills respectively. It was thus concluded that products savings mobilisation knowledge enhance the performance of teachers SACCOs, financial planning skills affect performance of teachers SACCOs and credit management skills improve the performance of teachers SACCOs. Therefore, the study recommends that responsible government agencies such as Ministry of Finance and Economic Planning, Bank of Uganda and financial institutions should make effort to equip members with savings mobilisation knowledge; government agencies such as Ministry of Finance and Economic Planning, Bank of Uganda and financial institutions should also train people in financial planning skills; and financial institutions should equip their members with credit management skills.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

Financial literacy is about empowering and educating consumers to become knowledgeable about finances in a way such that they are able to evaluate products and make informed decisions (Miller, Nicholas, Levesque & Stark, 2009). People who are financially literate are able to build up some savings (Bank of Uganda, 2013), carry out financial planning, wealth accumulation and ensure proper credit management (Lusardi & Mitchell, 2015). This study examined the effect of financial literacy on the performance of Teachers Savings and Credit Co-operative Organisations (SACCOs). This chapter covers the background, statement of the problem, research questions, hypotheses, scope, significance, justification, definition of terms and the conceptual framework of this study.

1.1 Background to the study

Financial literacy is a popular topic in both developed and developing economies (Miller et al., 2009). Therefore, policy makers in both developed and developing countries are increasingly recognising the importance of financial literacy and of investing resources in financial education programs. Comprehensive national initiatives and programs funded by the World Bank and other donors have sprung up around the world. One of the primary goals of financial education is to equip individuals with the capability to navigate a complex array of financial products, including pensions and mortgages, and to make sound financial decisions (Xu & Zia, 2012). Financial literacy is a combination of awareness, knowledge, skills, attitude and behaviours necessary to make sound financial decisions and ultimately achieve individual financial well-being (Atkinson

& Messy, 2011). It is a combination of investors' understanding of financial products and concepts and their ability and confidence to appreciate financial risks and opportunities to take other effective actions to improve their financial well-being (Miller, Nicholas, Levesque & Stark, 2009).

Financially literate people know how to manage their money, how financial institutions work, and possess a range of analytical skills. Besides they know how to handle their financial affairs and how to be financially responsible. This is because financial literacy is the understanding and knowledge of basic financial concepts and the ability to use them to plan and manage their financial affairs (Mahdzan & Tabiani, 2013). Those who are financially literate have higher cash-flow management, credit management, savings and investment practices (Hilgert, Hogarth and Beverly, 2003). The basic knowledge is tied to more efficient financial behaviour such as planning and saving for retirement (Lusardi and Mitchell (2006). Also, financial literacy is associated with accumulating wealth (Stango & Zinman, 2009). Financial literacy has been conceived to relate to performance financial institutions. Performance is a measure of how well a mechanism/ process achieves its purpose (Curristine, 2005). Ackah and Asiamah (2014) indicates that performance of financial institutions is about attaining safety of funds, solvency, growth, high repayment level, profitability, offering interest and increase in assets.

The significance of financial literacy began to take root in the 1990s. In the mid-to-late 1990s, a financial education "movement" exploded onto the contemporary scene in the United States. The American Savings Education Council (ASEC) was organised in July 1995 to raise public awareness about the need for increased personal savings. Among others, the National Endowment for Financial Education (NEFE), in 1998, committed its resources to provide the public with effective education in basic personal financial management. Widespread efforts were made to raise public awareness and to make personal financial education more available to Americans (Vitt, Reichbach, Kent & Siegenthaler, 2005). In the US, the Federal Trade Commission offers free materials to help people understand money issues including teachers. When teachers from across the country meet annually to improve their own financial literacy and increase their ability to teach personal finance in school, the commission helps to train them in financial literacy and provides teachers free financial literacy education materials (Stahl, 2014). Teachers in the USA recognise the need for personal finance education and a number have acquired formal financial literacy training, credit-based courses and workshops (Way & Holden, 2009).

Even in Europe, there have been serious efforts to promote financial literacy. Russia made financial literacy a theme of its G8 presidency in 2006. The G8 International Conference on Improving Financial Literacy agreed that the co-ordination of efforts by ministries of finance, economy and education, central banks, and special agencies were important for the establishment of an efficient national system of financial education. The role of governments in promoting financial literacy and providing consumer protection was seen as critical, and needed to be developed in close partnership. In 2005, the Australian Commonwealth Government established the Financial Literacy Foundation (Widdowson & Hailwood, 2008). In the European Union, the European Commission finances Dolceta, an on-line consumer education tool managed by the

European Association for University Lifelong Learning (EUCEN) hassince April 2010 put in place a new section on financial literacy for teachers (Donoghue, 2011).

In low-income countries, financial outreach is much more limited, and more sophisticated consumer products are typically accessible only to a small percentage of the population (Xu & Zia, 2012*)*. For instance in India more than half of labourers surveyed indicated that they stored cash at home. In Zambia, only 29 percent of adults have a bank account and 50 percent use no financial products at all. In South Africa, a survey found that nearly 60 percent of the people surveyed do not understand the term "interest" (Miller et al., 2009). Only about 3 million out of 31 million about 9.67 percent Ugandans are bankable yet others have multiple bank accounts (Kulabako, 2011). In developing countries elementary and junior high school teachers also have the problems of with financial literacy hence insufficient financial management knowledge (Deng et al., 2013).

In Uganda, Central Bank is implementing various initiatives towards financial inclusion (Businge, 2012). Besides, a number of programmes have been conducted especially by the private sector to increase financial education at all levels of the economy. In its thrust for a more financially literate society, Bank of Uganda, working on the recommendation of the March 2011 GIZ report is developing a National Strategy for financial literacy aimed at strengthening financial literacy and financial consumer protection (Kulabako, 2011). The government of Uganda has made it a priority to provide financial literacy skills to teachers through training and providing them reading materials (Bank of Uganda, 2013). The government has also directed teachers' training institutions to integrate financial literacy in their curriculum to enable student teachers get acquainted with financial concepts (Ssenkabirwa, 2011).

In regard to teachers SACCOs, a number of them have been established and in every region of the country they exist. These among others include Bushenyi, Masaka, Mukono-Kayunga with over six branches in the area, Luweero, Mengo and South Buganda Teachers SACCOs all in the Central and Western Region. In the Eastern and northern regions there are also teachers' SACCOs in Teso region, Mbale, Masindi, West Nile and Northern Uganda (Masereka, 2013; Nsubuga, 2015). In Uganda, SACCOs are helping in lifting the poor out of poverty. People borrow from SACCOs to educate their children, develop their businesses and acquire more assets (Senyonyi, 2013). However, financial performance of many SACCOs in Uganda is alarming that they are over-dependent on subsidization. Besides many a number of SACCOs face the difficulty of attracting saving deposits from their members. However, there are larger SACCOs that attract more member savings than smaller SACCOs because they are able to offer more attractive savings products. Still most SACCOs in Uganda do not offer any monetary reward to their members for putting savings into the SACCO. A main motivation for members to save at the SACCO is often to have access to loans in the future since SACCOs normally link the maximum accessible loan size with an amount of compulsory savings that a potential borrower has to hold at the SACCO (Distler & Schmidt, 2011). The poor performance of SACCOs thus calls for this study to find out if performance of Teachers SACCOs in Uganda relates financial literacy.

This study was conducted on Mengo Teachers SACCO located at Cardinal Nsubuga Road, METCO Building Nabunnya Zone - Rubaga, Kampala. According METCO (2015), Mengo

Teachers' Cooperative Savings and Credit Society (METCO) was registered in 1965 to cover the then district of Mengo, now comprising the current districts of Wakiso, Mpigi, Butambala, Gomba, Mityana, Mukono, Kayunga, Buikwe, Luwero, Nakaseke, Nakasongola and Kampala. The objectives of METCO are; to develop a large financial fund for teachers, unify teachers in order to improve their lot and propagate economic ideas. However, METCO faced a number of challenges, there were delayed repayment of loans and default which has forced the SACCO to employee a service provider, Payment Solutions Uganda to collect recollect remittances from members online. The cost of management had become high because of creation of new districts which demands for more representation from those districts. Besides, there were savings with depositors requiring higher interest on deposits but expecting to borrow at low interest rates. Still, over the years, there had emerged new Teachers Cooperative Societies leading to stiff competition and a challenge to maintain and increase membership. This contextual evidence showed that the SACCO faced a number of financial challenges. This led to the unanswered empirical question as to what is the relationship between financial literacy and performance of teachers SACCOs, especially since this SACCO belonged to people who naturally were expected to be financially literate.

1.2 Statement of the Problem

There had been efforts by the government of Uganda to enhance the performance of SACCOs in Uganda. For instance, SACCOs accessed operational support from Microfinance Support Centre Limited (MSC), a government outfit that supports savings and credit cooperative organizations (SACCOs) in the country (Howard-Smith, 2010). Also Bank of Uganda had developed a National Strategy for financial literacy aimed at strengthening financial literacy (Kulabako,

2011) and there were massive savings campaigns to promote financial literacy (Miller et al., 2009). Despite this effort, financial performance of many SACCOs has been poor with a number of them over-dependent on subsidization, they were also facing the difficulty of attracting saving deposits from their members and most do not offer any monetary reward to their members saving with them (Distler & Schmidt, 2011). In particular, Mengo Teachers SACCO suffered the problem non-performing loans with high defaults and delayed repayment of loans, low savings and failure to maintain and increase membership. Whereas between 2000 and 2009 the SACCO annually on average attracted 158 new members, between 2010 and 2014 the SACCO annually on average has been attracting 59 new members with the lowest being 2014 when only 45 new members were attracted (METCO, 2015). Therefore, this study sought to establish whether the financial literacy levels of members of SACCOs related to their performance.

1.3 Objectives

1.3.1 General Objective

The general objective of this study was to explore the effect of financial literacy on performance of teachers SACCOS.

1.3.2 Specific Objectives

i. To establish the relationship between savings mobilisation knowledge and performance of teachers SACCOs.

ii. To establish the effect of financial planning skills on the performance of teachers SACCOs\.

iii. To establish the relationship between credit management skills and performance of teachers SACCOs.

1.4 Research Questions

i. What is the relationship between savings mobilisation knowledge and performance of teachers SACCOs?

ii. What is the effect of financial planning skills on the performance of teachers SACCOS?

iii. What is the relationship between credit management skills and performance of teachers SACCOs?

1.5 Research Hypotheses

i. There is a relationship between savings mobilisation knowledge and performance of teachers SACCOs.

ii. Financial planning skills affect the performance of teachers SACCOS.

iii. There is a relationship between credit management skills and performance of teachers SACCOs.

1.6 Scope of the Study

1.6.1 Geographical Scope

The study was carried out in Kampala Metro-Politian Authority where Mengo Teachers SACCO is located. The SACCO is located at Cardinal Nsubuga Road, METCO Building Nabunnya Zone - Rubaga, Kampala. Specifically, the study covered the teachers in secondary schools in Rubaga Municipality who were members of the Mengo Teachers SACCO Ltd

1.6.2 Content Scope

The content scope of the study was financial literacy and performance of teachers SACCOs. Financial literacy was studied in terms of teachers' ability mobilize savings, carry out financial planning and proper credit management. Performance of SACCOs was studied in terms of increased deposits, high loan uptake, increased branches, increased customers and profitability.

1.6.3 Time scope

The time scope of the study was 2010-2014. This is the period teachers SACCOs had come into the spotlight following the pledge by the president of Uganda of 25 billion with Government releasing five billion every financial year to teachers SACCOs (Ezaruku, 2014). This period was sufficient enough for the research to explore the performance of teachers SACCOS.

1.7 Significance of the Study

The study will help the government of Uganda and teachers SACCOs to promote financial literacy among teachers through awareness campaigns such that there can be more teachers joining teachers SACCOs helping to increase their finances and enhance the performance of the SACCOs.

The findings of the study might help concerned agencies such as, Ministry of Finance, Ministry of Education and Sports and Parliament to develop policies that promote financial literacy enhancement among teachers and the wider community to promote economic development in the country and uplift the living standards of teachers.

The findings of the study might help curriculum developers, teachers colleges and universities to integrate financial missing financial literacy knowledge in the content and resources for teacher trainees. This will help in equipping teacher trainees with financial literacy knowledge.

The study findings will contribute to scholarship the much needed information concerning the financial literacy in Uganda. This will help in scholars in carrying out further research and creating more knowledge necessary in expanding financial literacy in the country.

1.8 Justification for the Study

The importance of financial literacy and performance of SACCOs cannot be under estimated. Financial literacy enhances individuals' ability to process economic information and make informed decisions about financial planning and wealth accumulation (Lusardi & Mitchell, 2015). In this endeavour Bank of Uganda, has developed a National Strategy for financial literacy aimed at strengthening financial literacy and financial consumer protection (Kulabako, 2011). There have been massive savings campaigns through radio, posters, token gifts, and community events, coupled with outreach by more than a dozen local savings institutions to promote financial literacy (Miller et al., 2009). The government of Uganda has made it a priority to provide financial literacy skills to teachers (Bank of Uganda, 2013 and has also directed teachers' training institutions to integrate financial literacy in their curriculum (Ssenkabirwa, 2011). However, despite the huge amounts of money ploughed into the programme, still very few Ugandans including teachers are fluent in the language of money (Kulabako, 2011). Related information about the performance of the teachers SACCOs is lacking. This study is therefore necessary to explore the relationship between financial literacy and performance of teachers

SACCOs to make suggestions on how to enhance teachers' financial literacy and the performance of their SACCOs.

