

**IMPACT OF SAVINGS AND CREDIT ORGANIZATIONS SERVICES ON
POVERTY REDUCTION IN JINJA MUNICIPALITY**

**BY
BINYWERA BRIAN
1162-05014-05304**

**A RESEARCH REPORT SUBMITTED TO COLLEGE OF APPLIED ECONOMICS
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DECLARATION

I, hereby declare that the research report submitted to Kampala International University by me is my own original work.

Binywera Brian

Sign. 

Date. 20/01/19

APPROVAL

I certify that this research report has been done under my supervision and is been submitted for examination with approval as a university supervisor.

Sign.....

Date.....14/03/2019.....

Mr. Nuwagira Keneth

Supervisor:

DEDICATION

This research is dedicated to my beloved parents and my sisters and brothers who have contributed immeasurably to my studies.

ACKNOWLEDGEMENT

The success in producing this work is attributed to such a number of people, to whom I wish to acknowledge my thanks. The completion of this piece of work has been such a task that would not have been a success when handled solely.

I first of all thank the Almighty God, who gave me abundant health, strength, and courage to be able to complete this work. My sincere gratitude goes to my supervisor Mr. Nuwagira Keneth whose commitment, patience and guidance, gave form to this piece of work.

Finally, special thanks go to my family and relatives for their tolerance, patience encouragement, and sacrifice throughout my struggle for this academic achievement. They have never lost hope in me.

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ABSTRACT

The purpose of the study was to determine the impact of savings and credit organizations on poverty reduction in Jinja municipality. The study objectives were to examine relationship between loan services and poverty reduction in Jinja Municipality, to establish the relationship between savings services and poverty reduction in Jinja Municipality and to establish the relationship between training services on poverty reduction in Jinja Municipality. The study indicated a positive relationship between loan services and poverty reduction in Jinja municipality, since the sig. value (.000) was far less than 0.05. There is no significant relationship between saving services and poverty reduction in Jinja municipality, since the sig. value (.084) was greater than 0.05 and r-value (.177) and Results in table 4.8 indicated a non significant relationship between financial training brings impact on the poverty reduction in Jinja Municipality. Since the sig. value (.382) was greater than 0.05 which is the maximum level of significance. The researcher conclude that there existed a positive significant relationship between loan services and poverty reduction in Jinja municipality, hence it is concluded by the researcher that loan service provided by microfinance institutions plays a big role in reducing poverty in the community, it also improves on the capital of the people in Jinja municipality and thus poor loan services to will lead to a usual poverty life in the community. On the second objective, the study conclude that there is no significant relationship between savings services and poverty reduction in Jinja municipality, hence concluding that If the savings requirement is too high then members who cannot meet the stated amounts are automatically pushed out of the credit program. Regarding the third objective, the researcher conclude financial training services and poverty reduction are not significantly correlated, hence concluding that improvement in financial training services would lead to a reduction of poverty in the community. The study recommend that Savings and credit organizations need to make sure that the collateral security requirements are always compatible with the credit required by the client. The researcher recommends that Saccos always allow citizens borrow a specific amount of money and pay back through regular monthly payments with no collateral required. The researcher still recommends to the microfinance institutions in Jinja municipality to provide risk transfer services, hence improving on the insurance services provided. The savings services need to be enhanced to provide avenues for the support of the microfinance savings for poverty reduction. Regarding the relationship between financial training services and poverty reduction in Jinja municipality.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter presents the background of the study; statement of the problem, general objective, specific objectives, research questions, scope of the study, significance of the study and the operational definitions of the study.

1.1 Background of the Study

A savings and credit society also known as a credit union is a cooperative financial institution that is owned and controlled by its members and operated for the purposes of promoting thrift, providing credit at low interest rates and providing other financial services to its members. Savings and credit cooperative societies have a departure from other financial institutions a majority of whom are banks in that, the members who hold accounts in the SACCOS are at the same time the owners, and they conduct their voting mandate on the one member - one vote basis irrespective of the members' shareholding (ACCOSCA, 2012)

Poverty reduction according to Nalunkuuma (2014) argues that poverty reduction is a process of increasing income and economic stability, which will lead to improved fulfillment of basic needs and services and developing a range of assets that will reduce household vulnerability to physical, social and economic shock.

Globally poverty incidence is still at the high level especially in developing countries (MDG, 2014). About one in five persons in developing regions live on less than \$1.25 per day (MDG, 2014). The area which is highly affected is the Sub-Saharan Africa whereby the proportion of people living below \$1.25 is 48 percent followed by Southern Asia (30 percent) and Southern Asia excluding India (22 percent). In addition, vulnerable employment accounts for 56 percent of all the employment in developing regions, compared to 10 percent in developed regions (MDG Report, 2014). This is a clear indication that poverty is a problem among countries especially developing countries. According to the World Bank (2008) microfinance institutions have proved the possibility of providing reliable services to the poor customers which ultimately contributes to reducing poverty. Khan & Rahaman (2007) demonstrates that Bangladesh is currently the home to the most

extensive microfinance operations in the world. It has been noted that saving and credit cooperative societies in Bangladesh has not only helped people to develop in their material capital but also in human capital by ensuring better access to health care, education system and general awareness among the people about their rights and duties.

Africa has also employed SACOs as a mechanism to alleviate poverty. The study by Bwana and Mwakujonga (2013) indicates that SACCOs in Kenya contributes over 45 percent Gross Domestic Product and it is estimated that at least one out of every two Kenyans drives their livelihood from these kinds of cooperative movement. SACCOs by providing small loans and savings facilities to those who are excluded from commercial services has been developed as key strategy for reducing poverty throughout the World (Ramath and Preethi, 2014). In Tanzania poverty incidence remains to be a challenge whereby out of every 100 Tanzanians, 28.2 were poor in 2012 compared to 36 in 2000/01. According to the World Bank (1997) Social Sector Review in Tanzania, a third of Tanzanians live in household's classified hard core poverty and a further fifth of Tanzanians live in households classified as poor on the basis of their income. Tanzania is committed to reduce by 19.5 percent the proportion of people below national basic needs poverty line by the year 2015 (MDG, 2006). Among the intervention for poverty reduction includes the Saving and Credit Cooperative Societies (SACCOs) which the Government encourage as key drivers of efforts to fight against poverty.

In Uganda, savings and credit cooperatives (SACCOS) as financial intermediaries, channeling savings into loans, provide saving opportunities for the people, especially in the rural areas, but further improvements are necessary to make their services more efficient and sustainable. The government of Uganda has subsidized the founding of new SACCOS all over the country. Newly established SACCOS can apply for a start-up grant from the government owned apex institution Microfinance Support Centre (MSC). MSC also gives out interest free loans to the SACCOS or other subsidized loans. In addition to grants and loans SACCOS can also receive operational support from the government. The government pays salaries and rent for the first two years after the start-up. These support schemes are important elements

of the government's "One SACCO per sub-county" initiative, which is a part of the wider program "Prosperity for All (State House, 2007).

