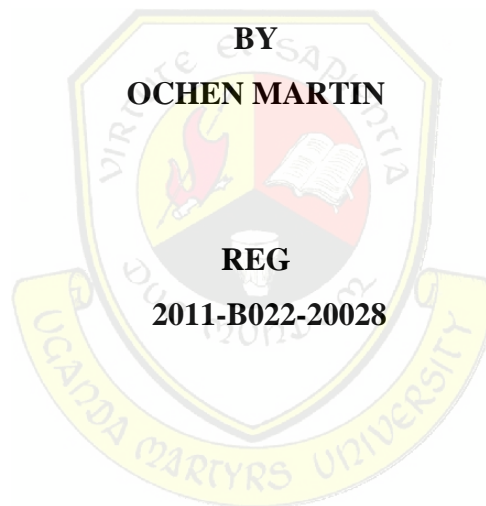


**THE EFFECTS OF SAVINGS AND CREDIT COOPERATIVE
SOCIETIES (SACCOs) ON THE SOCIO-ECONOMIC DEVELOPMENT OF THE
RURAL COMMUNITY IN WAKISO DISTRICT**

A CASE STUDY OF NSANGI SACCO



**A RESEARCH REPORT PRESENTED TO THE FACULTY OF
BUSINESS ADMINISTRATION AND MANAGEMENT IN PARTIAL FULFILLMENT
OF THE
REQUIREMENT FOR THE AWARD OF THE BACHELOR
OF BUSINESS ADMINISTRATION AND MANAGEMENT
OF UGANDA MARTYRS UNIVERSITY**

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DEDICATION

I dedicate this research report to my beloved father and mother for the effort they put in my study amidst all odds may the almighty god bless them.

ACKNOWLEDGEMENT

I would like to register my immense gratitude to my supervisor Mr. Mugerwa Richard whose assistance has enabled me to produce this research project report

Special thanks go to all my lecturers and students of Uganda Martyrs University who have assisted me in one way or another. I must also mention my family members for the support they extended to me during the period of carrying out this research especially JB Amuno, Omuko Gladies and Omara Bosco.

Let the almighty bless you for me.

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ABBREVIATIONS AND ACRONYMS

ACE – Area Cooperative enterprise.

AGM - Annual General Meeting

CMDP - Cooperative Management Development Programs

GA - General Assembly

SACCOS - Savings and Credit Cooperative Societies

UCA - Uganda Cooperative Alliance

ABSTRACT

The research was driven by the fact that Uganda's financial sector has become more open and competitive due to the liberalization of the economy. This, therefore, made the interest rate on loans to be high and as a result, credit institutions have come up to enjoy the favorable financial markets environment. However, most of these micro finance institutions are top- bottom, structured, whereby the individual who saves and borrowers have less or no control at all in these institutions.

The researcher used questionnaires to identify the effects of savings and credit cooperative societies on the socio-economic development to the rural community, establish policies on the lending and loan procedures used by SACCOs and to examine the nature of economic activities financed by these SACCO's. Primary data, secondary data and across sectional survey design which were descriptive in nature were also used.

The researcher also closely analyzed the collected data with scientific programs for example Microsoft word, mathematical tables. He made various recommendations that were used by the SACCOs to improve and enhance the social and economic lives of the rural community around the SACCOs premises.

The researcher recommended that, the SACCO management should develop staff recruitment policies in order to make its work better and easier. Management was also questioned to come up with irrecoverable loan policies and also review its policies over and over again.

Since the study established that majority of low income earners were more involved in farming activities, the ministry of agriculture was advised to provide farm equipment at a reduced cost to farmers, give them credit facilities so that they can carry out this activity on a large scale basis so as to enable them realize better income.

CHAPTER ONE

1.0 Introduction

This chapter comprises of the background to the study, statement of the problem, purpose of the study, research questions, objectives of the study, scope of the study , significance of the study and definitions of key terms as used within the study.

1.1 Background of the study

Cooperatives are becoming the way through which the rural communities can improve on their socio-economic development through achieving on their basic requirements. This is done through increasing on their production margin; increase an income, reducing on the poverty of the community among others. A cooperative is a democratic form of business, organized, owned and controlled by its members and where all members have equal say in how the organization is run for the promotion of their economic and social interest (Buwule *et al*, 2007).

The purpose of a cooperative is to bring economic benefits to the members. Cooperatives are also considered as social organizations but it is the economic benefit that the members derive that makes it possible for social needs to be addressed (Okello, 2003). The revitalization of cooperative sought to solve the social problems facing rural farmers which are guided by the principles of equity and justice in the management and sharing of profits.

Cooperative societies are form of business organizations where by people agree to voluntarily associate on the basis of equality for the promotion of their economic interest or through cooperative which have both economic and social aims. They are primarily economic institutions and must, therefore, succeed in doing business in order to survive, grow and become sustainable (UCA, 2002).

Savings and Credit Cooperative Society (SACCOs) are societies which extend to their members convenient and secure means of saving money and obtaining credit at a reasonable interest rates. Cooperatives are usually organized on the basis of a common interest or bond of the members (credit unions/ SACCOs).

Cooperatives do contribute significantly to the economic and socio well-being of communities through empowering them financially, creating jobs that would have not been created and helping people to protect them against exploitation and unfair business practices. Cooperatives are easy to form, flexible and can be easy to address many issues that are facing many people in Uganda. Through cooperatives, people can generate ideas, share concerns, offer support to each other, build on existing skills as well as learn new ones, create employment opportunities and empower themselves. Cooperatives like SACCOs recognize the importance of people and their communities define their own financial service needs and work together to meet them. They are a powerful and democratic way to put decision making into the hands of those who need and use the services (Buwule *et al*, 2007).

SACCOs are also forms of cooperative societies whose business is to provide financial services to their members. These cooperatives are legal institutions registered under the Cooperative Society Statute (1991) and Cooperative Society Regulations (1992). SACCOs are owned by their members through the payment of share capital and membership fees to the institution and are headed by the Board of directors along with the management team. SACCOs are being operated under the six basic principles of cooperatives that include open membership to interested people within a designated areas of operation, democratic control, one member, one vote in all the

matters of decision making, limited interest on savings, distribution of profits made on savings, distribution of profits made on the bases of earn members, share capital contribution, promotion of members, education and awareness and concerns for community development. It is from these cooperative principles that SACCO's and any other cooperative should comprise of four characteristics for example member owned, member used, member controlled and benefits members (UCA 2002).

1.2 Statement of the problem.

It has been evidenced in Wakiso just like any other districts in Uganda; the role of SACCOs has been strongly accredited as poverty eradication strategy. This is because it has been used to provide low interest loans to their members among other financial services in order to exploit their productivity and develop both existing businesses and startups form the members (UNDP, 2005).

In 2006, under the prosperity for a program, the government of Uganda came up with an idea of savings and cooperatives at the sub-county level that was sought about to promote the livelihood of members within micro-credit enterprises with aims to encourage savings amongst the members. This move had come in replace the Entandikwa Credit Scheme but which did not address the problem as many people still remained poor regardless the efforts by Government (Karuma, 2011).

Despite the Government's efforts towards the initiative on SACCOs, it has been reported that 70 percent of the people down there in villages have no access to financial services due to many problems including; lack of collateral security, knowledge regarding financial services and the fear of the risks attached to losing their property upon failure to pay the loans obtained. These

problems among others are looked as the issues that can be solve by the activities of SACCOs if well managed. This therefore drove the researcher into the need to explore more about the effects of SACCOs on the socio-economic development of rural people (Luyilika; 2010).

1.3 Objectives of the study

1.3.1 Major Objective

To identify the effects of Savings and Credit Cooperative Societies on the socio- economic development of the rural community in Wakiso using Nsangi Sub County as a case study.