1.9 Conceptual Framework

Basing on existing literature, the relationship between financial literacy and performance of SACCOs has been identified. The literature reveals financial literacy variables that relate to SACCOs performance. For instance, financially literate people mobilise savings by making saving plans, are able to make savings (Lusardi & Mitchell, 2015) and establish saving schemes (Mahdzan & Tabiana, 2013) which affect the performance of SACCOs. On the other hand, financial literacy enhances financial planning knowledge leading to financial budgeting (Siekei, Wagoki & Kalio, 2013), accounts reconciliation (Wachira & Kihiu, 2012) and financial forecasting Smith and Willis (2009) which influence performance of SACCOS. Besides, financial literacy leads to credit management in terms of obtaining favourable credit, prompt repayment and ability to calculate credit obligations (McArdle, Smith & Willis, 2009) and this will enhance performance of SACCOs. This relationship between financial literacy and performance of SACCOs is described here under.

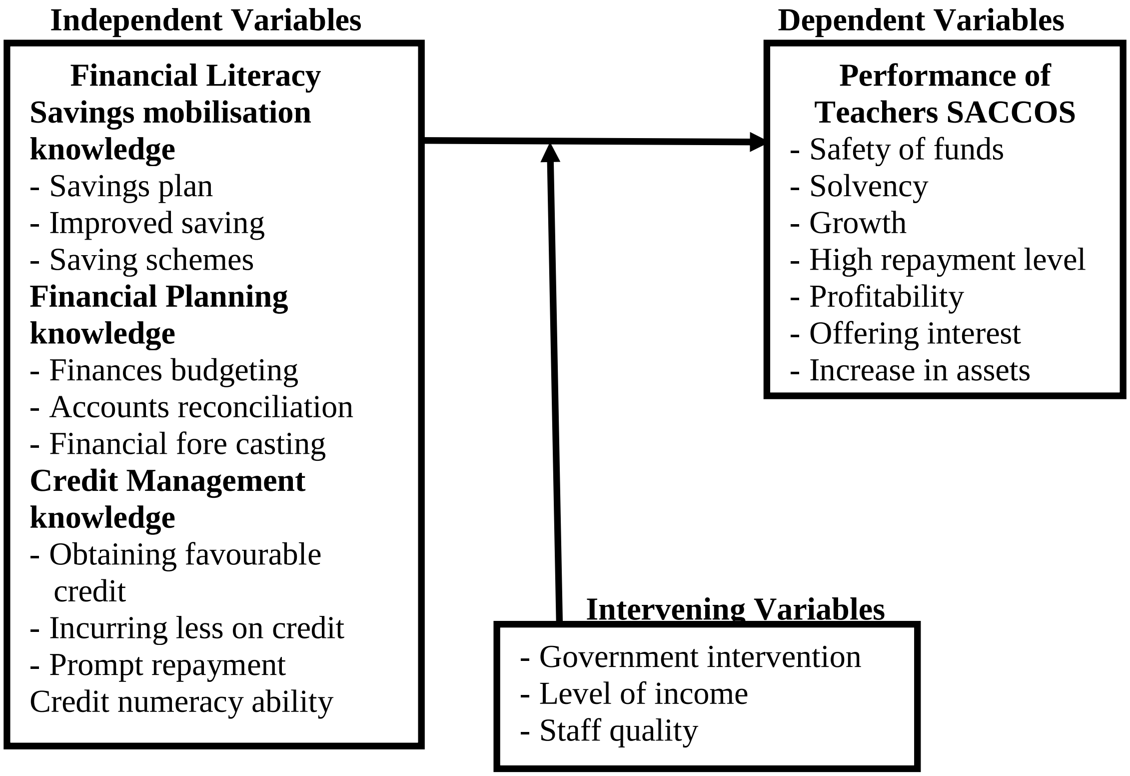

Figure 1.1: Conceptual Framework

Source: Adopted from Lusardi and Mitchell (2011); McArdle, Smith and Willis (2009); Mahdzan and Tabiana (2013); Martin (2007); Siekei, Wagoki and Kalio (2013); Wachira and Kihiu (2012) and Gerardi, Goette & Meier (2010).

The above conceptual framework shows that there is a relationship between financial literacy and SACCOs' performance. Financial literacy is shown to include ability to build up savings, carry out financial planning and credit management. Concerning build up savings, this is revealed to include having savings plans, improved and saving schemes. While financial planning is shown to involve budgeting, accounts reconciliation and financial fore casting. On the other hand, credit management includes obtaining favourable credit, incurring less on credit, prompt repayment and ability to calculate credit obligations. These lead to SACCOs' performance indicated by safety of funds, solvency, growth, high repayment level, profitability, offering interest and increase in assets. However, there intervening variables that can affect the relationship and these include government intervention, level of income and staff quality.

1.9.1 Definition of Concepts

Credit management: Credit Management refers to the process of ensuring prompt collection of loans granted to customers and at the same time boost their confidence in and loyalty to the bank (Ntiamoah, Egyiri, Fiaklou & Kwamega, 2013). However, in this study, it has been conceptualised as the customers' ability to obtain favourable credit, incurring less on credit, prompt repayment and ability to calculate credit obligations.

Financial literacy: Financial literacy refers to the empowering and educating consumers to become knowledgeable about finances in a way such that they are able to evaluate products and make informed decisions (Miller et al. 2009). In this study, it is conceived as the customers' ability build up savings, carry out financial planning and proper credit management.

Financial planning: Financial Planning is the process that takes into account the client's personality, financial status and the socio-economic and legal environments and leads to the adoption of strategies and use of financial tools that are expected to aid in achieving the client's financial goals (Cull, 2009). In here, it is considered to refer to finances budgeting, accounts reconciliation and financial fore casting.

SACCOs Performance: Performance is a measure of how well a mechanism/ process achieves its purpose (Curristine, 2005). SACCOs' performance in this study has been conceptualised to refer to the SACCO attaining safety of funds, solvency, growth, high repayment level, profitability, offering interest and increase in assets.

Building up Savings: Savings is that part of income that has been gathered not immediately spent or consumed but reserved for future consumption, investment or for unforeseen contingencies (Temidayo & Taiwo, 2011). In this study, building savings is defined as having savings plans, improved and saving schemes by an individual.

1.10 Conclusion

In conclusion, this chapter of the study shows that financial literacy is a popular topic in both developed and developing economies. However, the despite the importance of financial literacy, evidence described shows that SACCOs are performing poorly including teachers despite the fact that they are presumed to be financially literate. Basing on the above evidence, the chapter identifies financial literacy variables that will be related to performance of teachers SACCOs. These are namely, teachers' ability mobilise savings, carry out financial planning and proper credit management in relation to increased deposits, high loan uptake, increased branches, increased customers and profitability.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter is an examination of existing literature financial literacy and performance of SACCOs. The literature covers theories that were the basis of the study, namely dual-process theory and theory of planned behaviour. The review of related literature was based on the order of the objectives. This was on teachers' ability to build up savings, carry out financial planning and proper credit management. While analysing, contributions, weaknesses and gaps in the existing literature were analysed.

2.1Theoretical Review

2.1.1 Dual-Process Theory

Dual-process theory embraces the idea that decisions can be driven by both intuitive and cognitive processes. In psychology, a dual process theory provides an account of how a phenomenon can occur in two different ways, or as a result of two different processes. Often, the two processes consist of an implicit (automatic), unconscious process and an explicit (controlled), conscious process. Verbalised explicit processes or attitudes and actions may change with persuasion or education; though implicit process or attitudes usually take a long amount of time to change with the forming of new habits. The first process is characterised as fast, non-conscious, and tied to intuition (System 1), and the other as slow, controlled, and conscious (System 2). System 2 is responsible for analytical and rational thinking which is needed to consistently implement a financially literate investment strategy (Glaser & Walther, 2013).The link between the dual process theory to decision-making, is that heuristics and biases, such as framing and representativeness, are associated with System 1 (Alós-Ferrer& Hügelschäfer 2012). This theory proposes that in decision-making, there is analytical and rational thinking which is needed to consistently implement a financially literate investment strategy. However the theory does not show rational thinking resulting from financial literacy leads to performance of SACCOs. This led to the adopting of the hypothesis that follows.

2.1.2 The Theory of Planned Behaviour

The Theory of Planned Behaviour (TPB) was propounded by Ajzen in 1991. The theory derived from the Theory of Reasoned Action developed by Ajzen and Fishbein in 1980, TPB is similar to other cognitive decision-making models in that its underlying premise states that individuals make decisions rationally and systematically through information available to them. While behavioral prediction is dependent upon a myriad of factors, the TPB argues that the most proximal determinant of behavior is intentions. In the TPB, intentions are defined as the indication of an individual's willingness to perform a given behavior (Jimmieson, Peach & White, 2008). The theory postulates that the individual's behaviour is best predicted by one's intentions; intentions are, in turn, predicted by attitudes about the behaviour, the subjective norms (a person's perception of important others' beliefs that he or she should or should not perform the behaviour) encasing the execution of the behaviour, and the individual's perception of their control (Cameron, Ginsburg, Westhoff & Mendez, 2012).

The TPB is comprises of six constructs that collectively represent a person's actual control over the behaviour that relate to performance of institutions.

1. Attitudes - This refers to the degree to which a person has a favourable or unfavourable evaluation of the behaviour of interest. It entails a consideration of the outcomes of performing the behaviour.

2. Behavioural intention - This refers to the motivational factors that influence a given behaviour where the stronger the intention to perform the behaviour, the more likely the behaviour will be performed.

3. Subjective norms - This refers to the belief about whether most people approve or disapprove of the behaviour. It relates to a person's beliefs about whether peers and people of importance to the person think he or she should engage in the behaviour.

4. Social norms - This refers to the customary codes of behaviour in a group or people or larger cultural context. Social norms are considered normative, or standard, in a group of people.

5. Perceived power - This refers to the perceived presence of factors that may facilitate or impede performance of a behaviour. Perceived power contributes to a person's perceived behavioural control over each of those factors.

6. Perceived behavioural control - This refers to a person's perception of the ease or difficulty of performing the behaviour of interest. Perceived behavioural control varies across situations and actions, which results in a person having varying perceptions of behavioural control depending on the situation (Ajzen, 2006). This theory revealed that individuals make decisions rationally and systematically through information which affects performance of institutions. Thus, theory also guided the study in relating financial literacy variables of ability to build up savings, carry

out financial planning and proper credit management as rationally and systematically decisions reached to the performance of SACCOs.

2.2 Review of Related Literature

2.2.1Savings Mobilisation Knowledge and Performance of Teachers SACCOs

Savings are incomes not immediately consumed but are reserved for future consumption, investment or for unforeseen contingencies. Savings mobilisation recently has been recognised as a major force in microfinance. Microenterprise programs can play a significant role to foster savings among the poor populations, with considerable benefits both for the savings and for the programs (Otieno, Lumumba, Nyabwanga, Ojera & Odondo, 2011). Savings are considered as an indispensable weapon for economic growth and development. Their role is reflected in capital formation through increased capital stock and the impact it makes on the capacity for an economy to generate more and higher incomes (Temidayo & Taiwo, 2011)**.** Savings are acatalyst for capital formation (Bime & Mbanasor, 2011). Klapper, Lusardi and Panos (2013) indicate that financial literacy has also been linked to a set of behaviours related to saving, wealth, and portfolio choice. For example, individuals with greater numeracy and financial literacy are more likely to participate in financial markets and to invest in stocks. Moreover, more literate individuals are more likely to choose mutual funds with lower fees.

On the other hand, Lusardi and Tufano (2009) indicate that addition to greater susceptibility to fraud and abuse, lack of financial literacy might lead to borrower behaviour that increases financial fragility (i.e., greater loan losses). Informed consumers may also exercise innovation-enhancing demand on the financial sector and play an important monitoring role in the markets which can help improve transparency and honesty in financial institutions. Mahdzan and Tabiani (2013) explain that financially literate people know how to manage their money, how financial institutions work, and possess a range of analytical skills. Besides they know how to handle their financial affairs and how to be financially responsible. This is because financial literacy is the understanding and knowledge of basic financial concepts and the ability to use them to plan and manage their financial affairs.

Jappelli and Padula (2013) indicate that poor financial literacy is associated with poor risk diversification, inefficient portfolio allocations and low wealth accumulation. They revealed that numeracy levels were strongly correlated with measures of retirement savings and investment portfolios and perceived financial security. Accordingly, numeracy and broader cognitive ability predicted trajectories for key economic outcomes such as wealth, retirement income and retirement expectations. Christelis, Jappelli and Padula (2010) study the relation between cognitive abilities and stock-holding found out that the propensity to invest directly and indirectly through mutual funds and retirement accounts was strongly associated with mathematical ability, verbal fluency, and recall skills.

Klapper, Lusardi and Panos (2013) studied financial literacy and its consequences in Russia. The findings of the study revealed that financial literacy is positively related to participation in financial markets and negatively related to the use of informal sources of borrowing. Moreover, individuals with higher financial literacy are significantly less likely to report experiencing a negative income shock and have greater availability of unspent income and higher spending capacity. Lusardi and Mitchell (2011) studies financial literacy and planning in Massachusetts, USA. Their results of multivariate Probit analysis indicated that financial literacy was positively correlated with wealth at the bottom of the wealth distribution, indicating that those who had basic financial knowledge were better able to save.