1.2 Statement of the Problem

Uganda uses SACCOs as a strategy of eliminating poverty in the community (RU, 2012). However, it has not performed creditably well and hence has not played the expected vital and vibrant role in poverty reduction (RU, 2012). SACCOs have the opportunity to widen access to the poor who doesn't have flexible access in other financial institutions like Commercial Banks. They perform the roles of mobilization of savings for investments, facilitate and encourage flow of capital from agents with no investment opportunities to those who have them, optimize allocation of capital between competing uses and ensure capital goes to the most productive use. Despite the increasing number of Sacco's institutions, poverty incidence remains to be a challenge in the community whereby 32 percent of the population in the country below the poverty line (Kessy et al, 2011). Previous studies conducted on the role of SACCOs in poverty reduction focused on the extent these institutions have been able to provide loan accessibility to the beneficiaries ignoring the social-economic outcomes of those loans to the community (Kessy and Urio, 2006). The outcome of SACCOs services is not clearly known which includes the extend SACCOs Loans, saving mobilization and entrepreneurial skills has enabled growth of investments and income, self employment and improved social services. Important to note is that, knowledge about the outcome of micro-credit initiatives among households remains only partial and contestable. Therefore, this study examined the extent to which SACOs contribute towards poverty reduction at the household level.

1.3 Purpose of the study

The purpose of the study was to determine the impact of savings and credit organizations on poverty reduction in Jinja municipality.

1.4 Objectives of the study

- i) To examine the effect Loan services on poverty reduction in Jinja Municipality.
- ii) To establish the effect of saving services on poverty reduction in Jinja Municipality.

iii) To establish the effect of training services on poverty reduction in Jinja Municipality.

1.5 Research Questions

- i) What is the effect Loan services on poverty reduction in Jinja Municipality?
- ii) What is the effect of saving services on poverty reduction in Jinja Municipality?
- iii) What is the effect of training services on poverty reduction in Jinja Municipality?

1.6. Scope of the study

1.6.1 Geographical Scope

The study was conducted from 5 Saccos located in Jinja municipality. The Saccos to be used are those that have operated for the last five 5 years. The study will be conducted in these Saccos because they have a close reach and access to the locals.

1.6.2 Subject Scope

The study focused on the contribution of Savings and credit organizations services of loans, savings and training services of savings and cooperative organizations on poverty reduction.

1.6.3 Time Scope

The time scope of the study was limited to 4 months that is to say from August 2018- November 2018. The time chosen is significant and enabled collection of viable data necessary for this study.

1.7 Significance of the study

The study highlights the contribution of SACOs towards poverty reduction. Overall, it contributes to general knowledge on the role of informal micro financial institutions in the country's economic development.

This study also identifies the impact of SACOs on the household income, forming the basis for its implementation in the Ugandan organization setting.

The findings are also important to policy makers in understanding the involvement of community savings in the lives of the people. In addition, the findings are relevant for policy advocacy and influence governing credit accessibility among the poor households. All these factored together may lead to a more flexible financial availability to the poor people.

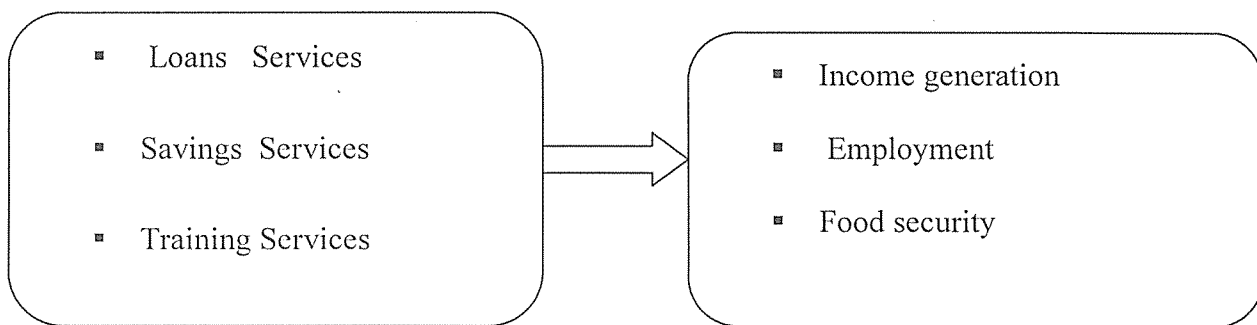
1.8 Conceptual frame work

Independent Variable

Savings and Credit organizations

Dependent Variable

Poverty reduction



Source: LedgerWood (2009)

The conceptual framework in this research study highlights the theoretical model of how the logical sense was achieved of the relationships among the several factors that were identified with the dependent and independent variables of the problem that was under study. The dependent and independent variables was conceptualized in the form of loans, savings and advisory services of Sacco's in the study were explored while poverty reduction is measured in the generation of income, employment and food security. The positive microfinance environment has a positive effect on the poverty reduction through income generations, employment and food security.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents literature in line with the objectives of the study which presents the detailed information about Savings and credit organizations and poverty reduction. The literature was retrieved from internet library, research journals and articles together with text books, magazines and newspapers. The aim was to evaluate the views of other researcher and scholars in regard to the study problem and hence being able to identify the study gaps.

2.1 Relationship between Loan services and Poverty reduction

Izah (2014) conducted a study to examine the efficiency and productivity of Cambodian microfinance institutions (MFIs) during the period 2008-2011 using regression analysis. He found that overall efficiency of microfinance institutions was 92 percent during 2008-2011 suggesting an input waste of 8 percent. Furthermore, the results suggested that the MFIs in Cambodia have exhibited productivity growth of 1.7 percent during the period 2008-2009. It was noted that the success of MFIs in Cambodia is partly attributable to the effective implementation of regulations for microfinance. Boss (2014) supporting the study by Izah (2014) noted that in Cambodia there is an established Microfinance Association which is responsible for providing assistance to members by sharing microfinance information, providing training and representing member in negotiation meetings. These findings imply that Microfinance institutions are productive as well as efficient in bringing about economic change for development and poverty reduction. Similar study done by Mazunder and Wencong (2013) using regression model in Bangladesh demonstrate that loans by SACCOs have a positive coefficient equal to 0.055 indicating that SACCOs loans have a positive contribution in poverty reduction. Mahmood (2011) demonstrated that despite that loans and savings exhibit positive contribution in poverty reduction through increase in income, in Pakistan 62 percent of Women used that loan for starting new business and the remaining 38 percent was used for unproductive activities. This was attributed to lack of training of the purpose of borrowing whereby the borrowed funds is used in non productive activities which reduces the possibility of poverty reduction.