1.3.2 Specific objectives

- i. To identify the Concept of savings and credit cooperative societies on the socio-economic development to the rural community.
- ii. To examine the nature of economic activities financed by SACCOs to the people in Nsangi sub county.
- iii. To find out the Strategies that can improve services of savings and credit cooperative organizations.
- iv. Challenges faced by Sacco's in credit management and How to eliminate them.

1.4Research questions

- II. What is the Concept of savings and credit cooperative societies on the socio- economic development to the rural community?
- III. Examine the nature of economic activities financed by SACCOs to the people in Nsangi Sub County.

- IV. What are the Strategies that can improve services of savings and credit cooperative organizations?
- V. Examine the Challenges faced by Sacco's in credit management and How to eliminate them.

1.5 Scope of the study.

1.5.1 Content scope

The survey covered the effect of SACCO on the socio-economic development of the rural community in Nsangi sub-county Wakiso district. The study sought to address the fields related to SACCOs and Socio-economic development of which it split up the two concepts and addressed them as both the independent and dependent variables. The study was further guided by the objectives which were developed by the dimensions of the variables and these included; identifying the Concept of savings and credit cooperative societies on the socio-economic development to the rural community, examining the nature of economic activities financed by SACCOs to the people, finding out the Strategies that can improve services of savings and credit cooperative organizations and the challenges faced by Sacco's in credit management and How to eliminate them.

1.5.2 Geographical Scope

The study covered the entire Nsangi sub county in Wakiso district targeting SACCO's. The study involved the active participation of selected members of the SACCO, Sub county leaders and staff of the SACCO.

1.5.3 Time scope

This study covered a period of six months from March- August so as to enable the researcher to collect appropriate data collection.

1.6 Significance of the study.

The researcher hopes that this research might be relevant in the following ways:-

The survey may create awareness to the rural communities about the effect of SACCO on the socio-economic development of the rural communities in Uganda, the Government of Uganda, donors and other development partners. Many programs have been put out by the government in order to improve on the welfare of its citizens and most of them have not been fully exploited. The study seeks also to open it to various communities that these entities do exist and should be taken on by the people.

The finding may also establish the problems facing the rural people; know their levels of poverty in their communities and their needs among others. In Uganda and other countries running SACCOs, the work will bring into the light various challenges that these entities actually do face in the due course of their operations.

The findings may also help the rural community to assess the importance of SACCOs' to their socio-economic status. These entities might be accompanied with several importances towards their members and the communities and in broader terms, the study will also highlight them to these communities in order for them to embrace such setting of working with cooperatives.

The findings may help members of SACCO assess their financial positions and know how best they can utilize the available resources productively and the local leaders to lobby funds to support the activities of SACCOs within their localities from the government, donors and partners in line with development.

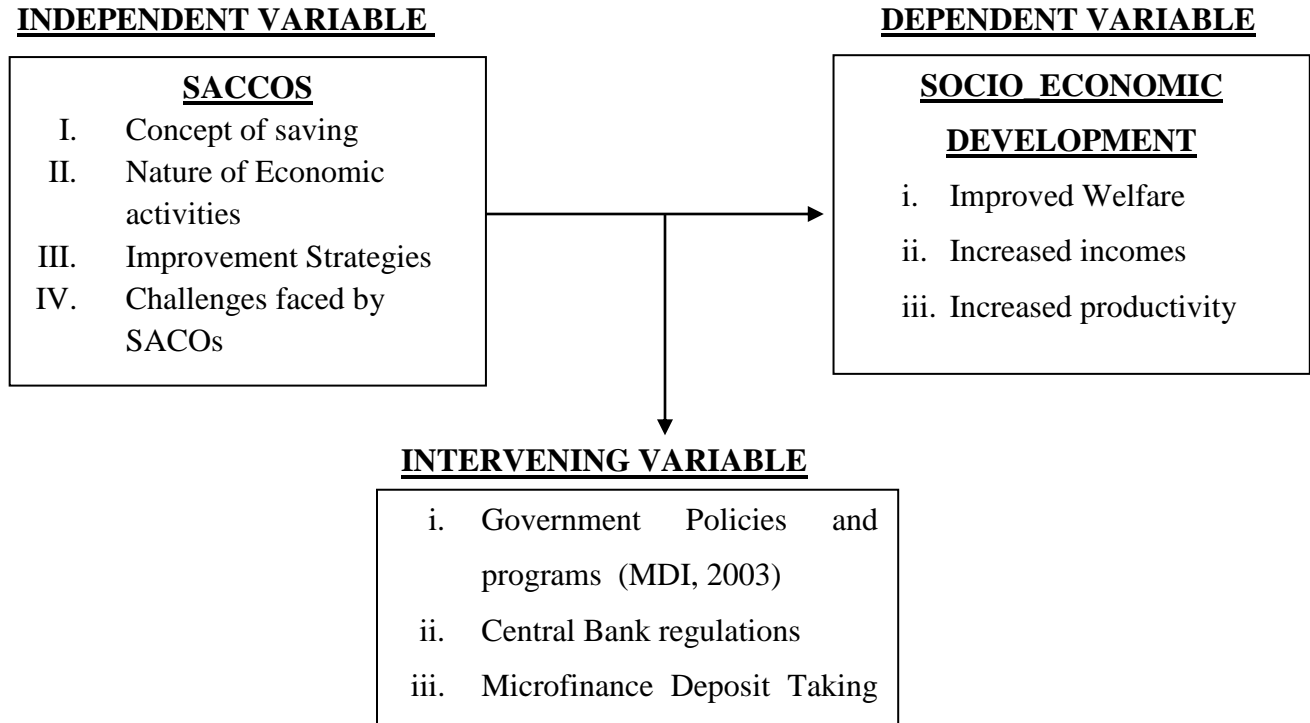
1.7 Justification of the study

The various decisions the government of Uganda has reached to as stepping stones for its nationals to shift from the poverty levels and improve their livelihood have been rendered serious efforts as though these have not achieved the goal of poverty eradication in Uganda amongst the rural areas. This is because these programs have not been teaching the country's national proper ways of saving the little they get from the activities they carry out.

SACCOs as part of their initiative have been brought on board as cooperatives that encourage savings among members which is a way forwards for the development of people within rural areas. The study therefore sought to through more light upon the effects of SACCOs on the socio-economic development of people in rural areas because they do promote the gospel of saving amongst members.

1.8 Conceptual Framework

Figure; 1. Conceptual framework



The conceptual framework is the diagrammatic representation of the variables as being introduced in this chapter. It had the independent variable which is SACCOS and the dependent variable which is Socio-economic development. It has also the intervening variable which is an objective that affects and is affected by the other variables. In support to the conceptual framework; the government of Uganda has been very supportive of microfinance and has tried to include it in many of its components throughout the country through its programs and activities. In doing so, the government has provided a regulatory framework for the operations of microfinance as well as the establishment of the full body onto division quarters which channels all the activities of the SACCOS activities both technically and financially (Luyilika; 2010).

1.9 Definition of key terms

Savings in SACCO;

Savings are sacrifices derived from personal incomes set a side or foregone for future use and saving schemes are means by which SACCO members are encouraged to pool the meager resources together to promote better savings habits among themselves so that they can build up funds for relending to the needy and credit worthy members (UCA, 1997).

Savings literally means to set aside for future use. In SACCOs members are encouraged to save regularly in the society even if savings are small in amount. This leads each member to accumulate savings for the expected and the unexpected demand (Buwule *et al* 2007).