Collins (2010b) compared self-reported outcomes after a year for two groups of participants: people who were required to take the financial education course within a year of starting the program and people who were prohibited from taking the course for a year. The study found a significant increase in savings and somewhat higher credit scores among the group who had received the education within the first year. People who received the financial education also reported greater knowledge gains, especially on credit and money management issues. Being part of a federal rental-assistance program, the participants in this study were extremely low income; the author points out that they may have been more receptive to financial education than most low-income households because of their very difficult financial circumstances.

Lyons, Chang and Scherpf (2006) carried out a study on financial education provided to low-income households through a university extension program. The results of the study revealed that greater amounts of financial education resulted in improvements in financial behaviour. However, the study found that the effect of financial education was strongest for people who self-reported the poorest financial behaviours prior to joining the program and for those behaviours most easily changed in the short run.

The role played by governments and employers in managing investments on behalf of individuals has shrunk significantly in the recent past as a result of changes in the social support structures across the world. This has increased individuals' responsibility in managing their own finances and securing their financial future. In an environment where the range and the complexity of financial products continue to increase, it is imperative that individuals develop nuanced understanding of the world of finance to be able to make choices that are most appropriate to their financial goals and needs (Agarwalla, Barua, Jacob & Varma, 2013).

Van Rooij, Lusardi& Rob Alessie (2011) examined financial literacy, retirement planning, and household wealth relying on comprehensive measures of financial knowledge designed for a special module of the DNB (De Nederlandsche Bank) Household Survey, in the Netherlands. The findings of the study indicated that financial literacy was positively related to the development of a savings plan.

Financial literacy encourages greater personal saving and improve financial and economic security. Different organisations including private employers, governments, commercial banks, consumer groups, community service organisations, and religious organisations make efforts to improve financial literacy. As interest in financial literacy grows, however, policymakers and interested organisations must understand the relative strengths and weaknesses of prior efforts and the importance of robust evaluations of financial education programs.

Literature on financial literacy shows that adults particularly those with limited schooling, with lower income, or who are aged in their 20s or near retirement do not understand basic financial concepts. Those individuals are more prone to making poor financial and saving choices than others, and may in effect subsidise those who understand personal finance better (Gale, Harris, & Levine, 2012). McArdle, Smith and Willis (2009) studied cognition and economic outcomes in the Health and Retirement Survey in the USA. The results of the study revealed that a low ability to perform simple mathematical calculations, for example, was correlated with lower levels of saving.

Financial literacy may influence spending behaviours such as free-spending behaviour. A person with a high free-spending behaviour perceives money as having an additional self-contained value and has the temptation to spend money because the act of spending in itself has a value and not just the purchased objects. A common term is a "living today" person compared with a "living tomorrow" person, who enjoys saving money (OECD, 2005). A "living today" type is easily enticed into buying, and it is more likely that preferences are inconsistent across time or context. This implies that for instance if a person states a strong need for saving for retirement, this preference might be superseded when the opportunity for short-term enjoyment presents itself through the act of spending (Fünfgeld and Wang, 2009). However, Hilgert, Hogarth and Beverly (2003) in a study on household financial management to establish the connection between knowledge and behaviour in the USA found out that, individuals with higher financial knowledge were more likely to engage in saving. Bernheim, Garrett and Maki (2001) in a study on education and saving found out that financial literacy led to saving behaviour and higher net worth in adults. Besides, Lusardi (2008) revealed that financial education, in the form of seminars aiming at increasing financial literacy had positive effects on savings.

Savings is a component which serves as economic security and also for accumulation of wealth for an improved living standard. However, many individuals lack the necessary discipline and willingness to save. Financial literacy topics such as record keeping, budgeting, personal finance and savings are more important to lower income individuals. This suggests that financial educators should not only teach how to save or ways to save, but also the why's to save (Sucuahi, 2013). Beckmann (2013) studied financial literacy and household savings in Romania The findings of the study showed that financial literacy had a positive impact on saving behaviour in Romania. Individuals who were financially literate, especially with regard to inflation, were more likely to save using more than one interest-bearing saving instrument.

Savings mobilisation is critical for individual and societal welfare. At the individual level, savings help households' smooth consumption and finance productive investments in human and business capital. At the macroeconomic level, savings rates are strongly predictive of future economic growth (Karlan, Ratan & Zinman, 2014). People's inability to make self-beneficial financial decisions in key areas relating to consumer financing can have negative ramifications on the entire economy. Potential problems include exacerbated business cycles, further inequality in the distribution of income and low savings rates among others. However, many policy makers believe that the impact of poor decision making due to lack of financial knowledge can be overcome through mandated financial education (Mandell & Klein, 2009). Karlan et al. (2014) examined the impact of financial literacy training on clients of a branchless banking program that offered doorstep access to banking to low income households with limited access to traditional banking in India. In the findings of their study, they established that financial education interventions were successful in improving savings and financial capability outcomes.

Individuals have to make many financial decisions during their life time; they have to borrow, to invest or to fund current consumption and at the same time, they have to save for retirement.

Whereas this is true for almost all people, these decisions are of particular importance for the middle classes in emerging economies. These economies are characterized by rapid growth, heavy structural changes and the emergence of a larger middle class (Ravallion, 2009). Increasing incomes allow higher savings and sophisticated financial products become newly available in these markets. In order to address challenges adequately and use sophisticated products rationally, individuals need to have a certain financial understanding hence the need for financial literacy (Campbell, 2006). Grohmann, Kouwenberg and Menkhoff (2014) carried out a survey on middle class people living in Bangkok. Their descriptive results indicated that financial literacy contributed to better use of available information and products hence leading to saving.

Deng et al. (2013) indicate that financial education programs improve the behaviour and outcomes of their graduates. Accordingly, there is a connection between knowledge/ construct and behaviour, with increases in financial knowledge/construct having a positive impact on personal finance behaviours; and that financial education programs that cover specific topics and teach skills are better than those covering more general subjects. Mandell & Klein (2007) reported that student motivation was a factor in increasing their financial literacy which suggests that motivated adults benefit from targeted financial education. However, in a later study Mandell and Klein (2009) found out that college students who took financial education courses did not evaluate themselves to be more savings-oriented and did not appear to have better financial behaviours than those who had not taken the courses. However, Mahdzan and Tabiana (2013) in a study the impact of financial literacy on individual saving with a variety of employees from Klang Valley, Malaysia as units of analysis provide contrary results. Their results of a probit regression revealed that the level of financial literacy had a significant positive impact on individual saving.

The studies above expended sufficient effort to analyse the effect of financial literacy in enhancing the ability to build up savings. However, a number of gaps emerged at contextual methodological and empirical levels. At contextual level, the above studies were carried out in the Western World (e.g. Lusardi & Mitchell, 2011; Rooij et al., 2011; McArdle et al., 2009; Lusardi, 2008; Beckmann, 2013) and Asia (Karlan et al., 2014; Grohmann et al., 2014; Mahdzan & Tabiana, 2013). At methodological levels, the studies were carried out using the quantitative approach and empirical levels none of the studies related ability to build up savings to performance of Teachers SACCOs. This thus called for this study in the context of Uganda using a mixed research design by relating build up savings to performance of teachers SACCOs.

2.2.2 Financial Planning Skills and performance Teachers SACCOS

As healthy financial well-being and better lifestyle is gaining priority amongst individuals, and increasingly globalized capital market offering variety of financial products and investment funds are found to be significant avenue in achieving such personal objectives, the personal financial planning is increasingly becoming a good practice if not already a necessity. A sound personal financial plan allows individual to be mindful of ways in which they deal with financial matters. It is a means to guide an individual’s financial decisions and highlight the consequences of such decisions on other areas of one’s finances (Boon, Yee & Ting, 2011). Whilst being well-to-do in the long run may provide individuals with a sense of security and fulfilment, in the short run the desired lifestyle and the financial commitments may potentially draw away substantial resources from individuals and pose a considerable threat to their financial comfort in the later part of their lives. In this regard, individuals have to be prudent in strategizing what needs to be addressed and establish a realistic timeline as and when their financial goals and objectives are to be achieved. Such effort would inevitably provide individuals with a great sense of security and an ultimate financial freedom (Tiwari & Datey, 2013). Martin (2007) in a critical review of effectiveness of financial education revealed a causal connection between increases in financial knowledge and financial behaviour; and the benefits of financial education appeared to span a number of areas including finances utilisation planning.

Shafi, Akram, Hussain, Sajjad and Rehman (2011), state that the psyche of investor heavily depends upon his level of education. It affects investor's perception of risk. Less educated people are more sceptical in their perception of risk, whereas, educated people tend to take rather greater degree of risk. Investors having higher education tend to invest in risky asset i.e. level of education have an impact on individual's tendency to bear risk.

However, Lusardi and Mitchell (2007) indicate that many people are often woefully unaware of basic economics and finance, shortfalls that may lead them to make serious and often irreversible mistakes. Numerical ability is no doubt important in making sound financial decisions. Obviously planning requires making calculations, many of which are facilitated by financial literacy. According to Xu and Zia (2012), therefore, this means that those with capacity to calculate rates of return on investments participate in the stock market.

Van Rooij, Lusardi and Alessie (2007) indicate that those with low financial literacy are more likely than others to base their behaviour on financial advice from friends and are less likely to invest in stocks. According to Mandell (2006) educated people with higher financial literacy are less likely than others to bounce a cheque and more likely to balance their cheque books. Mandell and Klein (2009) indicate that financial literacy influences various forms of financial behaviour. Accordingly, for instance, employer retirement seminars increase individuals' participation in and contributions to voluntary savings plans. Conceversly Lusardi and Mitchell (2007) indicate that retirement seminars have a positive wealth effect on financial behaviour, although this effect is mainly on those with less wealth or education. Choi, Laibson, Madrian and Metrick (2006) indicate that many people participating in seminars have much better intentions than follow through.

Mandell and Klein (2009) indicate that financial literacy influences various forms of financial behaviour. Accordingly, for instance, employer retirement seminars increase individuals' participation in and contributions to voluntary savings plans. Conversely Lusardi and Mitchell (2007) indicate that retirement seminars have a positive wealth effect on financial behaviour, although this effect is mainly on those with less wealth or education. Choi, Laibson, Madrian and Metrick (2006) indicate that many people participating in seminars have much better intentions than follow through.

Financial literacy helps to inculcate individuals with the financial knowledge necessary to create household budgets, initiate savings plans, and make strategic investment decisions. Proper application of that knowledge helps households to meet their financial obligations through wise planning, and resource allocation so as to derive maximum utility (Wachira & Kihiu, 2012). Hilgert et al. (2003) studied household financial management to establish the connection between knowledge and behaviour in the USA. The results of their study indicated that those who scored higher on financial literacy tests were more likely to follow recommended financial practices. Compared with those who had less financial knowledge, those with more financial knowledge were also more likely to engage in recommended financial behaviours such as paying all bills on time, reconciling the cheque book every month, and having an emergency fund.

Huat and Geetha (2010) indicate that households with lower education hold low financial net worth while household with at least college level education background tend to have more than twice the wealth of households with high school education. Also, Lusardi (2003) indicates that those households which precede at least high school education level tend to be holding stocks and bonds. On the contrary, Meier and Sprenger (2008) argue that the higher education level of respondents, the greater chances the corresponding person will join the voluntary financial education program. Accordingly, individuals with higher education will take the financial management as important skills in order to accumulate enough wealth for their retirement life.

Individuals who were exposed to financial education programs while in high school were more likely to save later in life (Bernheim, Garrett & Maki, 2001). Exposing individuals to one hour of financial education does little to improve saving. To be effective, programs have to be tailored to the size of the problem they are trying to solve. Lusardi (2008) indicates that while it is not possible to transform low literacy individuals into financial wizards, it is feasible to emphasize simple rules and good financial behaviour, such as diversification, exploitation of the power of interest compounding, and taking advantage of tax incentives and employers' pension matches.

Many people lack the knowledge of key economic concepts and skills needed to make financial computations, which may cause them to make suboptimal financial decisions. It is this explanation that motivates the many policymakers who have recently launched campaigns to foster financial literacy around the world. Besides, it has also been argued that people are impatient or "present-biased," which implies that they chose current gratification over future, higher payoffs (Hastings & Mitchell, 2010). Thus this brings to the forefront the importance of financial literacy. Siekei, Wagoki and Kalio (2013) carried out an assessment of the role of financial literacy on performance of small and micro enterprises Njoro district, Kenya, using beneficiaries of equity group foundation project. Their descriptive findings indicated that the financial literacy programme emphasised on planning/ budgeting among others which led to a significant improvement in revenue performance of small enterprises whose managers had attended the financial literacy programme. Planning/ budgeting skills played a significant role in growing sales, profits and ensuring smooth running of the business. The impact of this programme was evident in enhancing business performance.