Small loans are believed to bring significant improvement in the lives of the active poor by increasing their productive capacity. Credit enables the poor to boost their businesses, agriculture production and able to meet the household daily needs. In developing world like Uganda, millions of people are suffering from poverty and its crippling effects (Mbwana and Mwakujonga, 2013).). One of the major barriers to escaping poverty is the lack of sufficient access to credit by the poor (Ledgerwood, 2002). As a result, the poor especially in rural areas adopt mitigation and survival strategies as a way of coping with the hemorrhage of poverty. He further argues that generally credit plays a crucial role in the expansion and development of productive forces. It provides adequate savings and credit facilities to individual households. In this case, efficient financial system is consequently assumed to have a considerable positive effect; on increasing welfare and stimulating household economic activities. Credit enables peasants to expand and develop income generating activities, and supporting payment of other necessities like food security, education, and water and health charges. In addition, have demonstrated that availability of credit for micro enterprises can have positive effects on the individual income and that of the household. Thus, access to financial services play an important role in the fight against poverty.

Worth noting is that, although micro-credit is useful in poverty alleviation, it is only useful in certain situations. Some poor people since they are voiceless and property less exclude themselves from borrowing small loans, as they do not have stable income, and view access to credit as further pushing them into debts and poverty since they cannot sufficiently service the loan. This presents a paradox where the poor are in dire need for credit to exit poverty, but at the same time have a fear of not being able to repay in time, and this drawn the poor in more poverty as they have to sell off some few assets they possess (if any) to service the loan. For example, a study of the impact of microfinance on rural household in the Philippines indicated that the impact is regressive, that it is negative or insignificant for the poorer households and positive for the richer households (Kondo, 2002). This indicates that among the poorer borrowers, the cost of and availability of program loans appear to be insufficient to stimulate the poor to select more productive activities, which will not only cover the cost of borrowing but also earn them some profit.

Biryabarema (2008) reports that Microfinance services typically provide short-term loans for small amounts of capital, while small-scale enterprises often need longer-term and larger loans. There is often a lack of cooperation between banks and forest sector. A better appreciation of the specific and long-term nature of forestry investment is necessary for banks to understand operating requirements for small-scale enterprises. While there may be interest in investing in tree planting, for example, there is generally insufficient widespread ability to invest in a sector that yields only long-term benefits. A saw log production fund is being established, overcoming the problem of access to long-term finance for small- to medium-scale plantation development.

Khandker (2015) observes microfinance supports mainly informal activities that often have a low return and low market demand. It may therefore be hypothesized that the aggregate poverty impact of microfinance is modest or even nonexistent. If true, the poverty impact of microfinance observed at the participant level represents either income redistribution or short-run income generation from the microfinance intervention. Khandker's article examines the effects of microfinance on poverty reduction at both the participant and the aggregate levels using panel data from Bangladesh. The results suggest that access to microfinance contributes to poverty reduction, especially for female participants and to overall poverty reduction at the village level. Microfinance thus helps not only poor participants but also the local economy.

Hulme and Mosley (2010), conducted various studies on different microfinance programs in numerous countries and found strong evidence of the positive relationship between access to a credit and the borrower's level of income. The authors indicated that the middle and upper poor received more benefits from income-generating credit initiatives than the poorest. McKernan(2012) evaluated three significant microcredit programs in Bangladesh and discovered that the profit for self-employed activities of households could be increased by program participation. These programs were also examined at the village-level showed that microloan have a positive impact on average households 'annual income, especially in the rural non-farm sector.

Copetake (2012) conducted a case study of the Zambian Copperbelt, applying the village bank model to investigate the effect on income distribution at the household and enterprise levels. The study showed that the impact on income distribution depends on who obtains the loan, who moves on to larger loans and who exits the program: group dynamics was also an important factor. He notes, some initial leveling up of business incomes was found, but the more marked overall effect among borrowers was of income polarization.

Pitt and Khandker (2015) also noted that the microcredit had a positive impact on women's non-land assets. Hulme & Mosley (2010) also observed that there was a positive impact of microfinance on asset levels. He points out that accumulation of asset and income status are generally highly correlated, leading to an extreme correlation between income poverty and asset poverty. Coleman (1999) investigated the impact of a village bank on borrower welfare in Northeast Thailand. He found that there was a slight impact of program loans on clients' welfare.

Yasin (2013) adapted a study of SACOs loans on poverty reduction in Mogadishu, Somalia. The main objective of the study was to examine the challenges facing by small businesses in accessing microfinance services in Mogadishu. Purposive sampling technique was employed in selecting the 100 Small businesses that constituted the sample size of the research. The study identifies that Small businesses in Mogadishu are facing challenges to access loan from SACOs and this results many small business to demise soon or may not be started due to lack of ability to overcome the challenges. Therefore, since the researchers mentioned that there is a challenges facing small business in accessing microfinance, this research will cover the extent of how these challenge of credit from microfinance services effect the growth of small and medium enterprise in Somalia.

Basu, Blavy and Yelek (2004) assess that microfinance services, engaged in full financial intermediation complement effectively the banking sector in extending financial services and successfully draw on the rich experience of community-based development and pre-existing informal methods of financial intermediation in Africa. They also opinioned that growing linkages between microfinance services, the banking system, and the dissemination of good practices by non-government

organizations contribute to the sound development of the sector, supported by regulation and supervision by local authorities.

Liljefrost (2015) argued that microfinance is very helpful for poor households with respect to convenient savings and to get more money to acquire assets such as goods and services for a small business, for residential places, for better health care, or to send their children to well reputed academic institutions. The availability of financial services is just like shock absorber to meet haphazard accidental emergencies, financial, economic or business risks, business cycle, or the sudden events such as earthquake, famine, flood etc or a sudden death in the family that can push a poor family into destitution.

2.2 Relationship between training services and Poverty reduction

Akonyi and Ilemona (2013) conducted a study to assess the impact of entrepreneurship skills acquisition in poverty in Kogi State of Nigeria. They used primary data collected with the aid of a well structured questionnaire which were administered to beneficiaries of entrepreneurship acquisition skills randomly sampled from six Local Government Area of the state. Descriptive analysis method was used. The result shows that 65 percent of the respondents accepted that lack of entrepreneurship skills among youth is responsible for the high rate of poverty in Nigeria. In connection to that, it was illustrated by Boitumilo (1995) that entrepreneurial skills are essential for enhanced productivity and therefore poverty reduction. Borrowers with these skills have an opportunity to utilize the loans in productive assets than those without them. The result also revealed that at least 60 percent of the people who benefitted from the skill acquisition program can now afford the basic necessity of life.