SACCOs

The researcher understands Savings Credit Co-operative (SACCO) as a form of co-operative whose objective is to pool savings for the members and in turn provide them with credit facilities. Among the objectives provided by SACCOs, they do encourage thrift amongst the members and also to encourage them on the proper management of money and proper investment practices.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This section of the study presents literature reviewed that is related to savings and credit cooperatives and their effect on the socio-economic livelihood of people in rural areas. It will discuss in details the objectives as stated within the former chapter. These will include; identifying the effect and Concept of savings and credit cooperative societies on the socio-economic development to the rural community, examining the nature of economic activities financed by SACCOs to the people, finding out the Strategies that can improve services of savings and credit cooperative organizations and the Challenges faced by Sacco's in credit management and How to eliminate them.

2.1 Theoretical review on SACCOs

SACCOs can be looked at as business entities set up by individuals with the same goal and operate on the basis of demand and supply, they are not concerned about the existence of the many classes of peoples be it the rich or the poor. What matters to such institutions is always the client's ability to fulfill the requirements, giving out credit/loans and members being able to repay within a given period. In most cases development programs that target the poor sometime are attractive to even the rich which makes it difficult for the program to reach the poor (Muzinduki, 2008).

According to Ahimbisibwe, (2007) a SACCO is further looked at as a form of cooperative society whose core business is to encourage thrift and easy access to credit to its members. Savings and Credit Cooperatives therefore play an important role in the socio-economic development of their members and people within the community, they provide platforms for members to save regularly and then borrow for productive and welfare purposes. Like any other

cooperative organizations are guided by the practices, philosophy, fundamental principles and values of the cooperative movement world over.

2.1.1 Theories

The following theories will be used within the study; stewardship theory, stakeholder theory, and resource dependence theory. These three theories identify well with corporate governance structures and the stake holders' theory identifies well with cooperatives which institutions are serving the interests of varying stakeholders in society.

2.1.1.1 Stewardship theory

The stewardship theory in relation to cooperatives is based on the human relations perspective. The theory places the burden of stewardship onto the managers and has them as effective stewards of the cooperative resources which make the management more or less corrupted into ownership of programs to forge a partnership.

As of the theory, members' selection is ensured on the basis of their expertise and previous wealth of experience that they bring to the SACCO cooperative so as to add value and aid grow the profile of the organization. The stewardship theory has an emphasis on training and induction which ensures that the managers and board members lead the organization into heights of growth. The cooperatives movement on the other hand is volatile in terms of having long competitive elections processes whereby the leadership is appointed not on the basis of experience and merit but the influence they have over the members within the cooperative. This thus negates the input of the stewardship theory in the cooperative movements (Kabaiya, 2012).

2.1.1.2 Resource Dependency Theory

This theory brings in the picture of cooperatives which are dependent and interdependent with their environment of activities. The theory has it that SACCOs/ cooperatives have a dependence on other organizations to ensure their sustainability in terms of acquiring resources and linkages with other external actors from without the spectrum of the organization thus having continuous association and flow of information driven by the good relations maintained with the stakeholders without the organization.

Encouraging of good relations amongst group members pioneers the cooperative to be in a position to absorb external shocks driven by market focus owing to prior expert knowledge and the corruption of potential external threats the into management cooperative. It makes the organization have vast experience brought on-board by the various competing and conflicting interests and egos from organizations environments. The cooperative movement however has the leadership drawn from the membership from within (Kabaiya, 2012).

2.1.1.3 Stakeholder Theory

The stakeholder theory is built from the theory that the cooperatives are institutions which serve the interests of varying stakeholders more so members and institutions in society. The stakeholder theory thus identifies the cooperatives as institutions not only serving the members interests of the society by virtue of having the society drawing its interests and stake from a broad network of computing social interests (Kabaiya, 2012).

The stakeholder theory in thus founded on the premise that the cooperation should incorporate varying community interests to the board. The theory further commands that the cooperative

draw its membership to the board from varying community interests and seek to satisfy all potential interests from the community by having them represented. The situation therein sets up the board to have a good role of always negotiate and reaching to agreement on conflicting positions by virtue of having non-partisan interests in the board. The theory thus doesn't identify wholly with the cooperative movement whereby we have varying cooperating interests (Kabaiya, 2012).

2.2 The effect of savings and credit cooperative societies on the socio-economic development to the rural community.

Frank Wood (2002) states that; profit means the amount by which revenues are greater than expenses for a set of transactions. The term revenue means the sales value of goods and services that have been supplied to customers. The term expense means the cost value of all the assets that have been used up to obtain those revenues. That if revenues exceed the expenses, then it indicates a financial growth and if the expenses exceed the revenues obtained, then a firm is said to have operated unprofitably hence an effect on savings and credit cooperative societies on the socio-economic development to the rural community.

Edmonds (2009) asserts that a business with the lowest level of fixed cost increases in profitability hence indicating growth while a business with a higher level of fixed cost experiences a decrease in its profitability. However the effect of fixed cost on volatility holds for decrease as well as an increase in the sales volume which at times can affect the savings and credit cooperative societies on the socio- economic development to the rural community.

Frank Wood (2002) indicates that businesses that use accounting ideas in planning what is going to be made with the money, how much of it to spend and how much to save have a greater chance of growth than those businesses that do not use such ideas.

In line with the World Bank and IMF structural adjustment program, the government of Uganda has adopted a range of measures and policies geared at uplifting the standards of living of low income earners and the entire population. This includes policies that aim at increasing individual income and savings.

Information from the World Bank report (1995) affirms that, Uganda, despite of impressive growth rate averaging about 5% per annum is still ranked one of the poorest countries in the world. The World Bank further estimated that about 60% of Uganda's population live in absolute poverty which means a large number of the population lack access to health, Education, credit and economic generating activities. A recent report from the world bank on the sub Saharan Africa acknowledge limited progress in financial sector reform and calls to re-thinking of the current strategy where people can come together and from recent literature on economic growth contains an extensive volume of conflicting growth and development theories. Some of these theories point to the lack of certain cooperative factors in development process as a major cause of poverty in low income countries although their relative importance is the subject of debate there is general recognition of the importance of capital accumulation , skilled manpower and entrepreneurship to growth and development.

Profitability measures, this is a vital importance of credit saving societies. Profitability can be measured in a number of ways for example profit percentage to capital employed per unit output or profit as a percentage of sale. All these help managers to make some strategic decisions regarding the introduction of new technology. All this information can be controlled by the business through credit savings societies in determination of profits and losses in the business. This is so because when books of accounts are kept year to year it becomes easy for the rural communities to determine the profit and losses made hence an increase or decrease in financial growth rate of the business (Farrell 1969)

Monitoring of debtors and creditors of the business; this is by having and conducted SACCOs. This can influence the financial growth rate of the economy of Uganda, more efficient departments must be given greater incentives and appropriate steps must be taken to improve the performance of the communities.

Saleemi, (1989) in his work stated that small business can control its costs through utilizing Sacco's activities. This is because cost control is an important function of management hence financial growth where the business operates at less costs thereby using its resources.

Another effect can be witnessed in relation to financial growth when SACCOs are being used as a tool for tax assessment, when proper books of accounts are kept by the firms, government can assess taxes through the percentage of profits that are got by the business. It helps in the internal control system through this system and a business manager can control fixed and current assets of the business.

The World Bank report further argues that only undeveloped countries could obtain sufficient capital through mobilizing of funds towards improving their standard of living as well as earning better income. Other economic theories have stressed that lack of an entrepreneurial talent is a major factor inhibiting economic growth which downplays the relative importance of capital and technical knowhow (World Bank report 1999). Contributing to the debate, Hirschman (1978) observed that entrepreneurial ability is not usually lacking in undeveloped countries but because of lack educational skills, sufficient knowledge and experience. He argued that new knowledge includes not only scientific and technical advances but also the devising of new forms of organization or methods of procedures which makes the society more efficient in production. Hirschman continues to say that, of the many forms of business organizations needed to foster economic growth and development, the cooperative savings and credit societies is one of them.