Given the recognised need for increased financial literacy and improved consumer behaviour, policymakers have focused on mandating financial education and consumer economics curricula in primary and secondary schools, but inconclusive or null results in financial literacy tests have led some to reconsider this approach. Valid concerns remain that students do not pay attention to or retain these lessons because many of them are not financially independent and do not make key financial decisions at that point in their lives. However, financial education can help individuals plan for their future and contribute to a sustainable, vibrant lifestyle during work years. Effective financial education can help individuals develop efficient household budgets/

plans (Harnisch, 2010). Boon et al. (2011) studied financial literacy and personal financial planning in Klang Valley, Malaysia using a questionnaire survey. The findings of the study revealed that in contrast to their non-financially literate counterparts, the readiness of the financially literate individuals is reflected in their involvement in the multiple aspects of personal financial planning.

Whereas the above studies made attempted to assess the significance of financial planning resulting from financial literacy, a number of gaps still remained. At contextual level, the studies above were carried out in the Western World (e.g. Martin, 2007; Hilgert et al., 2003) and Asia (Boon et al., 2011) with only one study in Kenya in Africa (Siekei et al., 2013). Still, these studies did not relate financial planning to performance of SACCOs. These gaps thus called for this study in the Ugandan context relating financial planning to performance of teachers SACCOs.

2.2.3 Credit Management Skills and performance of Teachers SACCOs

Those who are less financially literate are likely to face more challenges with regard to debt management. Regulators of financial services, have a responsibility to help consumers of financial services in making informed financial decisions so as to promote consumer protection, public awareness, and maintenance of market confidence. On the other hand, information asymmetry between financial service providers (FSPs) and potential users leads to weakened financial markets (Wachira & Kihiu, 2012). Hilgert et al. (2003) in a study in the USA established that households that had been through a one-on-one counselling session were less likely to be delinquent with credit payments and had higher credit scores and better credit-management practices.

Financial literacy provides greater control of one's financial future, more effective use of financial products and services, and reduced vulnerability to overzealous retailers or fraudulent Schemes. Facing an educated lot, financial regulators are forced to improve the efficiency and quality of financial services. This is because financially literate consumers create competitive pressures on financial institutions to offer more appropriately priced and transparent services, by comparing options, asking the right questions, and negotiating more effectively. Financially literate individuals evaluate and compare credit and loan options so as to make optimal decisions (Nangaki, Namusonge & Wandera, 2014). Wachira and Kihiu (2012) studied the impact of financial literacy on access to financial services in Kenya. Correlation results revealed that financial inclusion among the financially literate lot remained low. The results also revealed a positive link between financial literacy and access to financial services such as credit among the formal, informal and semi-formal strands.

Clients borrow multiple loans from multiple sources, that is, MFIs and other formal and informal providers, juggling repayment schedules, and making sure that the credit is used to its best advantage, adds a level of complexity that can be very challenging to manage. Under such circumstances, forward-looking financial strategies are necessary, and these require specific knowledge, skills and attitudes about financial management (George, 2008). According to Siekei et al. (2013) here comes the role of financial education. Most people learn to manage personal and household finances by trial and error. Financial education teaches the knowledge, skills and attitudes (KSA) that are required for adopting good money management practices associated with borrowing. Anticipated outcomes include changes in clients' behaviours and practices in money management such as working towards a financial goal. The changes lead to increased reduced debt and less financial stress. The aim of the Financial Literacy is to increase the members' assets, reduce liabilities and therefore increase their net-worth. Siekei et al. (2013) assessed the role of financial literacy on performance of small and micro enterprises Njoro district, Kenya, using beneficiaries of equity group foundation project. Descriptive results of the study revealed that the program emphasised on credit management leading to a significant improvement in revenue performance of small enterprises whose managers had attended the financial literacy programme. Accordingly, credit management skills obtained through the financial literacy programme enhanced performance through acquisition of credit financing, and management of loan portfolios to ensure that loan liability was minimised and interest expenses minimised.

Numerous factors have led to a complex, specialised financial services marketplace that require consumers to be actively engaged if they are to manage their finances effectively. Compelling consumer issues, such as the very visible issue of predatory lending and high levels of consumer debt have led to the sense of urgency surrounding financial literacy (Braunstein & Welch, 2002). Lusardi and Tufano (2009) in a survey in the USA studied teaching workers about the peril of Debt. In their findings, they found out that individuals with lower levels of financial literacy tended to transact in high-cost manners, incurring higher fees and using high-cost methods of borrowing. The less knowledgeable also report that their debt loads are excessive or that they are unable to judge their debt position.

Borrowing is associated with delinquency. That is default which occurs when a borrower is late making a payment. It is typically measured in 30-day intervals. After a period of loan delinquency, the lender can initiate the foreclosure process if the lender believes it will not receive the principal or the interest on a loan. This process is costly for both thelender and the borrower and is often viewed as alast resort for the lender (Grinstein-Weiss, Spader, Yeo, Key and Freeze, 2012). In an attempt to improve loan performance and reduce the incidence of mortgage delinquency and foreclosure, researchers and practitioners have developed intervention programs designed to deliver financial education and counselling to borrowers (McCarthy & Quercia, 2000). Grinstein-Weiss et al. (2012) studying loan performance among low-income households used members of a community development financial institution in Durham, North Carolina USA as units of analysis. Their results revealed that greater financial literacy education was associated with reduced loan delinquency and foreclosure.

Improved access to credit as such offers the benefits of consumption smoothing over time. The standard model in economics assumes that agents are rational and fully understand their environment. In such a model, making more credit available will unambiguously increase welfare, and so from that perspective the expansion of credit was viewed by many as welfare-enhancing. However, debate is about increased late repayments and defaults (Gerardi, Goette & Meier, 2010). Gerardi et al. (2010) in their study financial literacy and subprime mortgage in Boston, USA found out a large and statistically significant negative correlation between numerical ability and various measures of delinquency and default. Foreclosure started approximately two-thirds lower in the group with the highest measured level of numerical ability compared with the group with the lowest measured level.

Much of the financial education and financial literacy training takes the form of credit counselling, perhaps because taking out a loan or trying to avoid bankruptcy provides "teachable" moments for households that are particularly eager to improve financial literacy. Credit counselling is not meant to increase saving directly, but to better educate potential borrowers on the characteristics of loans they are considering and to assist existing borrowers with making payments on loans already undertaken (post purchase counselling). Credit counsellors may also advise consumers on bankruptcy proceedings (Gale, Harris & Ruth Levine, 2012).

In the studies above, effort was made to assess the financial literacy variable of credit management. However, a number of gaps still emerged which call for further research. At the contextual level, most of the studies were carried out in the Western World (e.g. Hilgert et al., 2003; Lusardi & Tufano, 2009; Grinstein-Weiss et al., 2012; Gerardi et al., 2010) and only two studies in Africa, particularly Kenya (Wachira & Kihiu, 2012; Siekei et al., 2013). At empirical level, the above studies did not relate the financial literacy variable of credit management skills with performance of teachers SACCOS. These gaps therefore called for this study in the Ugandan context relating credit management skills and performance of teachers SACCOS.

2.3 Conclusion

The above literature reveals that there is a relationship between financial literacy and SACCOs' performance. The main variables identified are building up savings, carrying out financial planning and credit management. Building ups savings includes having savings plans, improved and saving schemes. Financial planning involves budgeting, accounts reconciliation and financial fore casting. With credit management this includes obtaining favourable credit, incurring less on credit, prompt repayment and ability to calculate credit obligations.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presents the research methodology that was used in the study. It includes the research design, study population, area of the study, sample size and selection, sampling methods of data collection, data management and analysis, reliability and validity, ethical consideration and limitations.

3.1 Research Design

This study adopted a case study design for purposes of investigating the research problem within its real life context. This design helped in ensuring in-depth analysis through exploring, describing or explaining the phenomena through an exhaustive study within its natural setting (Ellis & Levy 2009). The case of the study was Mengo Teachers SACCO Ltd. The study used mixed research approaches, namely quantitative and qualitative research approaches. The quantitative approach produced results in form of descriptive statistics and statistical inferences. On the other hand, the qualitative approach complemented the quantitative approach by providing in-depth information for qualitative analysis (Fassinger & Morrow, 2013). This enabled in depth analysis of the findings of the study.

3.2 Study Area

The study area was Kampala Metro-Politan Authority where most the schools of the teachers subscribing to Mengo Teachers SACCO Ltd are located and headquarters of the SACCO at Cardinal Nsubuga Road, METCO Building Nabunnya Zone - Rubaga, Kampala.

3.3 Study Population

The target population was 6113 respondents who are members of Mengo Teachers SACCO Ltd and 9 staff of the SACCO (METCO, 2015). This population was selected because as members and staff of the SACCO, they had the capacity to provide the necessary data.

3.4 Sample size and Selection

The sample size of the study for the questionnaire survey was a minimum of 317 respondents drawn from a population of 6113 determined according to the Small Sample Technique by Krejcie and Morgan (1970) (see appendix A). There were also 9 staff of the SACCO for interviews. The sample size determined was presented in table 3.1.

Table 3.1: Population, Sample Size and Selection Technique

Respondents	Target population	Sample Size	Sampling technique
Teachers members of Mengo Sacco	6113	308	Random sampling
Staff of the SACCO	9	9	Purposive
Total	**6122**	**317**	

Source: METCO (2015).

3.5 Sampling Techniques and procedures

In this proposed study, simple random sampling and purposive sampling methods was used for the study. Simple random sampling was chosen because it ensured that each individual is chosen randomly and entirely by chance, thus giving each individual in the population the same probability of being chosen for the study (Onen, 2005). Simple random sampling enabled the generalisability of the findings. Purposive sampling was used to select particular people to provide in-depth views since the study was both quantitative and qualitative. The method of purposive sampling used was intensity purposive sampling. Intensity sampling allowed the researcher to select a small number of respondents relevant to the research problem that provide in depth information and knowledge of a phenomenon of interest (Patton, 2003). Purposive sampling was used on staff of the SACCO.

3.6 Data Sources

The data used both primary data and secondary data. Primary data which was fast hand data was collected from the respondents using the questionnaire designed by the researcher. Secondary data was obtained from the records and manuals of Mengo Teachers SACCO.

3.7Data Collection Methods

3.7.1 Research Questionnaire Survey

The study was largely a quantitative survey involving a large number of Sacco members. Thus, the data collection method adopted was the survey, which involved the use of self-administered questionnaires (SAQs). The method enabled the researcher to cover the respondents quickly and at reasonable cost (Bordens & Abbott, 2011). The SAQ based method was very suitable for the sampled respondents because they easily responded to the questions because of their proficiency in the English Language which was used in the questionnaire survey.

3.7.2 Interviewing

Interviewing is a research method used when a specific target population is involved. The purpose of conducting interviews was to explore the responses of the respondents through gathering more detailed information. The method was used because people were more likely to readily answer live questions than open-ended questions because it was more convenient to give long answers orally than in writing (Sincero, 2012). Interviewing was specifically used on collecting in-depth data from the staff of the SACCO.

3.7.3 Documentary method

The use of documentary methods refers to the analysis of documents that contain information about the phenomenon one intends to study. It is a technique used to categorise, investigate, interpret and identify the limitations of physical sources, most commonly written documents. This method is more cost effective and provides clear and comprehensible evidence (Mogalakwe, 2006). Documentary review helped in gaining access to records of the SAACO that provided secondary information that supplemented with survey data.

3.7.8Data Collection Instruments

3.8.1 Research Questionnaire

The researcher used close ended questionnaire also providing some spaces for open responses for Sacco members participating in the study. The use of questionnaire enabled the collection of data from a large number of respondents and enabled respondents give sensitive information without fear of revealing their personal identity (Bordens & Abbott, 2011). The instrument was based on Rensis Likert's scale statement having five category response continuum through five to one from strongly disagree to strongly agree will be used, that is 1 = Strongly Disagree (SD), 2 = Disagree (D), 3 = Undecided (U), 4 = Agree (A) and 5 = Strongly Agree (A)was used. The spaces helped to collect summary qualitative data from those not providing interview data.

3.8.2 Interview Guide

Qualitative data was collected by use of an interview guide. The interview guide design was the general interview guide that was structured but allowing flexibility in obtaining responses. By this kind of instrument, the researcher ensured that the same general areas of information was collected from each interviewee in a conversational approach that allowing a degree of freedom and adaptability in getting information from the interviewee. The researcher was able to ask probing questions based on the responses to pre-constructed questions. This enabled in-depth exploration of the views of the respondents (Turner, 2010).

3.8.3 Documentary Check list

Documentary review checklist containing a list of documents that were reviewed was used and this provided necessary data for the study (Onen, 2005). The documents for review were obtained from the staff of the SACCO such as policy documents and reports. The information generated supplemented data from the questionnaire and interview.

3. 9 Measurement of variables

The questionnaire will be divided in three sections, A through C. The questions in section A (background ground characteristics) will be developed on the nominal scale which serves as a label or tag to identify objects, properties, or events. The questions in sections B (independent variables) and section C (dependent variables) will be developed on the ordinal scale which is a ranking scale and possess the characteristic of order. The scale helps to distinguish between objects according to a single attribute and direction (Smith & Albaum, 2013). The ranking will be on the five-point Likert scale (Where 1 = strongly disagree 2 = disagree 3 = undecided 4 = agree 5 = strongly agree).