Ali (2013) identified the relationship between entrepreneurship development and poverty reduction at Benadir region in Somalia. He used Correlation research design which comprised of 80 participants of micro and small enterprises in Benadir region. The study found that Significance level or P-value was less enough, suggesting that there is weak positive correlation between entrepreneurship development and poverty reduction. Ogundele et al (2012) using simple linear regression model found that entrepreneurial training and education were significantly related to the youth

empowerment and social welfare Services. It was recommended that for entrepreneurial skills to contribute in poverty reduction there is need for empowering clients to acquire financial skills and focus on goals of investment.

Urassa and Kwai (2015) studied the contribution of SACCOs training services on income poverty reduction in Tanzania by examining activities undertaken by SACCOs that can lead to reduction of income poverty. They used descriptive method and multiple linear regression method to draw conclusion. Using multiple regression method the study assessed independent variables like education level, habit of saving, household size and whether clients received any entrepreneurial training against household income as dependent variable. The findings have shown the impact of SACCOs in income poverty reduction is significant which imply that SACCOs play a critical role in income poverty reduction. Any addition training to members, the more they gain skills of operating projects efficiently.

Grooteart (1998) in Europe and Prasenjit (2012) in India studied the loans taken by the members from Self-Help Groups to draw a link between income generation and poverty reduction. Their studies examined the nature of loans provided by financial groups and found out that the amount of loans provided under the program to its members was too small to help them cross the poverty line. The loans were utilized mainly for consumption purposes, followed by expenditure on current productive activities. Thus, there were only a few capital investments. And these capital investments were not enough to provide the members full employment opportunity and sufficient income to cross the poverty line. It was seen that the members go either to the money lenders or to the banks for higher amount of loan. Moreover, a large segment of the financial groups closed down. The closing of the financial groups was found more in case of those formed under bank (formal) related initiatives.

King and McGrath (2002) concludes that education is one of the factors that impact positively on growth entrepreneurs with large stocks of capital that includes education and or vocational training are better placed to adapt the constantly changing business environment. "SMEs are dominated by people with relatively low levels of education in Kenya" (Bowen, Morara & Mureithi 2009, p.14) similarly in

Belgium SMEs according to statistics by the Nationale Bank van België, less than one out of ten employees had participated in formal education. In Zimbabwe Zindiye (2008) argues that the SME sector attracts a low priority to financial training and are often unwilling to participate in programs that require them to finance the costs these enterprises eventually are weak in cash management, marketing strategies and finance. The study further concluded that people are trained in the following financial management skills book keeping, preparing financial statements, debit/credit control, budgeting and tax calculation to ensure their growth. It can be argued that well designed financial training programs can improve the incomes of people. Therefore microfinance services institutions need to create ways of measuring the impact of financial skills training on poverty eradication on people.

Financial skills as contended by the ILO (2013) can improve productivity and incomes in the informal economy and open opportunities to link with the formal economy this training can support medium term strategies for integration with the mainstream economy while also offering a range of immediate benefits to informal economy entrepreneurs and workers. This argument is particularly important in Gikomba market where a large population of the SMEs are in the informal economy their transition to the formal economy would create a bigger tax base for the government and also increase formal employment.

Olu (2003) investigates the impact of training services on entrepreneurial development of small-scale enterprises that are craving for growth and development in Nigeria. The study reveals that (i) there is a significant difference in the number of entrepreneurs who used microfinance institutions and those who do not use them; (ii) there is a significant effect of microfinance institutions activities in predicting entrepreneurial productivity; and (iii) that there is no significant effect of microfinance institutions activities in predicting entrepreneurial development. The researcher concludes that microfinance institutions world over and especially in Nigeria are identified to be one of the key players in the financial industry that have positively affected individuals, business organizations, other financial institutions, the government and the economy at large through the services they offer and the functions they perform in the economy.

Yasin (2013) adopted a study of microfinance services training relevance to the business in Mogadishu, Somalia. The main objective of the study was to examine the challenges facing by small businesses in accessing microfinance services in Mogadishu. Purposive sampling technique was employed in selecting the 100 Small businesses that constituted the sample size of the research. The study identifies that Small businesses in Mogadishu are facing challenges to access loan from MFIs and this results many small business to demise soon or may not be started due to lack of ability to overcome the challenges. Therefore, since the researchers mentioned that there is a challenges facing small business in accessing microfinance, this research will cover the extent of how these challenge of credit from microfinance institutions affect the growth of small and medium enterprise in Somalia.

Armendáriz and Morduch (2013) observed that financial skills training cannot generally charge interest rates equal to those charged by mainstream banks because of the very nature of their customers or clients and their operations. MFIs justify the high interest rates, as a way of obtaining long term sustainability given the high costs structure of other firms. Key among factors that explain this is the fact that microfinance beneficiaries are not easily accessible, thereby increasing and imposing huge transport costs on the providers. The interest rate charged by a microfinance institution has a great impact on the performance of loans granted to micro and small enterprises including their repayments.

2.3 Relationship between savings services and poverty reduction

Mwalughali (2013) analyzed the impact of community savings and investment program (COMSIP) on household income and credit in Central Malawi. COMSIP groups mobilized communities to save and/or invest their resources into income generating initiatives. They also provided credit. Results showed that COMSIP groups' membership had a strong effect on household income and credit. Estimates indicated an increase of 88% income per capita and 96% increase in credit per capita of relatively poor participating households. The study agreed with the findings of this research that savings and credit groups in the rural areas are useful strategies for ensuring improved household income and credit, hence reduced poverty in the long-run.

Evidence shows that people are looking for opportunities to save their surplus income in case of emergencies or to be able to undertake larger investments in the future without having to take a loan (CGAP, 2006). There is a high potential to mobilize savings among low income people in Uganda. However, people used to mostly rely on informal often insecure ways of saving, such as saving circles or hiding money under the mattress (Wright, 2011). Providing people with secure opportunities to save can minimize the losses, which arise from the insecure ways of savings, and therefore empower them financially. Furthermore, savings can help to access loans from financial institutions. Financial institutions are more likely to give loans to customers that have a history of saving within their institution. However, small savings have been neglected by the MFIs in the past, as other funding sources were preferred (Karen, 2010).