Aryeeting & Heltige, (1997), observed the problem of low participation by savings and credit organization in the provision of financial services for the low income population. They assert that financial liberation alone has not sufficiently improved financial intermediation or increased savings and investment in the private sector. Lack of financial deepening is related to institutional weakness and in structural obstacles. The obstacles require complementary measures in order to raise mobilization of house hold savings by the formal financial sector and better integrate the informal financial sector. Informal savings activities are wide spread but generally self-contained and insulated from formal financial institutions.

2.2.1 Concept of savings and credit cooperative organizations.

Micro credit has been used in many countries to economically empower the poor. (Elizabeth 2003). However, people reveal that in most settings, micro credit has been found not to reach the people at the very bottom of the socio economic scale- the poorest (Baryomunsi; 2006). These include the dispores (chronically poor) and the extreme poor who fall much below the poverty line. These categories of people who live in severe, multi-dimensional and long term poverty make 20% of Uganda's household (daily monitor 2007).

SACCO is a voluntarily organization. This means that people are free to join and leave at will. However it is only the active or transitory poor who can afford to join SACCOs. This is because to join a SACCO, one has to pay membership fee, buy a pass book, buy shares, pay annual subscription and save a certain minimum amount. The chronically poor people cannot afford this because of the various detrimental factors. But even if these people got access to micro credit they would not put it to the right use. Some of them are even scared about loans. This is because they think a debt is likely to hurt than help them. This means that their livelihood would be more at stake. Today more lending institutions find lending to women more viable. But still a loan to a woman must be guaranteed by a husband (Andreas 1991).

Women are disadvantaged though social at legal restriction on their access to credit. (Howard, 2007) procedures to securing loans are difficult to women, normally being carried out at meetings restricted to men. But the trend is changing. More lending institutions are targeting women. Experience shows that women are good credit resources. It is worth noting that husbands are using their wives to access micro credit from lending institutions despite the

limitations associated with women to access micro credit. The women remain the benchmarks of rural household livelihood as they invest their income towards the wellbeing of their families. Women constitute 51% of the population and they form the majority of farmers who are the backbone of agriculture in this country, Uganda.

It's now well documented that, those who are best of among the poor understand how to benefit from community development intervention like micro credit while the poorest somehow slip through (Andreas 1991) the poorest people do not even get the right information at the right time. The programs are actually hijacked, the overdoing concern has been with the vehicle not with the passengers as their destination (Hotze, 2004). The rural financial services program community referred to as "*Bonna Bagawale*" although targeting the rural poor to get full benefit from it. The report recommends accessing micro credit through SACCOs as the best option for the poor.

2.2.2 Methods of savings and or deposits

A member or any society can make savings in various forms depending on the period for which one wants to save amount of savings and the planned operation which have different regulations regarding withdrawals and interest structure (UCA -1997). The SACCOs saving accounts could be personal, joint, minor group or institutional and should be opened by members only (UCA 2002).

Sight savings

This is the type of savings where members may withdraw without notice. However a large amount of money above 500,000 shillings and any member with drawing more than 75% of his/her saving will be withdrawn with notice of not less than two weeks (UCA, 1997).

Fixed deposits

This is the type of saving meant to be withdrawn within a specified period of time say a year or two or three depending on the choice of the member. The longer the saving period, the higher the interests. Such savings help the society to plan efficiently like giving short term loans to members and even depositing the same amount on fixed deposit account in the Bank (UCA, 1997).

Recurrent Deposits

Here the members are encouraged to save a certain amount of money either weekly or monthly for a given period of time say 3years. A withdraw of the whole amount saved with interest is withdrawn at the end of the agreed period (UCA, 1997).

Supervision of savings

Supervision of member's savings is an important aspect. In high savings; it eliminates or minimizes diversion of savings and increases members' confidence in their society. At the committee meeting, each member should report on the extent at which savings have been

mobilized, total savings mobilized and the number of members, set targets and problems and recommended solution to them (UCA, 1997).

2.3 The nature of services given by savings and credit cooperative organization.

Micro credit has been provided through traditional association and micro financial schemes. However, both of these schemes have mainly benefited the relatively less poor in the rural areas because the micro credit giving institutions are obsessed with the slogan that active poor. The terms of the credit vary from one financial institution to another (Haword; 2001).

Ndiwalana (2007) states that the overall cost of the loan is a combination of the charges that the financial institutions will charge once the loan is disbursed into the account, these charges include; loan size, processing period, loan conditionality and recovery methods including repayments schedules.

The Uganda National House hold micro finance survey of 2000 put the average annual interest in the rural areas at 37% per annum and that charged in urban areas at 20% per annum, the majority 74% of borrowers were required to provide some form of collateral (security) for the loans which include which land field 34% crop field 9% peer 16% livestock 4% house hold effects 10% commercial building 3% dwelling unit 4% and others 20% (Haword; 2001).

These and other conditions like interest, commission administration cost, insurance coupled with the implicit costs of transport, bribes, voluntary tips, consultancy costs and application fees deter the rural people, majority of whom do not possess tangible assets and have limited savings to benefit from such development programs. The high interest rate in rural areas is an indication

that the lending institutions find lending to rural house hold more risky. The risk stems, form the uncertainties associated with agriculture and how profit earned by the rural entrepreneurs due to a limited range of enterprise and trade commodities.

In Bagladesh, the Grameen bank also introduced seasonal loans for farming whose repayments schedules were more or less related to the agricultural cycle other than the rigid weekly repayments required for general loans (Malcom 2003).

Micro credit should be part of a package, packaged with other services like marketing and production technologies relevant for the target rural communities which will result in policy makers forming integrated approaches even though these may be highly problematic to implement (UNDP 1997).

The credit delivery system itself must be designed partly by the masses and the micro finance institution (Andreas 1991).

This would make it reach the poorest if their insight and methods are included and integrated with the modern banking system. But on the other hand, the poor are more interested in grants and not credit.

2.4 Activities financed by savings and credit cooperative organizations.

The World Bank had it that Uganda despite the impressive growth rate averaging about 5% per annum is still ranked one of the poorest countries in the world. The World Bank estimated that about 60% of Uganda's population lives in abject poverty (Banyomunsi 2006).

Hirschman's observation was that entrepreneurial ability is not usually lacking in under developed countries but because of lack of educational skills or insufficient knowledge and experience. He argued that the new knowledge includes not only scientific and technical advance but also the devising of a new form of organization or methods of procedure which make the society more efficient in production. Hirschmen continues to say that of the many forms of business organizations needed to foster economic growth and development are the cooperative savings and credit societies (Banyomunsi 2006).

Most SACCOs lend money to members to finance activities such as brick lying, farming, grind mills, poultry, piggery and often related activities. This however, is taken by members because of its low capital requirements.

2.4 Strategies that can improve services of savings and credit cooperative organizations.

The livelihood of the social, political and economic vulnerable who include the elderly people with disabilities, internally displaced persons, subsistence farmers women with no education, widows, the youth, landless people, urban, people affected by conflict is at stake and even when they get access to credit, it may not be of much help to them (Ochai 2006).

The poorest desperately need non-financial support such as food, Medicare, training, grants or guaranteed employment before they can make good use of credit (Banyomunsi 2006).

This calls for safety net programs as they are better suited to the circumstances and needs of the poor. Also tapping the untapped human resources and traditional skills where collective labor is

utilized in on form, off form and non-farm of man days or unit of work it is referred to as days or unit tears because the modern credit offered to the rural poor has caused more anguish than alleviation. So as discussion of rural credit in Africa should pay regard to the fundamental communal and economic system of a subsistence economy is a pair of hands (Kalyango 2007).