3.9.1 Data Quality Control

3.9.2 Validity of the Instruments

Content related validity was considered in this study and was achieved through consultation with the supervisor and fellow students who read through the questionnaire to help validate the instruments. The test of content validity was established through inter judge with two research consultants. Each judge rated the items on a two point rating scale of Relevant (R) and Irrelevant (IR). The computation of CVI (Content Validity Index) was done by summing up the judges ratings on either side of the scale and dividing by two to get the average. The items rated irrelevant for the study were replaced with relevant ones. The formula used to calculate CVI was;

CVI = n/N

Where: n = number of items rated as relevant

N= Total number of items in the instrument

The CVI for the questionnaire was valid at above 0.70 because the least CVI recommended in a survey study should be 0.7 (Amin, 2005). The results are presented in Table 3.2.

3.9.3Reliability

Reliability for the qualitative instrument was achieved through consultation with the supervisor, fellow students, prolonged engagement and audit trails. Data were systematically checked, focus maintained and there was identification and correcting of errors (Tashakkori & Teddlie, 2003).

Reliability for quantitative data will be determined by calculating Cronbach Alpha using SPSS 17.0 (Statistical Package for Social Scientists) The instruments will be found reliable at above .70 (70) after a pilot study. A reliability of 0.70 indicates 70% internal consistency in the scores that are produced by the instrument (Tavakol & Dennick, 2011). Cronbach results are presented in Table 3.2.

Table 3.2 Reliability and Content Validity Index

Items	Content Validity Index	Cronbach alpha (α)value
Savings mobilisation knowledge	0.71	0.79
Financial planning skills	0.82	0.80
Credit management skills	0.87	0.89
Performance of teachers SACCOs	0.78	0.75

Source: Primary Data

3.10 Data Analysis

3.10.1Qualitative Data

In analysis of qualitative data, patterns and connections within and between categories of data collected was established. Data was presented in form of notes, word-for-word transcripts, single words, brief phrases and full paragraphs (Powell & Renner, 2003). Data was interpreted by content analysis composing explanations and substantiating them using the respondents open responses. While analysing qualitative data, conclusions were made on how different variables were related.

3.10.2. Quantitative Data

Quantitative data was analysed at three levels, namely univariate, bivariate and multivariate. The data analysis at univariate level was carried out using descriptive statistics that were the frequencies, mean and standard deviation. At bivariate level, the dependent variable performance of teachers SACCOs was correlated with each of the three independent variables from which hypotheses were developed, namely savings mobilisation knowledge, financial planning skills and credit management skills. At multivariate level, the dependent variable was regressed on the three independent variables. The Statistical Package for Social Sciences (SPSS 20.0) was used for data analysis.

3.11 Ethical Issues

A letter was obtained from the university granting permission to proceed with data collection after the proposal was approved. The researcher then proceeded to the secondary schools Kampala Metropolitan area and the Mengo Teachers SACCO Ltd to collect data. Consent was obtained from all the respondents participating in the study. Anonymity and confidentiality was observed during data collection and handling the responses. Information was availed to the respondents that the research would not endanger them directly or indirectly and that participation was voluntary.

3.12 Limitations of the Study

The major limitation anticipated was lack of adequate logistical support needed to cover the study comprehensively. However, the researcher tried to be economical and spent within the limits of the available financial resources. Besides, some respondents were also apprehensive and did not fully cooperate with the researcher. However, the researcher was persistent and built a good rapport while soliciting for information from the respondents and more so the respondents were assured that the study was purely for academic purpose.

3.13 Conclusion

This chapter three of the study presents the methodology that was the basis for conducting this study. The methodology identified the approaches that were used namely, the quantitative and qualitative research approaches which were based on the case study design. The study being a mixed study, the data was collected by use of a questionnaire survey and an interview guide. The methods of data analysis identified the methodology which was content analysis for qualitative data and for quantitative data the methods of data analysis identified were descriptive statistics that is the mean, standard deviation, frequency and percentages. Also univariate, bivariate, and multivariate analysis methods, were used also correlation and regression were used.

CHAPTER FOUR

PRESENTATION, INTERPRETATION AND ANALYSIS

4.0Introduction

This chapter is the presentation, interpretation and analysis of the findings of this study. This study sought to explore the effect of financial literacy on performance of teachers SACCOS. Particularly, the study sought to establish the relationship between savings mobilisation knowledge, financial planning skills and credit management skills and performance of teachers SACCOs. Data from self-administered was obtained from 213 respondents, a response rate of 69.2% out of the 317 predetermined sample size. This was considered a satisfactory sample because a response rate of 60% is acceptable (Taylor-Powell & Hermann, 2000). Interview data was collected from 9 staff of the SACCO. In total, there were 222 respondents that were namely, teachers saving with Mengo Teachers SACCO Ltd and staff of the SACCO.

4.1 Background Characteristics of the Respondents

This section describes the background information of respondents on the gender, age category, education levels the number of years as member of Mengo Teachers SACCO Ltd. The data obtained on the items is presented in Table 4.1.

Table 4.1: Background Characteristics of the Respondents

Item	Categories	Frequency	Percent
Gender of the Respondents	Males	125	58.7
	Females	88	41.3
	Total	**213**	**100.0**
Age Category	Below 30 Years	48	22.5
	30-40 Years	103	48.4
	41-50 Years	62	29.1
	Total	**213**	**100.0**
Education Levels	Diploma	27	12.7
	Bachelors degree	164	77.0
	Post graduate qualifications	22	10.3
	Total	**213**	**100.0**
Number of years as member of Mengo SACCO	Less than 5 years	15	7.0
	6-10 years	79	37.1
	10 and above years	119	55.9
	Total	**213**	**100.0**

Source: Primary Data

The results in Table 4.1 on gender of the respondents showed that the modal percentage (58.7%) was males with females being 41.3%. This suggested that the large percentage of the respondents were males. In relation to age category of the respondents in years, the results showed that the modal percentage (48.4%) of the respondents was of those that were between 30 and 40 years followed by those who were between 41 and 50 years who were 29.1% years. This means that most of the respondents were above 30 years. The results on the highest level of education attained by the respondents showed that the modal percentage (77.0%) of the respondents was of those who had bachelor degrees. This suggests most of the respondents had higher levels of education.

Pertaining to number of years the respondents had been members of Mengo Teachers SACCO Ltd, the modal percentage (55.9%) of the respondents had been members of the SACCO for 10 and above years. This means the dominant category of the respondents were those who had been members of the SACCO for a longer time.

4.2 Description of Performance of Teachers SACCOS

The dependent variable (DV) namely, performance of teachers SACCOS was measured in terms of safety of funds, solvency, growth, high repayment level, profitability, offering interest and increase in assets. The study items were scaled using the five-point Likert scale where code 1 = Strongly Disagree, 2 = Disagree, 3 = Undecided, 4 = Agree and 5 = Strongly Agree. For each of the items measuring performance of teachers SACCOS, descriptive statistics that include frequencies, percentages and means,standard deviation are presented.

Table 4.2: Frequencies, Percentages and Means on Performance of Teachers SACCOs

Items	SD	D	U	A	SA	Mean	Std Dev
Mengo SACCO serves many clients	26* 12.2**	58 27.2	29 13.6	71 33.3	29 13.6	3.09	1.28
My deposits are secure in this Mengo SACCO	19* 8.9**	66 31.0	31 14.6	71 33.3	26 12.2	2.96	1.22
Mengo SACCO is solvent	18* 8.5**	65 30.5	30 14.1	78 36.6	22 10.3	3.10	1.19
The number of active clients or accounts of Mengo SACCO has been growing	28* 13.1**	53 24.9	39 18.3	68 31.9	25 11.7	3.04	1.25
Mengo SACCO realises minimal non-performing loans	17* 8.0**	29 13.6	49 23.0	84 39.4	34 16.0	3.42	1.15
Minimal loans are written off at Mengo SACCO	29* 13.6**	54 25.4	27 12.7	84 39.4	19 8.9	3.05	1.25
Mengo SACCO makes profits annually	22* 10.3**	54 25.4	29 13.6	75 35.2	33 15.5	3.20	1.27
Services are fast in Mengo SACCO	9* 4.2**	35 16.4	13 6.1	107 50.2	49 23.0	3.71	1.12
I easily access credit in Mengo SACCO	35* 16.4**	36 16.9	34 16.0	85 39.9	23 10.8	312	1.29
Whenever I am borrowing in Mengo money is readily available	24* 11.3**	71 33.3	-	95 44.6	23 10.8	3.10	1.29
The assets of Mengo SACCO have increased	8* 3.8**	36 16.9	23 10.8	99 46.5	47 22.1	3.66	1.11
Mengo SACCO experiences growth of gross revenues	13* 6.1**	37 17.4	20 9.4	91 42.7	52 24.4	3.62	1.20

* Frequencies

** Percentages

The results in Table 4.2 on whether Mengo Teachers SACCO Ltd served many clients showed that the larger percentage (46.9%) of the respondents agreed, 39.4% disagreed while 13.6% were undecided. The mean = 3.09 was close to code 3 which on the five-point Likert scale used to measure the items corresponded to undecided but the standard deviation = 1.28 was high suggesting that there was variation in the responses. Undecided being the average, this meant that the respondents indicated that fairly, Mengo Teachers SACCO Ltd served many clients. Indeed, the above finding was confirmed during documentary review. Record of the SACCO showed that in 2014 the SACCO had a membership of 6228 members (Financial report, 2014).

Regarding whether the members' deposits were secure in this Mengo Teachers SACCO Ltd, the larger percentage (45.5%) of the respondents agreed, 38.9 disagreed and 14.6% were undecided. The mean 2.96 was close to code 3 which corresponded with undecided. The results meant that the respondents indicated that the security of their deposits was fair. However, the high standard deviation= 1.22 implied that there were variations in the responses. In relation the above, as to whether Mengo SACCO was solvent, the larger percentage (46.9%) of the respondents agreed while 39.0% disagreed with 14.1% being undecided. The mean = 3.10 was close to code 3 which corresponded to undecided. However, the high standard deviation = 1.19 suggested that the responses were varied. The mean results suggested that the solvency of Mengo SACCO was fair.

The above finding was confirmed during interviews, the respondents revealed that the SACCO was afloat and members savings safe. For instance, one respondent remarked, "Mengo SACCO has a long history and members have never lost their savings. Therefore, members' savings are safe." Another respondent stated, "Income of our SACCO has been increasing year by year and members have increasingly gained access to credit. This is the indication of the safety of depositors' money and solvency of the SACCO."

With respect to the number of active clients or accounts of Mengo Teachers SACCO Ltd had been growing, the percentage (43.6%) agreed while 38.5% disagreed and 18.3% were undecided. The mean = 3.04 which was close to code 3 which suggested that the respondents were undecided this meant that, the number of active clients or accounts of Mengo SACCO had been growing. The standard deviation = 1.25 which was high implied that the respondents were varied in their responses. In the interviews, the respondents revealed that indeed the number of the respondents had been increasing over the years, although in the recent years the increase of the number of members annually was not growing faster as in the past. For instance, it was revealed that whereas in the years 1990 to 1995 on average annually, about 130 joined, in the years 1996-2000 on average 115 members joined but in the years 2001 – 2005 the number of those joining increased to 160 annually and relatively remained the same between 2006 – 2009 although since then the number of those joining annually has reduced with an average of about 59 annually with 2014 receiving the lowest number of members ever joining that is 45. The decrease in the number of members was not good was attributed to increase in the number of Banks and SACCOs in the newly created districts. Overall, it can be stated that increase in the number of members joining was not high.

With respect to Mengo Teachers SACCO Ltd realising minimal non-performing loans, the larger percentage (55.4%) agreed while 21.6% disagreed and 23.0% were undecided. The mean = 3.42 close to code 3 which corresponded with undecided meant that the respondents were undecided. This implied that fairly, Mengo Teachers SACCO Ltd realising minimal non-performing loans. Nevertheless, the standard deviation = 1.15 implied that there was variation in the responses.

In relation to the above, as to whether Minimal loans were written off at Mengo Teachers SACCO Ltd, the larger percentage (48.3%) of the respondents agreed while 39.0% disagreed with 12.7% undecided. The mean = 3.05 was close to code 3 which corresponded with undecided. However, with the high standard deviation = 1.25, the results indicated that there were variations in the responses. However, the results of the mean meant that the respondents indicated that fairly Mengo Teachers SACCO Ltd realised minimal non-performing loans. In the interviews, the respondents revealed that whereas in the past the number of non-performing loans and those written of was high, in the recent years, the number had tremendously decreased because of tightening loan control systems in management. Accordingly, control systems helped to increase repayment of loans by borrowers.

With regard to Mengo SACCO making profits annually, the larger percentage (50.7%) agreed while 35.7 disagreed and 13.6% were undecided. The mean = 3.20 close to code 3 which corresponded with undecided meaning that the respondents were undecided. This suggested that the respondents indicated that Mengo Teachers SACCO Ltd made fair profits annually. However, the high standard deviation = 1.27 suggested that the responses were varied. With respect to the services being fast at Mengo Teachers SACCO ltd, the majority percentage (73.2%) agreed with 20.6% disagreeing while 6.1% were undecided. The mean = 3.71 close to code 4 which corresponded with agreed meant that the respondents agreed. This suggested that the respondents were satisfied with the speed of services at Mengo Teachers SACCO Ltd. Nonetheless, the high standard deviation = 1.12 indicated that there were variations in the responses.