Curran et al (1993) argue that networks help to provide advice, information and capital to small firms. Applying this idea in the context of banking, it can be also argued that, having associated with a professional, trade or social associations such as Chambers of Commerce, Clubs and Societies may also lead to having access to bank loans. Kiggundu, M.N. (2002), Financial institutions should design products that are flexible and meet needs (Matin et al., 2002). Some may need long-term housing loans; others may be interested in consumption loans to meet more immediate needs. Some women may be interested in products that require compulsory savings as a strategy that ensures they save, others may be afraid or unable to make that commitment. Some may want their savings to be publicly known to gain status in their families or communities; others may prefer this information to be kept private so that they can retain control over the funds. Financial institutions should conduct a thorough review of the products currently offered and identifies features in their design, promotion or delivery that can affect women's demand for those products or their ability to access them.

Lussier (2006) have acknowledged that networking sometimes called external relations, of firms among industry, trade associations and other forms of association create learning by facilitating the sharing of knowledge, providing a means for organizations to learn from the experience of others in the industry. It is therefore clear that small business owner managers use networking to obtain key information,

learning opportunities and problems and to gain access to, or enhance understanding of sources of finance. Thus, it is logical to assume that businesses with networks are more likely to have easy access to bank credit compared to those who do not have such networks.

According to Coffman (2001) credit insurance can substitute for traditional trade finance instruments such as letters of credit or factoring and in that respect it is regarded as a category close to trade finance. The latter is broadly defined as financing that an enterprise needs to cover costs arising from production and sale of its products before the actual payment is received. A credit insurance policy can be used as collateral by the insured to get bank financing and hence to cover production and delivery costs. Although this paper focuses more on access to long-term financing to undertake productive investment, the need for short term finance, such as trade finance, is a highly pressing issue. The lack of such finance can severely deter the further development of an enterprise. Moreover, in developing countries, trade finance is usually dominated with the most expensive forms of payment. Pre-payment and confirmed irrevocable letters of credit are still the most common forms of payments.

Joanna Ledgerwood (2009) argued that savings to increase their low incomes, leading to improved quality of life. Furthermore, development is induced by saving in that, high levels of saving leads to capital accumulation, later on investment leading to high income levels, ultimately through the vicious cycle of poverty, hence development in the long run. The role of financial markets in mobilizing savings and in channeling funds into productive investment is central to a successful strategy for economic and human development.

Hirschland, Madeline (2005) argued that Savings and cooperative organizations services are very helpful for poor households with respect to convenient savings and to get more money to acquire assets such as goods and services for a small business, for residential places, for better health care, or to send their children to well reputed academic institutions. The availability of financial services is just like shock absorber to meet haphazard accidental emergencies, financial, economic or business

risks, business cycle, or the sudden events such as earthquake, famine, flood etc or a sudden death in the family that can push a poor family into destitution.

According to the Grameen Bank model, there is emphasis on savings as a prerequisite to access loans where clients should access the savings at any time. However, these savings always act as security and clients cannot access it at anytime they wish to do so. If the savings requirement is too high then members who cannot meet the stated amounts are automatically pushed out of the credit program. Thus, it is possible to argue that micro finance is the most strategies that should be employed to eradicate poverty. It is coined as the financial service rendered to the deprived group of the people and small entrepreneurs to help them in developing self-employment opportunities and various income generating activities.

According to Chittenden, Hall and Hutchinson (2011) savings services institution is an organization that provides financial services to low-income populations. Almost all of these offer micro-credit and only take back small amount of savings from their own borrowers, not from the general public. Within the microfinance services industry, the term microfinance services institution has come to offer to a wide range of organizations dedicated to providing these services: NGOs, Credit Unions, Cooperatives, Private Microfinance services and non-bank financial institutions and part of state-owned banks. He went further to differentiate between the functions of NGOs in their original form and microfinance services. According to him, “the image most of us have when we refer to MFIs is of a financial NGO”, an NGO that is fully and virtually exclusively dedicated to offering financial services. In most cases microcredit NGOs are not allowed to capture savings deposits from the general public. This group of a few hundred NGOs has led the development of microcredit, and subsequently commercial bank, the world over. These are the groups referred to as best practice organizations those that employ the newest lending techniques to generate efficient out reach that permits them to reach down, far into poor sectors of the economy on a sustainable basis.

Basu, Blavy and Yelek (2004) assess that savings services, engaged in full financial intermediation complement effectively the banking sector in extending financial services and successfully draw on the rich experience of community-based

development and pre-existing informal methods of financial intermediation in Africa. They also opined that growing linkages between microfinance services, the banking system, and the dissemination of good practices by non-government organizations contribute to the sound development of the sector, supported by regulation and supervision by local authorities.

Rodriguez (2003) argues that SACCOs has had positive impact on poverty reduction. However he is keen to add that “Even in the best of circumstances, credit from microfinance programs helps fund self-employment activities that most often supplement income for borrowers rather than drive fundamental shifts in employment patterns. It (microfinance) rarely generates new jobs for others and success has been especially limited in regions with highly seasonal income patterns and low population densities.

Kushoka (2013) examined the contribution of Savings services on enterprise development in Tanzania. The study employed both descriptive and explanatory approaches to seek answers to the research question. The study reveals that there is an increase in the number of employees and amount of working capital of entrepreneurs after using the services of Microfinance Institutions (MFIs). The researcher concludes that Microfinance Institutions (MFIs) are key players in entrepreneurship development; it is recommended that Microfinance Institutions (MFIs) should package their services together (financial and non financial) in order to positively boost growth of Micro Small-scale businesses.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter covered the method that is used in the study. It included the research design, the study population, target population and sampling size population, sampling techniques, data collection instrument, reliability, and validity of the instruments, data collection procedure, data processing and analysis, ethical consideration.

3.1 Research and Design

Study design is a plan, structure and strategy of investigation conceived so as to obtain answers to the research questions (Amin, 2004, Mugenda 1999). The study considered a descriptive design involving qualitative and quantitative approaches from primary and secondary sources of data, to make valid conclusions. *Descriptive research design* is a valid method for researching specific subjects and as a precursor to more quantitative studies (Kombo and Tromp, 2007). Whilst there are some valid concerns about the statistical validity, as long as the limitations are understood by the researcher, this type of study is an invaluable scientific tool (Attuja, 2001). The study is cross-sectional in that, the data was collected from many categories of respondents and at different times. The research is descriptive in nature where information was presented describing the situation of SACOs and poverty reduction. The data will be presented quantitative through frequency and percentages and qualitative data was presented in form of expressions given in percentages.

3.2 Study population

The population of the study include the clients of the SACOs in Jinja municipality. The target population is therefore the clients were the SACCOS who are (100). The total population of the study is therefore 100 who are the target and accessible population of the study.