The rural farmers need to improve productivity, produce in bulk and add value to their crops through agro processing in order to improve their household income and not just credit (Kalyango 2007). Members should be empowered to add value to their produce in order to fetch more money hence increased savings and improved livelihood.

The trust of “*Bonna Bagawale*” is to make money available especially to the rural peasants making it a credit driven program. This is a way the government believes that people are poor because they have no ways of increasing credit. But it is the careful organization of the people for self and mutual aid that may be a more practical approach to improving rural livelihood, the failure of “Entandikwa” credit scheme in Uganda in the early 1990s was a case of micro credit to the rural population without first organizing them through advisory services, training and guidance as though the objective was not achieved (Banyomunsi 2006).

2.5 Challenges faced by Sacco’s in credit management

SACCOs, just like any other institutions providing financial services to people mostly within African countries are faced with challenges in their quest towards survival and growth. These challenges can be categorized into internal and external challenges

Lack of basic infrastructure for effective and competitive service delivery; in the many activities run and managed by SACCOs have been hindered by the shortage of infrastructure. These cooperatives have operated in areas where they don't have established offices among other things of which this has strongly been registered as a challenge. Addressing these challenges, member's savings have been deducted and used at some point to fit the renting expenses of the SACCOs.

Secondly, SACCOs have also been hit with a challenge in shortage of safety mechanisms to safeguard members' deposits. In most cases, these cooperatives are built on a scheme that people registered with them make daily savings which turns out that most of the cashiers do keep the money themselves and thus subjecting it to risks of being stolen or misused by the cashiers or members of the management. Far reaching concerns have however been suggested that the challenge of safety mechanisms where that, these institutions have been advised to open up bank accounts with two- three signatories and also have a strong safe box for immediate safety of members' savings (Murira, 2012).

The other challenge faced by cooperatives is the co-operative member education and skills development which is either by design or budgetary constraints. On several occasions these institutions have not been in position to fully sensitize their members on the functions and running of the SACCOs that they are registered as members. These include; training and development sessions, saving schemes workshops among others that have not been fully brought to the members' attention due to the incapacity for the management to run such initiatives amongst the members (Mulira, 2012).

Those SACCOs with premises have also registered a challenge of security support in relation to guarding SACCOs Business. In many occasions these institutions have been rendered vulnerable when it comes to the security of the cooperative premises and the assets in there. This is so because of the limited financing budget that SACCOs have to run their business. This to a lesser extent has been looked in to because currently, some SACCOs are renting premises with security as a guarantee.

As a constraint resulting from the increased borrowers in search for money with reduced member's savings, SACCOs today are faced with in adequate loanable funds which limits achievement of outreach principle of the Micro-Finance industry. This however has kept on being a problem but has not stalled the operations of SACCO activities because managements of various SACCOs have found better ways of increasing the SACCOs income through various strategies which include; selling shares to members and increasing share capital, and borrowing short term loans from banks in order to increase loans to the members.

SACCOs have had their biggest challenge arising from members within the SACCO who don't save but demand for loans. Various members are registered with in the SACCO business because these initiatives come on board to improve the welfare of their members. These institutions do survive on member's saving and the little interest they attach onto the loans which one uses to finance the operations of the SACCOs. It therefore becomes a challenge to the cooperative when members don't save and ask for loans because the SACCO will in the long run fail to take on its activities from time to time.

Lastly but not least, SACCOs are facing a challenge arising from members who delay to repay the loan installments especially those who promise to pay in cash. After getting the loan they become -reluctant to repay the loan which in turn costs the operations of the SACCO because it limits the amount of funds within the SACCO treasury that would actually be loaned to other members of the cooperative.

In a nut shell therefore, SACCOs have created an environment in which members have improved their economic and social wellbeing. These among others include improving ones' economic status which requires the ability to earn income, to spend it wisely, to save part of it for future benefit and, to have access to credit in order to move into a productive enterprise or any other income generating activity. All the values described above, are fully provided by SACCOs. However, demand for their services far outstrips their capacity in many incidences because of the number of people who want financial services.

CHAPTER THREE

METHODOLOGY

3.0. Introduction

This chapter contains a description of methodology which was used in the research. This chapter provided a description of research design, survey population and sampling procedures in data collection, data processing and analysis as well as the limitation of the study.

3.1 Research design

The research designs were both qualitative and quantitative in nature basing on number of designs and methods used in collecting data on the effect of SACCO on the socio-economic development of the rural community in Nsangi Sub county in Wakiso District. Both of these were used because the study was needed to show numbers of respondents and also a narrative explanation about the mentioned figures. This design was employed because there was need to interact with the micro-credit/ short-term loans beneficiaries of the SACCO as well as to ensure that specific information was obtained from particular respondents.

3.2 Population of the study.

The projected population of the areas under this study was 40 respondents who were members of Nsangi SACCO and this was included the leadership of the SACCO, members or clients of the SACCO, the Board and management (SACCO Minutes, 2014).

3.3 Sample size of the study

This survey was included a sample size 40 respondents which participated within the study and availed the researcher the information required for the study. These include; members of the board, the management and the members of the SACCO. The criteria for coming up with the sample size was obtained from the sample size determination table of Krejcie and Morgan's sample size determination table.

3.4 Sampling techniques

The technique is deliberately a non-random method of sampling, which aims to sample a group of people or settings, with a particular characteristic, usually in qualitative research designs. The survey was involved same members of Nsangi SACCO within Nsangi Sub County who were purposely selected to represent the whole SACCO. The purposive sampling was used to select the five (5) member from the committee, five (5) from the staff and thirty (30) from other members of the SACCO who were further randomly selected using random sampling.

The sampling frame involved the cooperative leaders and the members selected with the assistance of the co-operative leaders. The sampling design ensured that the respondents who were or had participated in the SACCOs were selected and not those who did not know anything about the topic. The researcher utilized the consecutive enrolment of women benefiting from microfinance institutions between the years

3.5 Source of the data.

This survey involved both primary and secondary data in which primary data was collected directly from the respondents while the secondary data was obtained from already published literature from the libraries or down loaded from the internet.

3.6.1 Data collection method and procedures.

In this survey, data was collected from March- May 2014. The researcher used both questionnaires and face interviews as the major instruments, Observation was also used.

3.6.1.1 Questionnaires:

The researcher used structured and unstructured questionnaires because they provide information that can be used for future reference. The researcher prepared various questions which were presented to the Nangi sub county. The questions were general, option and structured designed to extract relevant information from the respondents of Nangi Sub County.

3.6.1.2 Personal interview:

The researcher used personal interview methods because it would enable him ask questions to different individuals and at the same time provide answers to the respondents in case the need arose. The researcher carried out a few interviews on different categories of people in the community.

3.6.1.3 Focus group discussion:

This method of data collection was employed under the guidance of a group leader, who was selected by the participants themselves in order to discuss and give their opinions, reactions and feelings towards Sacco's in the community.

3.6.2 Data collection procedure

For effective collection of the data, the researcher had to get a letter from the Dean of faculty of Business Administration Ndejje University, a letter from the District Commercial Officer and from the sub county local leaders.

3.7 Quality control of data collection

For a proper control of the data collection, the researcher needed to select and train competent persons who want to carry out the interviews. The aim was getting first class hand data from the respondents by asking the respondent's questions that were easy to understand and analyze.

3.7.1 Reliability:

This was ensured by consulting the relevant and reliable resources at the premises of Nsangi Sub County in order to get accurate and firsthand information, questionnaires were designed past to the supervisor for approval.