In relation to the above, as to whether borrowers could easily access credit from the SACCO, the larger percentage (50.7%) of the respondents agreed, 33.3% disagreed while 16.0% were undecided. The mean = 3.12 close to code 3 which corresponded with undecided meant that the respondents were undecided. This suggested that access to credit at Mengo Teachers SACCO Ltd was fair. However, the high standard deviation = 1.29 indicated that the responses were varied in providing their responses. As to whether money was available when members were borrowing, the larger percentage (54.4%) of the respondents agreed and 44.6% disagreed. The mean = 3.10 close to code 3 which corresponded with undecided meant that the respondents were undecided. This implied that whenever members were borrowing in Mengo Teachers SACCO Ltd, there was fair availability of money. However, the standard deviation = 1.29 was high and this suggested that there were variations in the responses. In the interviews, it was reported that over the years, the SACCO developed a culture based on virtues of trust and norms of empathy and quality customer services. Therefore, providing fast services was one of the core principles of the SACCO and customers readily accessed loans if they fulfilled the requirements of the institution. One respondent stated that, “Our turnaround time is a high and a member can obtain a loan within a day if the borrower satisfies the requirements of the institution.”

With regard to the assets of Mengo Teachers SACCO Ltd increasing, the majority percentage (68.6%) of the respondents agreed with 20.7% disagreeing while 10.8% were undecided. The mean = 3.66 close to code 4 which corresponded with agreed meant that the respondents agreed. This suggested that the respondents indicated that increase of Mengo Teachers SACCO Ltd assets was good. However, the high standard deviation = 1.11 implied that the respondents were varied in providing responses.

Regarding the assets, in the interviews it was established that Mengo Teachers SACCO Ltd has been able to build its head quarters at Lubaga, block 16, plot 247/250 Nabunaya Road and has property that includes a plot of land and a building in Kabuusu. Accordingly, these properties helped the SACCO to reduce spending on rent. As to whether, Mengo Teacher's SACCO Ltd experienced growth of gross revenues, the majority percentage (67.1%) agreed while 23.5% disagreed and 9.4% were undecided. The mean = 3.62 close to code 4 which corresponded with agreed implied that the respondents agreed. This meant that the respondents suggested that the growth of gross revenues of Mengo SACCO was good. On the other hand, the standard deviation was 1.20 . This suggested that there were variations in the responses. In the interviews, it was revealed that the revenues of the SACCO had been increasing over time. It was revealed that whereas 10 years ago in 2005 the income of the SACCO was shs 109, 257,538 = (one hundred nine million two hundred fifty-seven thousand five hundred thirty-eight shillings), by January 2015, the income was 393, 302,454= (three hundred ninety-three million three hundred two thousand four hundred fifty four shillings). The above results mean that fairly, the income of the SACCO was increasing.

To establish an overall picture of how the respondents rated performance of the SACCO, an average index of teachers SACCO was computed for the 12 items measuring teachers SACCO performance. The summary of the statistics on the same were the mean = 3.26 and standard deviation = 0.603. The results show that mean was fair and the standard deviation low which suggested low dispersion. The mean close to code 3 indicated that the respondents were undecided on the performance of the teachers SACCO. This meant that the respondents rated teachers SACCO performance as being fair. Figure 2 presents a histogram indicating normal distribution of the average index on teachers SACCO performance.

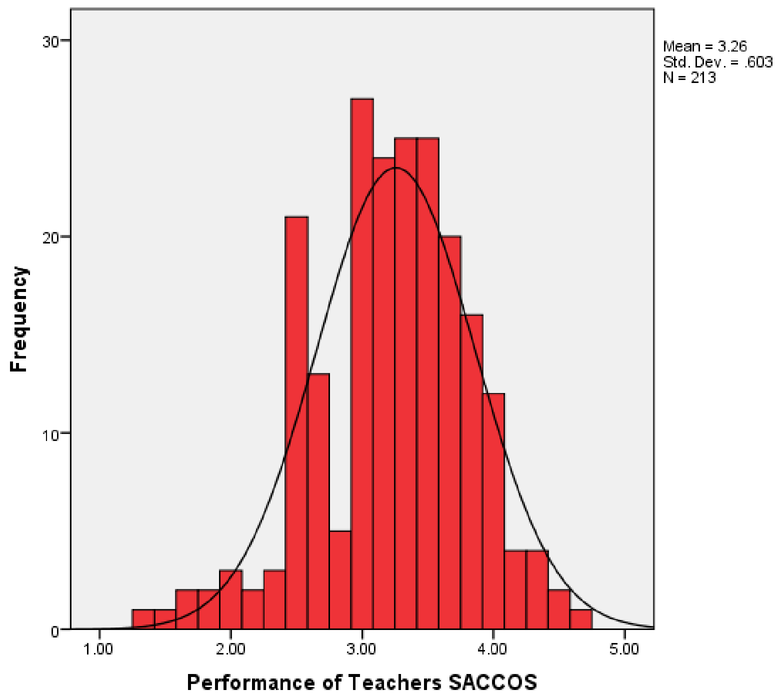

Figure 2: Histogram Indicating Distribution of Teachers SACCO Performance

The histogram (Figure 2) shows a normal distribution which implies that the index on teachers SACCO performance can be subjected to correlation and linear regression analysis and valid results be obtained.

4.3 Objective One: To establish the relationship between savings mobilisation knowledge and performance of teachers SACCOs.

To establish the relationship between savings mobilisation knowledge and performance of teachers SACCOs, a number of items investigating savings mobilisation knowledge were put to the respondents. Items measuring the various variables were scaled using the five-point Likert scale where code 1 = Strongly Disagree, 2 = Disagree, 3 = Undecided, 4 = Agree and 5 = Strongly Agree. The results on the items are given in Table 4.3.

Table 4.3: Frequencies, Percentages and Means on Savings Mobilisation Knowledge

Items	SD	D	U	A	SA	Mean	Std Dev
My basic financial knowledge has made me a better saver	40* 18.8**	54 25.4	-	89 41.8	30 14.1	3.07	1.41
My financial literacy has made me develop a savings plan	39* 18.3**	60 28.2	15 7.0	69 32.4	30 14.1	2.96	1.38
My ability to perform simple mathematical calculations has improved my saving culture	22* 10.3**	64 30.0	8 3.8	43 20.2	76 35.7	3.41	1.48
Attending financial literacy seminars has improved my savings	41* 19.2**	44 20.7	35 16.4	69 32.4	24 11.3	2.96	1.33
I save because I know that it earns me interest	39* 18.3**	98 46.0	-	53 24.9	23 10.8	2.64	1.32
My financial literacy has accessed me information about the SACCO hence saving with it.	12* 5.6**	29 13.6	-	102 47.9	70 32.9	3.89	1.17
My financial literacy has enabled me understand the products of the SACCO hence saving with it.	1* 0.5**	4 1.9	18 8.5	113 53.1	77 36.2	4.23	0.72

* Frequencies

** Percentages

The results in Table 4.3 on the basic financial knowledge of the teachers' financial knowledge made them better savers showed that the larger percentage (55.9%) of the respondents agreed with the remaining 44.2% disagreed. The mean = 3.07 close to code 3 which corresponded with undecided meant that the respondents were undecided. However, the high standard deviation = 1.41 suggested that the responses were varied. Overall however, the results of the mean implied that fairly, the teachers' financial knowledge made them better savers. This finding is consistent with Lusardi and Mitchell (2011) found out that financial literacy was positively correlated with wealth at the bottom of the wealth distribution, indicating that those who had basic financial knowledge were better able to save.

Regarding whether the teachers' financial literacy had made them develop savings plans, the respondents that agreed were 46.5% and an equal percentage (46.5%) disagreed with 7.0% being undecided. The mean = 2.96 was just slightly below code 3 which corresponded to undecided. These results meant that to a less extent the respondents financial literacy had made them develop savings plans. Indeed even the standard deviation = 1.38 was high suggesting that there were variations in the responses. In the interviews with the management of the SACCO, it was revealed that the SACCO attempted to equip teachers with financial literacy skills to make them better savers. One respondent stated;

> "Through the education programme before a teacher joins the SACCO, better saving practices are taught to the teachers to encourage them to be able to have increased savings with the SACCO. Members both old and new are also afforded opportunities of widening their knowledge and skills at their places of work and outside, through relevant seminars."

This means that when individuals are equipped with financial literacy skills, they become better savers. This finding supports Van Rooij et al (2011) who while examining financial literacy, retirement planning, and household wealth found out that financial literacy was positively related to the development of a savings plan.

On the other hand, as to whether the ability of the teachers to perform simple mathematical calculations had improved their saving culture, the larger percentage (55.9%) agreed while 40.3% disagreed and 3.8% were undecided. The mean = 3.41 close to code 3 which corresponded with undecided meant that the respondents were undecided. The high standard deviation = 1.48 suggested the responses were varied. However, the results of the mean implied that fairly, the ability of the teachers to perform simple mathematical calculations had improved their saving culture. This finding agrees with McArdle et al. (2009) who in their study on cognition and economic outcomes revealed that a low ability to perform simple mathematical calculations, for example, was correlated with lower levels of saving.

Regarding whether attending financial literacy seminars had improved teachers savings, the larger percentage (43.7%) agreed, 39.9% disagreed while 16.4% were undecided. The mean = 2.96 was just slightly below code 3 which corresponded to undecided but the standard deviation 1.33 = was high implying that there variations in the responses. The results of the mean suggested that to a less extent the attending of financial literacy seminars had fairly improved teachers savings. In the open responses of the questionnaire, the teachers revealed that through financial literacy programmes by the SACCO and other institutions such as commercial banks and NGOs, their saving capacity had increased. However, a number of teachers revealed that saving capacity was affected by a number of factors such as the amount of salary earned, number of dependents and projects undertaken. Therefore, their saving capacity was not solely dependent on financial literacy. However, overall, the above results reveal that attending of financial literacy seminars had some influence on improved teachers' savings. This finding is generally similar to the finding by other scholars. For instance, Bernheim et al (2001) in found out that financial literacy led to saving behaviour and higher net worth in adults while, Lusardi (2008) revealed that financial education, in the form of seminars aiming at increasing financial literacy had positive effects on savings.

As to whether the respondents saved with the SACCO because they knew that it earned interest for them, the larger percentage (64.3%) disagreed with 35.7% agreeing. The mean = 2.64 was slightly below the below code 3 which corresponded to undecided and the standard deviation = 1.32 high implying that there were variations in the responses. The results of the mean suggested that to a less extent the respondents saved with the SACCO because they knew that it earned interest for them. In their open responses, it was largely revealed that it was not so much because little accrued to them from the SACCO ass interest, but largely they saved with the SACCO to be able to borrow from it. In the interviews, one respondent stated, "I save with Mengo Teachers SACCO Ltd because it accesses me credit which helps me to carry out some investments and pay fees for my children." Another respondent stated, "My interest in this SACCO is because I am able to borrow from it very easily, that is why I have kept saving with it." This meant that the respondents saved with the SACCO largely not because it offered interest to their money, but because they could obtain credit from it. This finding is contrary to the finding by Beckmann (2013) who established that, individuals who were financially literate, were more likely to save using more than one interest-bearing saving instrument.

With respect to financial literacy helping the teachers to access information about the SACCO hence saving with it, the majority of the respondents 80.8% agreed with 19.2% disagreeing. The mean = 3.89 close to code 4 which corresponded with agreed meant that the respondents agreed but the high standard deviation = 1.17 indicated that the responses were varied. However, the mean results indicated that financial literacy helped the teachers to access information about the SACCO hence saving with it. This finding is similar to the finding by Karlan et al. (2014) who while examining the impact of financial literacy training on clients established that financial education interventions were successful in improving savings and financial capability outcomes.

Regarding whether financial literacy enabled the teachers to understand the products of the SACCO hence saving with it, the results showed that the majority percentage (89.3%) agreed while 8.5% were undecided and 2.4% disagreed. The mean 4.23 close to code 4 which corresponded with agreed implied that the respondents agreed and the low standard deviation = 0.72 implied that the responses were close. This meant that financial literacy enabled the teachers to understand the products of the SACCO hence saving with it. This suggested that financial literacy helped the teachers to access information about the SACCO hence saving with it. In the open responses of the questionnaire survey, the respondents revealed that it was financial literacy that helped them to access information about the SACCO hence saving with it. One respondent stated;

> "I learnt about Mengo SACCO when a group of teachers who were already members came to my schools and informed the staff about the SACCO. Thereafter I went to its headquarters where I obtained more information about it, and that is how I joined."

Another respondent remarked, “Through the financial literacy programmes of the SACCO in schools and churches I came to learn of its existence and later I joined it.” The results about mean that financial literacy programmes of the SACCO attracted the teachers to become its members. This finding resonates with the finding by Grohmann et al. (2014) who indicated that financial literacy contributed to better use of available information and products hence leading to saving.

In conclusion, the overall findings above revealed that there was fair savings mobilisation knowledge. The overall mean = 3.07 was close to code 3 which on the five-point Likert scale used to measure the items corresponded to undecided. Undecided being the average, this meant that the respondents indicated that fairly, they had basic financial knowledge, ability to perform simple mathematical calculations, attending financial literacy seminars, know that saving earned one interest, accessing information and understanding the products offered by financial institutions.