3.2.1 Sample Size

The researcher used Taro Yamane's sample size calculation formula to determine the sample size of this study. The researcher preferred to use this sample size formula because it users friendly, had a minimal margin of error, it was more

accurate and statistical in nature hence it provided an adequate sample size population for this study.

$$n = \frac{N}{1+N[e]^2}$$

Where; N = total population [100]

n= total sample size.

E= desired margin error [0.05]

$$n = \frac{100}{1+100[0.05]^2}$$

n=80 respondents

Table 3.1 Target and Sample Size Population

Respondents	Target population size	Sample size
Clients	100	80
Total	100	80

3.2.2 Sampling Procedure

The researcher used simple random sampling technique in order to sample to target respondents. The random sampling technique was used in order to give each of the 80 targeted respondents' equal chance to participate in the study by being part of the sample. Simple random sampling was used through rotary to select the respondents on the basis of pick and play. The simple random technique were solved biasness as each client were given equal chance to be selected and provide data for this study.

3.4 Data collection Instrument

3.4.1 Questionnaire

The method of data collection was used a self-administered questionnaire. The questionnaires were set carefully, prepared and logically ordered based on the microfinance services and poverty reduction. The questionnaires were self-administered by the researcher to ensure that the intended respondents participated in the process of information provision for the study.

Section A of the questionnaire included general information of respondents like gender, and education level etc. Section B will present the questionnaire on the

SACOs while section C provided a questionnaire on Poverty reduction. The questionnaires were closed-ended based on a 5 likert scale whereby liker scale was used on closed-ended question as with 1=Strongly disagreed, 2= Disagreed 3= Not sure, 4=Agree and 5=Strongly Agree for the respondents.

3.5 Validity of the research instrument

In testing the validity of research instrument, the researcher formulated the research questions according to the study objectives and questions after which the researcher presented the formulated questions in the questionnaire to the supervisor for verification on whether the set questions were answering the intended research objective. Once the research supervisor approves the items in the questionnaire, the researcher calculated the content validity index as illustrated underneath. The required minimum value of CVI according to Orodho (2009) is 0.7.

$$CVI = \frac{RQ}{TQ}$$

Legends: CVI = Content Validity Index

RQ = Relevant Questions

TQ = Total number of Questions

From the computation that will be done, the results of 0.7 indicated a valid research instrument.

3.5.1 Reliability of the research Instrument

The reliability of the research instruments were established using Cronbach Alpha Coefficient test. Specifically, this test over the research items systematically arranged in the questionnaire (Appendix I), According to the research questions, all the variables reflected in these grouped research items of the questionnaire particularly tested using the Cronbach's Alpha Coefficient (CAC). As a result, the SPSS reliability test that yields a CAC output that reveals the instruments' reliability. According to Reynaldo (1999), a research instrument is reliable within the range of 0.7- 1.0.

3.6 Ethical considerations

Research being a profession, it was guided by ethics which ensured that the protocol is followed and no one is hurt in the process. Therefore, since this research is

intended to have positive effects on society with no harm on any one but with the main emphasis being to solve the problem under the study, the researcher ensured that the respondents' privacy and data confidentiality as well is observed. Also, the researcher reported and record the findings were without any data manipulation.

3.7 Data Processing and Analysis

The researcher processed the raw data collected from the field. This was done through editing, coding, analysis and data coding. Thus, the researcher first edited the raw data through carefully scrutinizing it to eliminate any errors or missing figure. Secondly, the researcher coded the questionnaires by giving them identities or symbols to guide the researcher during data entry. The data was coded in excel to generate analysis, demographic traits of the respondents were determined by frequency and percentages while the objectives of the study was analyzed using descriptive statistics of frequency and percentages.

3.8 Limitation of the Study.

The study research has the following Limitations and solutions

Language barrier since some targeted respondents did not interact fully with the researcher because of not understanding the local language. Simple designed questionnaires were employed to curb this with the use of local research assistants.

The cost of the research was very high in regard to the already incurred cost of accessing relevant stationary, printing and the yet to be incurred cost of photocopying, binding, transport, and telephone charges. The financial constraints were solved by asking my friends and family to raise some money for my research work.

Non responses. Due to sensitivity of the information: Some aspects of the study might be sensitive and officers were willing to disclose all the information that there is such information to be accessed was kept confidential.

CHAPTER FOUR

PRESENTATION, INTERPRETATION AND ANALYSIS OF FINDINGS

4.0 Introduction

This chapter comprises of the findings that were gathered by the researcher from the employees of determining the impact of savings and credit organizations on poverty reduction in Jinja municipality. This was based on the following specific objectives were to examine relationship between loan services and poverty reduction in Jinja Municipality. To establish the relationship between savings services and poverty reduction in Jinja Municipality and to establish the relationship between training services on poverty reduction in Jinja Municipality. Presentation and interpretation of data in this chapter has been done with the aid of quantitative and qualitative methods for example the use of tables, figures and personal analysis and interpretation are all presented.

4.1 Demographic Profile of respondents

This was based on the gender of respondents, age, education, marital status, departments in an organization, position of respondents and period of work in the organization.

4.1.1 Findings on Gender of respondents

Here the researcher was interested in gathering information on the gender of respondents and information got was presented in the table below.

Table 4.1: Presents information on the gender of the respondents

Gender	Frequency	Percentage
Male	50	64
Female	30	36
Total	80	100

Source: Primary data, 2019

Results from figure 4.1 above show that the majority of respondents are male that is 50 respondents representing 50 (64%) of the total respondents and 30(36%) of the respondents. This implies that both genders were involved in data collection.

4.1.2 Findings on Age categories of respondents

Here the researcher was interested in getting the age of respondents information given was presented in the table 4.2

Table 4.2: Show age categorization of respondents

Age category	Frequency	Percentage
20 -29	14	17.5
30 - 39	30	37.5
40-49	24	30
50+	12	15
Total	80	100

Source: Primary Data, 2019

Results in table 4.2 present findings on the age of respondents, 30-39 was the majority age group with 15(37.5%) of respondents followed by 40-49 with 12(30%), next were 20-29 with (17.5%) and finally 50 above with (15%) of the total respondents, From the above analysis, it can be construed that the majority of the respondents are mature people and therefore they have an active memory. It is possible that the nature of respondents present a mature understanding which implies that age categorization prevail in the study.

4.1.3 Findings on educational qualifications of respondents

Here the researcher was interested in gathering information on the education of respondents and information got was presented in the table below.

Table 4.3 shows the responses on education qualification of respondents

Education Category	Frequency	Percentage
Certificate	16	20.0
Diploma	26	32.5
Degree	30	37.5
Masters	08	10.0
Total	80	100

Source: Primary Data, 2019

From the above figure it is seen that that the majority of the respondents from Steel and tube industries are degree holders representing 30(37.5%) followed by diploma holders at 30(32.5%) followed by certificate holders representing 16(20%) and

finally masters with 8(10%). This implies that the respondents were educated and therefore the information obtained from them can be relied upon for the purpose of this study.