3.7.2 Validity:

This was done by pre-testing the data collection methods that were used in the study. The methods were pre-tested with specific stake holders of the Nsangi sub county. The purpose of

pre-testing was to ascertain the sustainability of the methods for the purpose for which they were designed. The questionnaires were revised by the researcher before the Nsangi sub county members filled them for the research study.

3.8 Data processing and analysis:

The researcher used data analysis and processing as follows.

3.8.1 Data processing:

Data processing commenced soon after the field activity was over and was done in the following ways.

3.8.1.1 Data coding:

Data obtained was coded with words, figures, and symbols to represent data for secrecy.

3.8.1.2 Data editing:

Data editing begun immediately after the field activity, this involved checking the questionnaires again for quality, accuracy, completeness and consistency before submission to the supervisor.

3.8.1.3 Data tabulation:

This was done for easy interpretation in form of frequency tables.

3.8.2 Data analysis:

Data analysis was carried out with a view of providing answers to the research questions in chapter one. Data analysis was done using percentage frequencies in light of research objectives and the related literature was attached.

3.9 Limitations/ anticipated problems

Language Barriers

The language spoken in the areas of study was a big problem to the researcher. Therefore there was a need to get a translator.

Time

The time allocated for the completion of the research was not enough for one to carry out the research and get appropriate information.

Distance constraints.

The distance between the researcher and respondents was far therefore, the researcher needed to get an appropriate means of transport to easily reach the respondents. This however was controlled when the researcher decided to move once in a while to the field

Financial constraints

High costs were incurred in the due course of carrying out the study since it required the researcher to pay allowances and also hire a better means of transport. These were however solves when the researcher moved once in a while and used longer hours in the field in order to save money used on the daily movements.

CHAPTER FOUR

4.0 PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.1 INTRODUCTION.

In this chapter results of the study were presented and discussed. Findings were done in relation to the study objectives. In presentation of findings tables, frequencies and percentages were used to explain the findings.

This chapter also gives the analysis of findings to the questions that were asked by the researcher to the respondents of Nsangi sub county that were based on the objectives of the study in chapter one. Questionnaires were used to obtain data from the respondents concerning the objectives of the study which included: To identify the effect and Concept of savings and credit cooperative societies on the socio-economic development to the rural community, to examine the nature of economic activities financed by SACCOs to the people in Nsangi sub county, to find out the Strategies that can improve services of savings and credit cooperative organizations, challenges faced by Sacco's in credit management and How to eliminate them all this were coordinated basing on research questions such as what are the effects and Concept of savings and credit cooperative societies on the socio-economic development to the rural community, examine the nature of economic activities financed by SACCOs, what are the Strategies that can improve services of savings and credit cooperative organizations, examine the Challenges faced by Sacco's in credit management and How to eliminate them.

The presentation of findings, tables and figures have been used and also percentages and or frequencies have been used to describe the findings.

4.1.1 Response rate.

Responses showed that the research was able to obtain a response rate of 95% and a non-response rate of 5 % as shown in table 2

4.1 Response rate from the field of study

Options	No. of respondents	Percentage.
Response	38	95.0%
Non response	2	5.0 %
Total	40	100.0%

Source: Primary data 2014

The table above shows that out of the potential 35 respondents, 30 of them represented by 85.7 % were able to provide the researcher with some response.35 represented the total sample size.

4.1.2 General findings.

The study was aimed at a total of 40 respondents stipulated in chapter three above. The researcher considered a sample of 40 of which 5 were Committee members, 5 were staff, 30 were Members of the SACCOs. as shown in the table below.

4.2 Distribution and return of the questionnaires

Respondents.	Estimate	Actual No.	Actual percentage.
Board	5	5	13.2%
Management	5	5	13.2%
Members of the SACCO	30	28	73.7%
Total	40	38	100.0%

Source: Primary data 2014

The table above shows that the Members of the SACCOs had the highest response rate of 73.7% Followed by Committee members and staff with 13.2 % each. Therefore the table above illustrates that out of the total sample size of 40, only 38 responses were obtained.

For the purpose of research, the responses in tables 2 and 3 are taken to be the representation of the entire organization.

4.2 Demographic characteristics of the respondents.

Age

Age is an important demographic variable normally used by statistical analysts to be research work. Age is considered to be the main characteristic in any study simply because the age structures of the population under study helps the researcher to draw conclusive remarks basing on it.

4.3; Age of the respondents

Respondents age	Frequency	percentage
20-24	8	21.2%
25-29	10	26.3%
30-34	2	5.2%
35-39	4	10.5%
40-44	1	2.6%
45-49	2	5.2%
50-54	6	15.7%
55-59	5	13.2%
TOTAL	38	100.0%

Source: primary data 2014

From the table above, 26.3% represents respondents between the age bracket of 25-29, 21.2% represents the age between 20-24, 15.7% represents the age between 50-54, 13.2% represents ages between 55-59, 10.5% represents the age between 35-39, 5.2% represents the age between 45-49 and 30-34 each and 2.6% represents the age between 40-44 . This implies that majority of the respondents at the (SACCO) were between the age of 25-29

4.2.1 Findings on Gender of Respondents

Findings show that there were more male respondents than females as in the table below.

4.3; Gender of respondents

Response	Frequency	Percentages
Male	20	52.6
Female	18	47.4
Total	38	100.0

Source: Primary data 2014

Table 4.3, Shows the gender of respondents. Gender is a major variable in this study because it shows the frequency difference between male and members. 52.6% represents the male respondents and 47.4% female. This means Nsangi Sub County base SACCO is composed of more men than female.

4.2.2 Findings On The Respondents Level of Education.

Findings, shows that most proprietors of Nsangi sub county SACCO s are university graduates as shown on the table below.

4.4; academic level of the respondents

Response	Frequency	Percentages
University	20	52.6
Tertiary	8	21.1
Secondary	5	13.6
primary	4	10.5
Non	1	2.6
Total	38	100.0

Source: Primary data 2014

Table 3 above shows that most respondents fall in category of university Education (52.6%) followed by Tertiary Education (21.1%), secondary Education were (13.6%) and primary Education (10.6%) and Non-Educated 2.6%.this implies that most respondents are university graduates

4.3 Income generation activities

Due to failure of the employers to adequately remunerate (reward) the workers, income generating activities besides main activities were taken as a major sources of income.

The respondents were asked what they do besides working for the SACCO as the main activity and their response is presented in the table below.

4.4 Members access to loans

Nsangi Savings and Cooperative Society was one of the most vibrant organizations that gave loans to its members. During the study, the researcher found that 90% of the 100 members interviewed obtained loans from the society and the remaining 10% never had access to loans due to the fact that they were new members.

4.5; other income generation activities

Respondents	Frequency	percentage
Farming	12	31.6%
Shop keeping	3	7.9
Brick Lying	1	2.6%
Grind mill	8	21.2%
House rent	1	2.6%
Piggery	2	5.2%
Poultry	5	13.6
Other	6	15.7%
Total	38	100.0%

Sources: primary data

From the table above, 31.6% of the respondents participate in farming as the other income generating activity, 15.7% of the respondents carry out other unspecified activities, and 13.6%

carry out poultry breeding, and 5.2% carry out piggery 7.9 carry out Shop keeping. The remaining 2.2% earn collect House rent and lay brick each. This therefore implies that majority of the respondents besides working for the SACCO in Nsangi sub county carry out farming as an income generating activity.

Kabaiya (2012) in his noted that members within various SACCOs are indulged into a series of activities that they carry out amongst tem selves in order to generate revenue. Therefore it it because of the businesses they do carry out that require funding in order to keep the stable.

4.5 Access of loans by respondents

4.6; access of loans by respondents

Response	Frequency	Percentages
Yes	35	92.1
No	3	7.9
Sometimes	-	-
Total	38	100.0

Source: Primary data 2014

From the table above, 92.15 of the respondents agree that loans are accessible, 7.95 don't agree.