4.4 Objective Two: To establish whether financial planning skills have any effect on the performance of teachers SACCOS.

To establish whether financial planning skills have any effect on the performance of teachers SACCOS, a number of items investigating financial planning skills were put to the respondents. Items measuring the various variables were scaled using the five-point Likert scale where code 1 = Strongly Disagree, 2 = Disagree, 3 = Undecided, 4 = Agree and 5 = Strongly Agree. The results on the items are given in Table 4.4

Table 4.4: Frequencies, Percentages and Means on Financial Planning Skills

Items	SD	D	U	A	SA	Mean	Std Dev
My financial knowledge has made me begin planning my finances utilisation	26* 12.2**	54 25.4	17 8.0	86 40.4	30 14.1	3.19	1.30
I pay all my loan obligations on time because I know associated advantages	22* 10.3**	37 17.4	27 12.7	76 35.7	51 23.9	3.50	1.41
I reconcile my account with the SACCO every month to know my financial status	29* 13.6**	49 23.0	33 15.5	70 32.9	32 15.0	3.13	1.38
The financial literacy programmes I have attended have equipped me with financial planning skills	20* 9.4**	28 13.1	21 9.9	98 46.0	46 21.6	3.57	1.48
I am involved in multiple aspects of personal financial planning	20* 9.4**	39 18.3	-	105 49.3	49 23.0	3.58	1.33

* Frequencies

** Percentages

The results in Table 4.4 on whether financial knowledge had made teachers begin planning their finances utilisation revealed that the larger percentage (54.5%) agreed while 37.6% disagreed with 8.0% being undecided. The mean = 3.28 close to code 3 which corresponded with undecided meant that the respondents were undecided. This implied that fairly, financial knowledge had made teachers begin planning their finances utilisation. However, the standard deviation was high = 1.30 suggesting that there were variations in the responses. In the open responses of the questionnaire survey, the respondents revealed that they had been introduced to different saving plans by different stakeholders in the financial sector such as banks, NGOs and community based organisations. A number of the respondents revealed that because of the knowledge they acquired, they planned their finance utilisation. This means that financial knowledge relates to planning for utilisation of one's finances. This finding is consistent with Martin (2007) who revealed a causal connection between increases in financial knowledge and financial behaviour; and the benefits of financial education appeared to span a number of areas including finances utilisation planning.

Regarding whether the respondents paid all their loan obligations on time because they knew the associated advantages revealed that the larger percentage (59.6%) agreed while 27.7% disagreed and 12.7% were undecided. The mean = 3.50 tended towards code 4 which corresponded with agreed implying that the respondents agreed. This meant that the respondents paid all their loan obligations on time because they knew the associated advantages. The results of the standard deviation = 1.41 were high implying that there were variations in the responses. In the open responses the respondents revealed that they paid their loan obligations because they knew that for instance poor loan repayment attracted surcharges, denial of loan on next borrowing and poor relations with the management of the SACCO which denied them the opportunity to gain from the opportunities offered by the SACCO.

In the interviews with the management of the SACCO, it was revealed that borrowers were taught about the problems associated with poor loan repayment and tried much to encourage them to repay their loans on time. The above results mean knowledge of advantages associated with repayment of loan obligations on time led to repayment. This finding relates to the finding by Hilgert et al. (2003) that those who scored higher on financial literacy tests were more likely to follow recommended financial practices. Accordingly, compared with those who had less financial knowledge, those with more financial knowledge were also more likely to engage in recommended financial behaviours such as paying all bills on time, reconciling the cheque book every month, and having an emergency fund.

As to whether, the respondents reconciled their accounts with the SACCO every month to know their financial status, the larger percentage (47.9%) agreed while 36.6% disagreed and 15.5% were undecided. The mean = 3.13 close to code 3 which corresponded with undecided meant that the respondents were undecided. However, the standard deviation = 1.38 was high suggesting that the responses were varied. This implied that fairly, teachers reconciled their accounts with the SACCO every month to know their financial status. This means that somehow, those who have financial knowledge reconcile their accounts to know their financial status. This finding agrees with Siekei et al. (2013) who indicated that planning/ budgeting skills played a significant role in growing sales, profits and ensuring smooth running of the business. The impact of this programme was evident in enhancing business performance.

Concerning whether financial literacy programmes attended had equipped the respondents with financial planning skills revealed that the majority percentage (67.6%) of the respondents agreed with 22.5% disagreeing and 9.9% being undecided. The mean = 3.57 inclined towards code 4 which corresponded with agreed implying that the respondents agreed. This meant that the financial literacy programmes attended had equipped the respondents with financial planning skills. Nevertheless, the standard deviation 1.48 was high indicating that there variations in the responses. In the interviews, with the management of the SACCO, it was revealed that it carried out financial literacy programmes for members and other teachers to equip them with financial management skill and attract those who were not members to join. Accordingly, a number of teachers joined the SACCO because of the financial literacy programmes carried out. This means that financial literacy programmes attended had equipped individuals with financial planning skills. This finding supports the finding by Harnisch (2010) that financial education can help individuals plan for their future and contribute to a sustainable, vibrant lifestyle during work years. Effective financial education can help individuals develop efficient household budgets/ plans. Accordingly, individuals who do not pay attention to or retain these lessons did make key financial decisions at certain in their lives.

As to whether the teachers were involved in multiple aspects of personal financial planning, the majority percentage (62.3%) of the respondents agreed with 27.7% disagreeing. The mean = 3.58 tended towards code 4 which corresponded with agreed implying that the respondents agreed. This meant that the teachers were involved in multiple aspects of personal financial planning. However, the high standard deviation = 1.33 suggested that there were variations in the responses. In the open responses, the respondents indicated that through various financial literacy programmes, they had learnt to get engaged in various aspects of personal financial planning. This involved being in saving schemes and income generating projects. The management of the SACCO in the interviews also revealed that the literacy programmes of the SACCO taught individuals on matters to do multiple aspects of personal financial planning. This means that people with financial knowledge are involved in multiple aspects of personal financial planning. This finding concurs with Boon et al. (2011) whose findings revealed that in contrast to their non-financially literate counterparts, the readiness of the financially literate individuals is reflected in their involvement in the multiple aspects of personal financial planning.

In conclusion, the general findings above revealed that fairly, the respondents had financial planning skills. The overall mean = 3.39 was close to code 3 which on the five-point Likert scale used to measure the items corresponded to undecided. Undecided being the average, this meant that the respondents indicated that fairly, they had financial knowledge leading to planning finances utilisation, repayment of loan obligations on time, reconciling accounts and being involved in multiple aspects of personal financial planning.

4.5 Objective Three: To establish the relationship between credit management skills and performance of teachers SACCOs.

To establish whether the relationship between credit management skills and performance of teachers SACCOs, a number of items investigating credit management skills were put to the respondents. Items measuring the various variables were scaled using the five-point Likert scale where code 1 = Strongly Disagree, 2 = Disagree, 3 = Undecided, 4 = Agree and 5 = Strongly Agree. The results on the items are given in Table 4.5

Table 4.5: Frequencies, Percentages and Means on Credit Management Skills

Items	SD	D	A	SA	Mean	Std Dev
I have received a one-on-one counselling session on how to manage my credit	7* 3.3**	22 10.4	120 56.3	64 30.0	3.99	1.01
I use my financial knowledge to obtain suitable credit	15* 7.0**	89 41.8	96 45.1	13 6.1	3.01	1.18
Knowledge obtained from financial literacy programmes helped me to obtain loans whose interest I analyse critically	26* 12.2**	52 24.4	91 42.7	44 20.7	3.35	1.37
I incur less credit costs because of my financial literacy	24* 11.3**	84 39.4	80 37.6	25 11.7	2.99	1.30
I know the advantages of repaying loans promptly	-	-	152* 71.4**	61 28.6	4.29	0.45
My numeracy ability enables me to calculate my loan obligations	-	-	128* 60.1**	85 39.9	4.40	0.49

* Frequencies

** Percentages

The results in Table 4.5 on whether the respondents had received one-on-one counselling sessions on how to manage credit revealed that the majority percentage (86.3%) of the respondents agreed while 13.4% disagreed. The mean = 3.99 close to code 4 which corresponded with agreed implied that the respondents agreed. This meant that the respondents had received one-on-one counselling sessions on how to manage credit. However, the high standard deviation = 1.01 suggested that there were variations in the responses. In the interviews with management of the SACCO, it was revealed especially to new borrowers, money could not be released without offering them a one-on-one counselling session on how to manage credit. It was revealed that this was because borrowers had to know the risk involved in misusing loan money and how it would impact on their financial capabilities. These results mean that the respondents received one-on-one counselling sessions on how to manage credit. Therefore, one-on-one counselling sessions on how to manage credit are important for the performance of SACCOs. This finding is consistent with the findings of other scholars. Wachira and Kihiu (2012) indicated that information asymmetry between financial service providers (FSPs) and potential users' leads to weakened financial markets. Hilgert et al. (2003) established that households that had been through a one-on-one counselling session were less likely to be delinquent with credit payments and had higher credit scores and better credit-management practices.

As regards the using of their financial knowledge to obtain suitable credit, the larger percentage (51.2%) of the respondents agreed with 48.8% disagreeing. The mean = 3.01 close to code 3 which corresponded with undecided meant that the respondents were undecided. This suggested that fairly, teachers' financial knowledge to obtain suitable credit. Nonetheless, the high standard deviation = 1.18 implied that there were variations in the responses. In the open responses indeed the respondents revealed that their financial knowledge to obtain suitable credit. For instance the respondents revealed that they knew there were certain loan amounts their SACCO could not provide and the loan repayment duration. They revealed that in such circumstances they borrowed salary, business and home improvement loans from commercial banks. It was indicated that from the SACCO they borrowed low interest loans but the amounts were small for issues like school fees payment and home improvement. The results above show that financial knowledge helped borrowers to obtain suitable credit. This finding agrees with Nangaki et al. (2014) who revealed that facing an educated lot, financial regulators are forced to improve the efficiency and quality of financial services. This is because financially literate consumers create competitive pressures on financial institutions to offer more appropriately priced and transparent services, by comparing options, asking the right questions, and negotiating more effectively. Financially literate individuals evaluate and compare credit and loan options so as to make optimal decisions. Wachira and Kihiu (2012) revealed that financial inclusion among the financially literate lot remained low. The results also revealed a positive link between financial literacy and access to financial services such as credit among the formal, informal and semi-formal strands.

Concerning whether knowledge obtained from financial literacy programmes helped the respondents to obtain loans whose interest they analysed critically, the majority percentage (63.4%) of the respondents agreed with 37.6% disagreeing. The mean = 3.35 close to code 3 which corresponded with undecided meant that the respondents were undecided. However, the standard deviation = 1.37 was high suggesting that the responses were varied. However, the mean suggested that fairly, knowledge obtained from financial literacy programmes helped the respondents to obtain loans whose interest they analysed critically. In the interviews with the managers of the SACCO, it was revealed that before, offering loans to borrowers, they educated them about interests accruing to the loans. It was revealed that interest charged depended on the quality of the borrower, the amount of the money borrowed and loan period among others. It was revealed that that there were incidences of members rejecting loan offers because of not finding them favourable according to their plans.

The views above therefore mean than financial literacy programmes helped the respondents to obtain loans whose interest they analysed critically. This finding concurs with Siekei et al.

(2013) who revealed that, credit management skills obtained through the financial literacy programme enhanced performance through acquisition of credit financing, and management of loan portfolios to ensure that loan liability was minimised and interest expenses minimised.

Regarding whether the respondents incurred less credit costs because of their financial literacy, the larger percentage (50.7%) of the respondents disagreed with 49.3% agreeing. The mean = 2.99 just below code 3 which corresponded to undecided implied that the respondents indicated that to a lesser extent they incurred less credit costs because of their financial literacy. Indeed the standard deviation = 1.30 was high suggesting variation in the responses. The respondents in the open responses reported that credit costs were not determined by ones financial literacy because those were already set financial institutions. The above findings reveal that to a lesser extent respondents incurred less credit costs because of their financial literacy. This finding is contrary to Lusardi and Tufano (2009) who found out those individuals with lower levels of financial literacy tended to transact in high-cost manners, incurring higher fees and using high-cost methods of borrowing. The less knowledgeable also report that their debt loads are excessive or that they are unable to judge their debt position.

With respect to whether the respondents knew the advantages of repaying the loans promptly, all the respondents agreed with 71.4% agreeing and 28.6% strongly agreeing. The mean = 4.29 close to code 4 which corresponded with agreed suggested that the respondents agreed. Besides, the standard deviation = 0.45 was low suggesting closeness in the responses. This meant that the respondents knew the advantages of repaying the loans promptly. In the open responses of the questionnaire, the respondents revealed that advantages associated with prompt repayment of loans included building a good rapport necessary for easy access to credit, paying less in terms of surcharges and fines which all made loan repayment easy. The above findings revealed that individuals are financially literate know the advantages of repaying the loans promptly. This finding agrees with Grinstein-Weiss et al. (2012) who revealed that greater financial literacy education was associated with reduced loan delinquency and foreclosure.