4.1.4 Findings on Marital status of respondents

Here the researcher was interested in finding the marital status of the respondents; the information collected was presented as follows;

Table 4.4: shows the marital status of respondents

Marital status	Frequency	Percentage
Single	20	25
Married	48	60
Divorced	12	15
Total	80	100

Source: Primary data, 2019

The study findings on the marital status of respondents were that 48(60%) of the respondents were married, 20(25%) were single and those who were divorced were 12(15%). The study findings were also that those who were married were more. This means information was being attained from responsible people.

4.3 Savings and credit organizations services

The independent variable of the study was savings and credit organizations services. To answer the variable, the data was collected based on the constructs of Loans, training and savings services of the organizations. The study results attained are presented in the assessments below.

Table 4.5: Descriptive Statistics on Savings and credit organizations services

Response	Mean	Std. Dev	Interpretation
I attain seed capital from the micro finance institution	2.944	1.389	Fairly good
The loan processing by the organization is fast enough to my satisfaction	2.849	1.420	Fairly good
The loan interest rate for SACO is lower than for commercial banks	2.625	1.328	Fairly good
I always get capital for business growth from the Cooperative organization	3.251	1.542	Fairly good
There is no collateral security required for the attainment of seed capital	3.497	1.379	Fairly good
Average Mean (Loan services)	3.140	1.385	Fairly good
SACOs provide me with training on savings for the microfinance	2.838	1.050	Fairly good
I am provided with training for the loans attained from SACOs	2.960	1.018	Fairly good
I am provided training by microfinance institution on business startups	2.933	1.322	Fairly good
I am provided by microfinance institution on business initiation skills	2.541	1.415	Poor
I am provided with the business administration skills by the SACOs	3.592	1.343	Good
Average mean (Training services)	2.989	1.274	Fairly good
The SACOs enable in saving and accessing the savings	3.541	1.281	Good
There is mobilization of group savings by the savings and cooperative organization	2.832	1.351	Fairly good
I attain interest on the savings made by the savings and cooperative organization	2.206	1.216	Poor
My savings by the microfinance institution are adequately kept	2.720	1.445	Fairly good
I am assured that the savings made by SACOs are safe	2.620	1.324	Poor
Average Mean (Saving services)	2.806	1.281	Fairly good
OVERAL Average Mean	2.978	1.275	Fairly Good

Source: Field data, 2019

The overall Savings and credit organizations services in Jinja municipality are fairly good. The results are guided by the overall mean of 2.978, which depict that the services of the Savings and credit organizations are fairly good.

The study findings concerning the responses on the item of I attain seed capital from the micro finance institution had the mean of 2.944, SD=1.39 fairly good. The loan processing by the organization is fast enough to my satisfaction had the mean of 2.849 while the loan interest rate for SACO is lower than for commercial banks with the mean of 2.625 while I always get capital for business growth from the Cooperative organization with the mean of 3.251 and There is no collateral security required for the attainment of seed capital with the mean of 3.497 interpreted as fairly good.

The study findings concerning the responses on the SACOs provide me with training on savings for the microfinance had the mean of 2.838, SD=1.050 interpreted as good while I am provided with training for the loans attained from SACOs had the mean of 2.960, SD= 1.018 interpreted as fairly good. I am provided training by microfinance institution on business startups had the mean of 2.933 of the results. I am provided by microfinance institution on business initiation skills had the mean of 2.541 while the results on I am provided with the business administration skills by the SACOs had the mean of 3.592, SD= 1.343 of the findings.

The study findings regarding the savings saving services, the study findings reveal that the mean of 2.806, SD=1.281 interpreted as good. The study findings reveal that the SACOs enable in saving and accessing the savings had the mean of 3.541, SD=1.281. The findings of the matter that there is mobilization of group savings by the savings and cooperative organization had the mean of 2.832, SD=1.351. I attain interest on the savings made by the savings and cooperative organization had the mean of 2.206, SD=1.216 while My savings by the microfinance institution are adequately kept had the mean of 2.720 and that of I am assured that the savings made by SACOs are safe of the mean of 2.620, SD=1.32 interpretation.

4.3 Poverty reduction

The dependent variable in this study was poverty reduction for which respondents were required to ascertain the extent to which they agree or disagree with the items or statements by indicating the number which best describes their perceptions. This variable was measured using questions with response rate ranging between 5=strongly agree, 4=agree, 3=Not sure 2=Disagree and 1=strongly disagree. The

responses were analyzed and described using means as summarized below in table 4.3;

Table 4.3: Poverty reduction in Jinja municipality

Response	Mean	Std. Dev	Interpretation
I attain seed capital from the micro finance institution	2.46	1.21	Low
The loan processing by the organization is fast enough to my satisfaction	2.74	1.32	Moderately High
The loan interest rate for SACO is lower than for commercial banks	2.65	1.04	Moderately High
I always get capital for business growth from the Cooperative organization	2.80	0.91	Moderately High
There is no collateral security required for the attainment of seed capital	3.10	1.04	Moderately High
Average mean	2.75	1.12	

Source: Field data, 2019

4.22- 5.00 Strongly agree Very Good

3.42 - 4.22 Agree Good

2.62 – 3.41 Not Sure Fair

1.81 - 2.61 Disagree Poor

1.00 - 1.80 Strongly disagree Very Poor

The study results reveal that the poverty reduction in Jinja municipality is overall moderately high. The results are supported by the individual responses on the items provided in the context of the study.

Concerning the item of I attain seed capital from the microfinance institution with the mean of 2.46, SD=1.21 interpreted as low. The results were also that the loan processing by the organization is fast enough to my satisfaction had the mean of 2.74, SD=1.32 interpreted as moderately high. The loan interest rate for SACO is

lower than for commercial banks with the mean of 2.65, SD=1.04 interpreted as moderately high while I always get capital for business growth from the Cooperative organization had the mean of 2.80 and that of There is no collateral security required for the attainment of seed capital had the mean of 3.10 interpreted as moderately high in the study results provided.

4.4.1 Objective one; relationship between loan services and poverty reduction

The first objective in this study was to examine relationship between loan services and poverty reduction in Jinja Municipality. To achieve this objective the researcher correlated the mean on loan services and poverty reduction using the Pearson's Linear Correlation Coefficient, as indicated in table 4.4;

Table 4.4.: Pearson correlation between loan services and poverty reduction

Variables Correlated	r-value	Sig	Interpretation
Loan services Vs Poverty reduction	.393	.000	Significant correlation

Source: Primary data, 2019

Results in Table 4.4 indicated a positive relationship between loan services and poverty reduction in Jinja municipality, since the sig. value (.000) was far less than 0.05, which is the maximum level of significance, required declaring a significant relationship in social sciences. This finding can be seen in the r-values of 0.393 and a small significant value of 0.000. This research finding means that any variation in SACCO loan services will lead to 0.393 variations in poverty reduction of Jinja Municipality.