This therefore implied that loans at the SACCO where accessible to the respondents.

The biggest percentage from the response rate audited that they do access loans from the cooperative. This verified the work of UCA (2006) in which he noted that the biggest role played by cooperatives is issuing low interest loans to their members.

4.6 finding on the types of loans available at Nsangi savings and cooperative society

Findings reveal that numbers of loans are given out at the SACCO among which include normal loans, emergency loans, soft and special loans as represented below.

Wabab (2003) in his work mentioned about the various forms of loans offered by the SACCOs towards their member; amongst these, he noted that the nature of loans taken up by the members was always a dependent on many factors which included; time/ emergency, normal financing, business startup loans among others.

4.7; type of loans they have so far enjoyed.

Type of loan	Frequency	Percentage
Normal	21	55.5
Emergency	9	23.7
Soft	7	18.4
Special	1	2.6
TOTAL	38	100.0

Source: primary data

From the table above, 55.5% receive normal loans, 23.7% apply for and receive emergency loans, 18.4 apply for and receive soft loans and the remaining 2.6 receive special loans from the SACCO. This implied that majority of the respondents applied for and received normal loans

4.7 Members access of loans from other sources.

The study revealed that members of Nsangi Saving and Credit organization do not obtain loans only from Nsangi Savings and Credit organization only but also from other sources and the information is represented in the table below.

4.8; Findings on other sources of loans to respondents

Source	Frequency	Percentage
Trends	4	13.3%
Micro finance	18	60%
Institution	8	26.7%
Commercial bank	8	26.7%
Total	38	100.0%

Source: primary data 2014

From the table above, 60% of the respondents also get loans from micro finances, 26.7% get loans from institution and 13.3% get loans from trends and Commercial bank 26.7%. This implies that's majority of the respondents besides Nsangi Savings and Credit Organization get loans from micro finances.

Muzinduki, (2008) in agreement to the findings noted that with the growing rate of MFIs with in the country and their strategies of attracting people to take on their financial services, it has shown that many people have taken on loans from these institutions more than from any other institution.

4.7.1 Family size

Family size was another variable considered important in the study simply because it helped to determine how much income a respondent deserved to get when they applied for a loan. Family size was considered because of the poor living conditions of the community members and the fact that when financing them in terms of loans, they needed what would be enough

4.7.2 Monthly income improvement.

Previous authors observed that joining Savings and Credit Organization improves economic status of its member, Erhard (1989). July and Larry (1885) stated that through financial assistances from the saving schemes, it members can improve on their individual income. Investigation further revealed that before joining Savings and Credit Cooperative Organization most members had low income. For those in service, it was only their salaries and for those members who are not engaged at all had nothing to bank-on at the end of the month. However, after joining Savings and Credit Organizations, their monthly income improved tremendously. This was attributed to their involvement in income generating activities.

4.7.3 Bank monthly savings.

Bank monthly savings were taken as an important measure to keep a part of the income of the members. The researcher therefore released that monthly savings were made to enable members realize the difference between savings by family and saving through the bank which give interests depending on how long the money stayed there. The research further found out that

savings by large family were considerably lower than savings through the Savings and Credit Cooperative society's (Sacco's records).

World Bank (1995) also argued that about 60% of Uganda's population lacked access to basic necessities like health and education. It further observed that income generating activities were few since majority of the community was in poverty. However, the researcher it found out that some respondents got involved in various income generating activities as illustrated in table 4 above where most respondents carried out farming.

4.7.4 Nature of services given by Nsangi SACCO

Nsangi SACCO was one of the vibrant organizations that gave loans to its members. The researcher found out that 92.1% of the 100 members interviewed had obtained loans from the savings and cooperative society. The other 7.9% never had access to loans due to the fact that they were new members.

The types of loans given by Nsangi SACCOs include normal loan, emergency loan, soft loan and special loan. The conditions which are attached to obtaining loans from the society is that a member must be a fully paid up member and must have saved up to a certain amount. In order for a member to get one million and five hundred thousand shillings (1,500,000/=), he or she must have saved to the tune of five hundred thousand shillings (500,000/=). Special loans are given to members who are prompt in their payments and have neither defaulted nor delayed in repayments.

4.7.5 Nature of activities financed by Nsangi SACCO.

Most members of Nsangi SACCO were involved in income generating activities for example farming, shop keeping, brick lying, Housing construction, piggery and poultry among other. These activities were partly financed by Nsangi SACCO for its members to ensure that they improve their standards of living.

4.7.6 Activities financed by savings and credit cooperative organizations.

According to views of the respondents Nsangi Sub County despite the impressive growth rate averaging about 5% per annum is still ranked one of the poorest communities in wakiso district in the Uganda.

The respondents on (**17th, June. 2014**) also e argued that the new knowledge includes not only scientific and technical advance but also the devising of a new form of organization or methods of procedure which make the society more efficient in production and also they continued to say that of the many forms of business organizations needed to foster economic growth and development are the cooperative savings and credit societies they aged the Government of Uganda to provide the needful in order to save the society in relation to savings.

Therefore they agreed that these activities include provision of assistance to the orphans, disabled, and old people, among others.

4.8 Strategies that can improve services of savings and credit cooperative organizations.

One of the respondents on (19th, June., 2014) lamented that the livelihood of the social, political and economic vulnerable who include the elderly people with disabilities, internally displaced persons, subsistence farmers women with no education, widows, the youth, landless people, urban, people affected by conflict is at stake and even when they get access to credit, it may not be of much help to them but the need to be helped out through Sacco's.

Also other respondent on (21st, June., 2014) noted that poorest and desperate individuals in Nsngi Community need non-financial support such as food, Medicare, training, grants or guaranteed employment before they can make good use of credit in their savings program. And he continued to narrate that this calls for safety net programs as they are better suited to the circumstances and needs of the poor and tapping the untapped human resources and traditional skills in order to utilize labor effectively.

Also he continued to narrate those rural farmers need to improve productivity, produce in bulk and add value to their crops through agro processing in order to improve their household income so that their disposable income can increase and the Members to be empowered to add value to their produce in order to fetch more money hence increased savings and improved livelihood this idea compared with the views of Dayis (1998).

4.9 The Challenges faced by Sacco's in credit management

The researcher was interested in finding out whether there exist the challenges that can hinder savings and credit cooperation in relation to the economic and development hood of the he member of Nsangi Sub County and the findings can be revealed in the table below

4.9; Challenges faced by Sacco's in credit management

Challenges	Response	Percentage
Having too much debts	14	46.7%
Failure to pay back the debts	6	20%
Hire purchase	18	47.4%
Total	38	100.0%

Source; Primary data 2014

From the table above, majority of the respondents were 46.7% agreed on having too much debts, followed by those supporting hire purchase with 47.4% and the minority of the respondents had 20%. This implies that too much Hire purchase debts and influence the saving in the community. Muzinduki (2008) in his work brought it into light that the reason as to why these cooperatives are failing to deliver their work is actually the member's failure to service their loans from time to time which in the long run reduces the SACCO's ability to loan more funds to its members. Among other reasons sighted, poor business planning was also looked at as the challenge that strongly contributed towards failure of paying business loans (Nkundabanyanga, 2004). This meant that members borrow loans and invest in un planned businesses which later don't yield and hold back the cooperative's money through delays and actual losses from the members who had taken up the loans.

4.9.1 How to eliminate the credit management challenges

The researcher was interested in finding out the several of eliminating the challenges in Nsangi Sub County and the findings can be witnessed in the table below.