Concerning whether numeracy ability enabled the respondents to calculate loan obligations, all the respondents agreed with the majority of 60.1% agreeing and 39.9% strongly agreeing. The mean = 4.40 close to code 4 which corresponded with agreed meant that the respondents agreed and the low standard deviation = 0.491 implied that the responses were close. This suggested that the influence of numeracy in enabling the members of the SACCO to calculate loan obligations was good. In the summary responses, the respondents revealed that it was easy to calculate loan obligations; accordingly, after all, they received printed copies of anything pertaining to their transactions with the institution. In the interviews, the respondents revealed that because largely the clientele of the SACCO were teachers, there were minimal problems regarding failure to calculate loan obligations. This means that individuals who are financially literate are able to calculate loan obligations. This also supports Gerardi et al. (2010) who found a large and statistically significant negative correlation between numerical ability and various measures of delinquency and default. Foreclosure started approximately two-thirds lower in the group with the highest measured level of numerical ability compared with the group with the lowest measured level.

In conclusion, overall the findings above revealed that the respondents had fair credit management skills. The overall mean = 3.61 was close to code 4 which on the five-point Likert scale used to measure the items corresponded to agreed. Agreed being above average, this meant that the respondents indicated that they had received good one-on-one counselling session on how to manage my credit, knowledge from financial literacy programmes, knew the advantages of repaying loans promptly and numeracy ability enabled the respondents to calculate their loan obligations.

4.6 Correlation Analysis between Performance of Teachers SACCOs and Financial literacy

At preliminary level, to establish whether there was a relationship between performances of teachers SACCOs and financial literacy, correlation analysis was carried out. The items considered were savings mobilisation knowledge, financial planning skills and credit management skills. The results were given as in Table 4.6.

Table 4.6: Correlation Matrix of Correlation Performance of Teachers SACCOs and Financial Literacy

	Performance of Teachers SACCOS	Savings Mobilisation Knowledge	Financial Planning Skills	Credit Management Skills
Performance of Teachers SACCOS	1	0.187**	0.367**	0.176*
		0.006	0.000	0.010
Savings Mobilisation Knowledge		1	0.247**	-0.022
			0.000	0.751
Financial Planning Skills			1	0.165*
				0.016
Credit Management Skills				1

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

The results in Table 4.6 suggest that there was a positive significant relationship between Financial literacy and performance of teahers SACCOs. A positive significant relationship was found between savings mobilisation knowledge and performance of teachers SACCOs $r = 0.187$, $p = 0.006 < 0.05$. Also a positive significant relationship was established between financial planning skills and performance of teachers SACCOs $r = 0.367$, $p = 0.001 < 0.05$. Further, a positive significant relationship was found out between credit management skills and performance of teachers SACCOs $r = 0.176$, $p = 0.010 < 0.05$. For all the items, the critical values were significant at below 0.05 level. This indicated the acceptance of the research hypotheses, namely; savings mobilisation knowledge, financial planning skills and credit management skills in relation to performance of teachers SACCOs.

4.7 Regression Model for Prediction of Performance of Teachers SACCOs using Financial Literacy

At the confirmatory level, to find out whether performance of Teachers SACCOs was predicted by financial literacy, the dependent variable namely, performance of Teachers SACCOs was regressed on financial literacy the independent variable. Financial literacy was considered in terms of savings mobilisation knowledge, financial planning skills and credit management skills. The results were as in Table 4.7.

Table 4.7: Multiple Regression of Performance of Teachers SACCOs on Financial Literacy

Financial Literacy	Standardised β	Sig. p
Savings Mobilisation	0.207	0.001
Financial Planning Skills	0.209	0.001
Credit Management Skills	0.150	0.035
Adjusted $R^2 = 0.184$ F = 16.922, p = 0.000		

a. Dependent Variable: Performance of Teachers SACCOs

The results in Table 4.7 show that, the three financial literacy variables, namely saving mobilisation knowledge, financial planning skills and credit management skills explained 18.4% of the variation in performance of teachers SACCOs (adjusted $R^2 = 0.184$). This means that 81.6% of the variation was accounted for by other factors not considered in this study. The regression model was good/ significant ($F = 16.922$, $p = 0.000 < 0.05$). Mobilisation knowledge ($\beta = 0.153$, $p = 0.040$), financial planning skills ($\beta = 0.237$, $p = 0.015$) and credit management skills ($\beta = 0.298$, $p = 0.038$) significantly predicted performance of teachers SACCOs. Finally, the magnitudes of the respective betas suggested that financial planning skills were the most significant predictor of performance of teachers SACCOs followed by savings mobilisation and credit management skills respectively.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the summary of the findings, conclusions obtained from the findings and the recommendations on financial literacy and performance of teachers SACCOs. The study particularly looked at effect of saving mobilisation knowledge, financial planning skills and credit management skills on performance of teachers SACCOs.

5.1 Summary of the findings

Interpretation and analysis of data collected show that there is a positive significant relationship between financial literacy and performance of teachers SACCOs. This is as summarised here under;

5.1.1 Hypotheses one: There is a relationship between savings mobilisation knowledge and performance of teachers SACCOs.

The study established a significant positive relationship between savings mobilisation knowledge and performance of teachers SACCOs. Data obtained revealed that individuals basic financial knowledge, ability to perform simple mathematical calculations, attending financial literacy seminars, knowing that saving earned one interest, accessing information and understanding the products offered by financial institutions related to performance of teachers SACCOs.

5.1.2 Hypotheses Two: Financial planning skills affect the performance of teachers SACCOS.

The study established a significant positive relationship between financial planning skills and performance of teachers SACCOs. The data analysis indicated that financial knowledge leading to planning finances utilisation, repayment of loan obligations on time, reconciling accounts and being involved in multiple aspects of personal financial planning related to performance of teachers SACCOS.

5.1.3 Hypotheses Three: Credit Management skills affects the performance of Teachers SACCOs

The study established a significant positive relationship between credit management skills and performance of teachers SACCOs. Accordingly, members receiving good one-on-one counselling session on how to manage credit, acquiring knowledge from financial literacy programmes, knowing the advantages of repaying loans promptly and having numeracy ability that enables them to calculate their loan obligations relate to performance of teachers SACCOs.

5.2 Conclusion

Basing on the study findings, a number of conclusions were drawn:

1. Savings mobilisation knowledge enhances the performance of teachers SACCOs. This is because individuals' basic financial knowledge, ability to perform simple mathematical calculations, attending financial literacy seminars, know that saving earned one interest, accessing information and understanding the product offered by financial institutions improves performance of teachers SACCOs.

2. Financial planning skills affect performance of teachers SACCOs. This was because if borrowers have financial knowledge for planning finances utilisation, know the importance of repayment of loan obligations on time, are able to reconcile accounts and are involved in multiple aspects of personal financial planning, there is improvement performance of teachers SACCOS.
3. Credit management skills improve the performance of teachers SACCOs. This is because when members receive good one-on-one counselling session on how to manage my credit, acquire knowledge from financial literacy programmes, know advantages of repaying loans promptly and have numeracy ability that enables them to calculate their loan obligations, performance of teachers SACCOs is enhanced.

5.3 Recommendations of the Study

On the basis of the study conclusions, the following recommendations were made:

1. Responsible government agencies such as Ministry of Finance and Economic Planning, Bank of Uganda and financial institutions should make effort to equip members with savings mobilisation knowledge. This should be through training members in basic financial knowledge, equipping them with simple mathematical calculations and accessing them seminars.
2. Government agencies such as Ministry of Finance and Economic Planning, Bank of Uganda and financial institutions should train people in financial planning skills. This should be by equipping then with knowledge on planning finances utilisation, repayment of loan obligations on time, reconciling accounts and being involved in multiple aspects of personal financial planning.

3. Financial institutions should equip their members with credit management skills. This should be through providing good one-on-one counselling sessions on how to manage credit and providing financial literacy programmes.

5.4 Suggestions for Further Research

This study focussed only effect of financial literacy and performance of teachers SACCOs. However, further research should be carried out on the intervening variables which this study did not handle namely government intervention, level of income and staff quality in relation to performance of teachers SACCOs.

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APPENDIX I: TABLE FOR DETERMINING SAMPLE SIZE FROM A GIVEN POPULATION

N	*S*	*N*	*S*	*N*	*S*
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	102	1800	317
45	40	290	105	1900	320
50	44	300	109	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	198	3000	341
80	66	420	201	2500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	100000	384

Note: *N* = population size
S = sample size

Source: Krejcie and Morgan (1970).

APPENDIX II: SELF-ADMINISTERED QUESTIONNAIRE

Uganda Martyrs University

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Kampala,

January 2015

Dear respondent

I am an MBA student of Uganda Martyrs University carrying out a study entitled "Financial Literacy and Performance of Teachers SACCOS in Uganda: The case of Mengo Teachers Saving and Credit Society Ltd in Kampala Metropolitan Area." Your participation is entirely out of your free will and is necessary for the success of this study. I request you to volunteer your response with truthfulness and honesty for the success of this study. Information provided will be treated with utmost confidentiality

SECTION A: BACKGROUND INFORMATION

1. Gender

Male	Female

2. Age group category

Below 30 Years	30-40 Years	41-50 Years	Above 50 Years

3. Level of Education:

Diploma	Degree	Post graduate	Others

4. How long have you been a member of Mengo Teachers SACCO Ltd

Less than 5 years	6-10 years	10 and above years

Section B: Financial Literacy (IV)

Kindly you are requested to indicate your feelings about the study items using the scale where, 1 = Strongly Disagree (SD), 2 = Disagree (D), 3 = Undecided (U), 4 = Agree (A) and 5 = Strongly Agree (A)**.**

B1	**Savings Mobilisation Knowledge**	**SD**	**D**	**U**	**A**	**SA**
		1	**2**	**3**	**4**	**5**
B1.1	My basic financial knowledge has made me a better saver					
B1.2	My financial literacy has made me develop a savings plan					
B1.3	My ability to perform simple mathematical calculations has improved my saving culture					
B1.4	Attending financial literacy seminars has improved my savings					
B1.5	I save because I know that it earns me interest					
B1.6	I have attended several financial literacy programmes which have improved my saving capabilities.					
B1.7	My financial literacy has accessed me information about the Mengo Teachers SACCO hence saving with it.					
B1.8	My financial literacy has enabled me understand the products of the Mengo Teachers SACCO hence saving with it.					

B1.9 Briefly, state the contribution of financial literacy on your capacity to build up savings.

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B2	Financial Planning Skills	SD 1	D 2	U 3	A 4	SA 5
B2.1	My financial knowledge has made me begin planning my finances utilisation					
B2.2	I pay all bills on time because I know associated advantages					
B2.3	I reconcile my account with the SACCO every month to know my financial status					
B2.4	The financial literacy programmes I have attended have equipped me with financial planning skills					
B2.5	I am involved in multiple aspects of personal financial planning					

B2.6 In summary, what is the effect of financial literacy on your financial planning?

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B3	Credit Management Skills	SD 1	D 2	U 3	A 4	SA 5
B3.1	I have received a one-on-one counselling session on how to manage my credit					
B3.2	I use my financial knowledge to obtain suitable credit					
B3.3	Knowledge obtained from financial literacy programmes helped me to obtain loans whose interest I analyse critically					
B3.4	I incur less credit costs because of my financial literacy					

B3.5	I know the advantages of repaying loans promptly					
B3.6	My numeracy ability enables me to calculate my loan obligations					

B3.6 In summary, what is your assessment of how your literacy in credit management has affected you?

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Section C: Performance of Teachers SACCOS

This section presents items on consumer choice. You are kindly requested to indicate your feelings about performance of teachers SACCOS using the scale where, 1 = Strongly Disagree, 2 = Disagree, 3 = Undecided, 4 = Agree and 5 = Strongly Agree**.**

		N	**R**	**S**	**V**	**A**
C1	**Performance of Teachers SACCOS**	**1**	**2**	**3**	**4**	**5**
C1.1	Mengo Teachers SACCO serves many clients					
C1.2	My deposits are secure in this Mengo Teachers SACCO					
C1.3	Mengo Teachers SACCO is solvent					
C1.4	The number of active clients or accounts of Mengo Teachers SACCO has been growing					
C1.5	Mengo Teachers SACCO realises minimal non-performing loans					
C1.6	Minimal loans are written off at Mengo Teachers SACCO					

C1.7	Interest has been added on my deposits					
C1.8	MengoTeachers SACCO makes profits annually					
C1.9	Services are fast in Mengo Teachers SACCO					
C1.10	I easily access credit in Mengo Teachers SACCO					
C1.11	Whenever I am borrowing in Mengo Teachers Sacco money is readily available					
C1.12	The assets of Mengo Teachers SACCO have increased					
C1.13	Mengo Teachers SACCO experiences growth of gross revenues					

C1.14 In summary, how do you assess the performance of your SACCO?

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APPENDIX II: INTERVIEW GUIDE OF THE STAFF OF THE SACCO

Teachers' ability to build up savings and performance of their SACCOs.

1. How are teachers' better savers because of their financial literacy?
2. How do teachers show that they have saving plans?
3. In what ways do teachers show that they can perform simple financial mathematical calculations?
4. How have financial literacy seminars helped teachers to save?
5. What interest is offered to teachers who save with this SACCO?
6. What financial literacy programmes are available to the teachers?
7. What information do teachers access from the SACCO that entices them to save with it?

Financial planning and performance Teachers SACCOS

8. What financial planning skills have been imparted in the teachers?
9. How easily do teachers manage their accounts?

Teachers' proper credit management and performance of their SACCOs

10. What credit literacy programmes are there for the teachers?
11. What credit knowledge to teachers' exhibit during borrowing?
12. How prompt are teachers in clearing their credit obligations?