4.9; How to eliminate the credit management challenges

Ways	Response	Percentage
Pay bills in time	7	18.4%
Negotiate with the creditors	5	13.2%
Only apply for credit when it is needed	10	26.3%
Keep credit card balance low	16	42.1%
Total	38	100.0%

Source; primary data 2014

Table above indicates the majority of the respondents 42.1% agreed on Keep credit card balance low, followed by those in favors of Only apply for credited when it is needed with 26.3% ,followed those in favors of Negotiating with the creditors with 18.4% and these preferred to Pay bills in time with 13.2%. This indicates that Nsangi sub county advises their employees to keep credit card balance low in order to avoid rejections hence savings at the local council.

Having looked at the loopholes in credit management, Murira (2012)

CHAPTER FIVE

DISCUSSION OF FINDINGS, SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents summary of the findings, conclusions and recommendations drawn from the analysis and interpretation of the data obtained from the effect of Savings and Credit Cooperative Societies on the socio-economic development of the rural community in Wakiso district.

5.1 Summary and discussion of major findings

From the study, the researcher found out that the most active age groups in Nsangi SACCO are the respondents between the age brackets of 49-59. This was attributed to the fact that at this age, the respondents had more responsibilities which require money and so had to work.

The findings further revealed that the major activities carried out by the members of Nsangi SACCO included among others farming, shop keeping, and brick laying, house renting, piggery and poultry keeping. The study further revealed that among these activities, agriculture was the most practiced.

5.1.1 The nature of economic activities financed by SACCOs to the people in Nsangi sub-county.

The findings revealed the members of Nsangi SACCO were indulged into various financial generating activities through which they carried out in order to develop their communities and themselves along with financial support from their SACCO. Amongst these activities; farming took the highest percentage implying that it was the most carried out activity by the members of

the SACCO and therefore most funded. Among other activities carried out by the members were Grind mill, piggery and many others all being financed by the SACCO.

5.1.2 To find out the Strategies that can improve services of savings and credit cooperative organizations.

From the information obtained in the previous chapter, the findings revealed that members in the SACCO had laid down various strategies of having the cooperative have a better direction in line with its objectives. The findings revealed that seeking for government's innervation and borrowing short term loans were the best ways of maintaining the SACCO activities moving because of the increased borrowing from the members. Among other strategies; these included encouraging members to save with the SACCO other than only borrowing and also buying shares within the SACCO in order the share capital were also looked at as other options for driving the SACCO.

5.1.3 Challenges faced by Sacco's in credit management and How to eliminate them.

The study also revealed that some members of Nsangi SACCO also get loan from other sources other than Nsangi SACCO and that the major services the SACCO renders to the members are credit with education.

This study found that the majority of members are male compared to their counter parts the female. The majority of members Nsangi of Saving and Credit Cooperative Organization were found to be involved in income generating activities. The majority of the members took up farming as their major activity. The study also revealed that the majority of Nsangi Savings and

Credit Cooperative Organization members rely on the society for loans. Only a few were found to have got access to loans for other sources.

The study also revealed that the savings with small family sizes was lower compared to savings among large family sizes. The monthly income of Nsangi Savings and Credit Organization members was observed to have increased after they joined the SACCO.

5.2 Conclusions

From the study objectives, findings collected proved beyond reasonable doubt that Nsangi SACCO has played a great role towards the improvement of the socio-economic lives of the people in the rural areas of Nsangi-Wakiso.

The findings from the study proved that the concept of savings and credit cooperatives was very beneficial to the members who were with Nsangi SACCO. This was because the findings revealed that the SACCO granted short term loans to the members and this boosted their business activities and thus improved their welfare.

However, distancing the SACCO activities from the community, Nsangi Community need non-financial support such as food, Medicare, training, grants or guaranteed employment before they can make good use of credit in their savings program. One of the beneficiary narrate that this calls for safety net programs as they are better suited to the circumstances and needs of the poor and tapping the untapped human resources and traditional skills in order to utilize labor effectively.

The findings further proved that various activities were being carried out by the members of Nsangi community. The findings proved that activities ranging from; farming, shop keeping, Brick lying, grind mill, piggery among others were being carried out by the members. These findings proved that these activities required funding from the SACCO in order to make them run and also reap profits to the owners. The findings presented farming was the most done activity followed by piggery and they were also the most funded projects by the SACCO.

In addition to this, rural farmers need to improve productivity, produce in bulk and add value to their crops through agro processing in order to improve their household income so that their disposable income can increase and the Members to be empowered to add value to their produce in order to fetch more money hence increased savings and improved livelihood.

The findings further proved that various strategies were put on board enable the SACCO move forward. Amongst the strategies that were thought about, the findings revealed that the best strategy for the SACCO to improve its activities was to encourage members to acquire shares within the SACCO in order to raise the share capital and the funds available for member's borrowing.

5.3 Recommendation

From the study the following directions for SACCOS' success, the following recommendations were made;

Nsangi community SACCO should continuously review its credit policies. This recommendation was sought as a measure to enhance the evaluation of loan applications by ensuring that loan applications are evaluated and ranked according to the by-laws governing SACCOS. Following

such rules would lead to the SACCO's success because the loan eligibility depicted a positive relationship with success of the SACCO. SACCOs should ensure proper loan disbursement to facilitate loan recovery and minimize administrative costs. Loan disbursement would, therefore, lead to success

Nsangi community SACCO through its management should develop staff recruitment policies. In doing so, the SACCO management should employ and retain staff with higher academic and professional qualifications. The management should be tasked to make arrangements for their employees to attend more short term target oriented courses. The academic, professional and short target courses ensure growth of SACCOs' wealth.

Nsangi community SACCOs should Establish Irrecoverable Loan provision policies. In this, management should create a provision for adequate loan provisions to promote safety of funds. In doing so, it will ensure that loan assets are not overstated rising from the activities of the SACCO.

5.4 Areas for further research

The researcher hoped that the same research should be carried in other parts of the country on "the effect of Savings and Credit Cooperative Societies on the socio-economic development of the rural community" and on country level.

The researcher also suggested that further research should be carried out about the impacts of SACCOS on improving agricultural profitability of farmers in the rural areas in any agricultural practicing community.

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APPENDIX 11
QUESTIONNAIRE

Dear respondent,

I'm a student of Uganda Martyrs University carrying out a study on the topic the effects of Savings and Credit Cooperative Societies on the socio-economic development of the rural community. You have been identified as one of the major respondents whose contribution will provide useful input into the study. You are kindly requested to complete the questionnaire and the information for which you will fill is for academic purposes and your contribution will be highly appreciated.

INSTRUCTIONS

Fill or tick appropriate.

1. Gender?

Male

female

2. Age?

Below 20

20-30

31-40

41-50

Above 50

3. Marital status?

Single

Married

Widow

Divorced

4. Level of education attained?

O-Level

A-level

Diploma

degree

5. How long have you been employed at the SACCO?

Below 1 year

1-3 years

4-6 years

7-10 years

SECTION B:

6. How does the SACCO affect the community members positively?

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7. Negatively?

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8. Have you ever borrowed?

Yes

No

9. How many times have you borrowed?

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10. What was the purpose for borrowing?

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.....
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11. Do you borrow as individuals or as a group?

As an individual
As a group
Both

12. Do you borrow on loan terms?

Yes No

13. If yes, do they communicate these terms to you?

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14. What are those loan terms?

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15. Who are entitled to loans from the SACCO?

Customers 18years of age

Clients with accounts in the organization

Members of the SACCO

All the above

16 Explain the Nature of activities financed by Nsangi SACCO.

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17 How do you know about Activities financed by savings and credit cooperative organizations in your community?

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18 Does your community employ some Strategies that can improve services of savings and credit cooperative organizations?

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19. What are the Challenges faced by Sacco's in credit management?

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20 How to eliminate those challenges.

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