4.4.2 Objective two; relationship between savings services and poverty reduction

The third objective in this study was to establish the relationship between savings services and poverty reduction in Jinja Municipality. The researcher correlated the means on both variables by using the Pearson's Linear Correlation Coefficient as a way of achieving this objective and to test this and this was indicated in table 4.5.;

Table 4.5 : Pearson correlation between savings services and poverty reduction

Variables correlated	r-value	Sig	Interpretation
Saving services Vs Poverty reduction	.177	.084	No significant correlation

Source: Primary Data, 2019

The Pearson's linear correlation Coefficient (PLCC) results in table 4.5 indicated that there is no significant relationship between saving services and poverty reduction in Jinja municipality, since the sig. value (.084) was greater than 0.05 and r-value (.177). This finding can be looked at in the r-values of .177 and a small significant value of .084. This research finding implies savings services do not have a high effect and contributions to poverty reduction in Jinja municipality.

4.4.3 Objective three; the relationship between financial training services and poverty reduction.

The third objective in this study was to determine the relationship between financial training services and poverty reduction in Jinja municipality. But to achieve this objective and to test this, the researcher correlated the means on both variables by using the Pearson's Linear Correlation Coefficient as indicated in table 4.6;

Table4.6: Pearson correlation between financial training services and poverty reduction

Variables correlated	r-value	Sig	Interpretation
Financial training Vs Poverty reduction	.039	.382	No significant correlation

Source: Primary Data, 2019

Results in table 4.6 indicated a non significant relationship between financial training brings impact on the poverty reduction in Jinja Municipality. Since the sig. value (.382) was greater than 0.05 which is the maximum level of significance. This finding can be seen in the r-values of .039 and a big significant value of .382. This research finding means that microfinance institutions training does not have a relationship with poverty reduction meaning that financial training is low and does not contribute highly to poverty reduction.

CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the findings, conclusions, recommendations and suggested areas that need further research following the study objectives and study hypothesis.

5.1 Discussions

5.1.1 Objective one; relationship between SACCOs Loan services and poverty reduction

The findings indicated a positive significant relationship between microfinance Loan services and poverty reduction in Jinja municipality, therefore confirming that improvement in the microfinance Loan services by microfinance institutions leads to poverty reduction. This finding is in line with Pitt, Khandker, Choudhury and Millimet (2003) using a totally different approach to parameter identification, find that microcredit loan services provided rural people importantly improves business and measures of health and nutrition for both boys and girls, while credit provided men has no significant effect. There are essentially two different mechanisms that can result in different effects of credit program participation by gender empowerment effects, and standard income and substitution effects. Collective models of household decision making provide one avenue of understanding empowerment.” In a simple version of collective decision making, the household's social welfare is some function of the individual utility functions. Thus, providing micro credit loans to rural people promotes the small and medium scale business sector of central importance is whether or not rural people retain control over their loans and management power of the activities for which the loans are used (Mayoux, 2001). In cases where wives had taken small loans, from any source, 78% of husbands reported that they use their wives' loan money to spend on their own income generating projects. Among rural people who had taken loans for income-generating activities, only 5% reported having total autonomous control over the money. 56% reported that they share control over the loan money with their husbands, and 38% reported that their husbands have sole control over the proceeds of the loan and this affects the business growth (Guérin, 2006).

Rutherford (2009) argued that microfinance loan services involves the provision of financial services such as savings, loans and insurance to poor people living in both urban and rural settings who are unable to obtain such services from the formal financial sector. According to Goetz and Sengupta (2006) criteria, less than 18% of rural people in the sample retained "full control" over the loans they took from credit programs. 39% of respondents were judged to have very little control or no control at all over their loans. This makes it hard for rural people owned business to survive especial during the loan repayment session. The authors make assertions that credit is fungible within the household, but do not support these assertions empirically.

5.1.2 Objective two; relationship between savings services and poverty reduction

From the findings it was indicated that there is no significant relationship between savings services and poverty reduction Jinja municipality, hence indicating there is low saving base in Jinja municipality. This finding is in line with Mwalughali (2013) analyzed the impact of community savings and investment program (COMSIP) on household income and credit in Central Malawi. COMSIP groups mobilized communities to save and/or invest their resources into income generating initiatives. They also provided credit. Results showed that COMSIP groups' membership had a strong effect on household income and credit. Estimates indicated an increase of 88% income per capita and 96% increase in credit per capita of relatively poor participating households. The results were in agreement with Lussier (2006) have acknowledged that networking sometimes called external relations, of firms among industry, trade associations and other forms of association create learning by facilitating the sharing of knowledge, providing a means for organizations to learn from the experience of others in the industry. Joanna Ledgerwood (2009) argued that savings to increase their low incomes, leading to improved quality of life. Furthermore, development is induced by saving in that, high levels of saving leads to capital accumulation, later on investment leading to high income levels, ultimately through the vicious cycle of poverty, hence development in the long run. The role of financial markets in mobilizing savings and in channeling funds into productive investment is central to a successful strategy for economic and human development.

5.1.3 Objective three; relationship between financial training services and poverty reduction

The findings connoted that financial training services are not significantly correlated with the poverty reduction in Jinja municipality, hence indicating that there should be an improvement in financial training service so as to improve poverty status in the community. This finding is in line with Armendáriz and Morduch (2013) who observed that financial skills training cannot generally charge interest rates equal to those charged by mainstream banks because of the very nature of their customers or clients and their operations. MFIs justify the high interest rates, as a way of obtaining long term sustainability given the high costs structure of other firms. Key among factors that explain this is the fact that microfinance beneficiaries are not easily accessible, thereby increasing and imposing huge transport costs on the providers. Heudhes (2014) denoted that credit is in form of loans and it is usually given after a process which includes appraisal before disbursement with the view of determining whether the applicant will have the ability to pay back the money borrowed without the society taking measures to enforce recovery. Credit is considered to be an essential input on the standard of living in relation to agricultural productivity, mainly land labor. It is believed that credit boosts income levels, increases employment at household level thereby boosting economic development. Credit enables people to overcome their liquidity constraints and undertake some investments such as farm technology and inputs thereby increasing agricultural production.

5.2 Conclusions

The purpose of the study was to determine the impact of savings and credit organizations on poverty reduction in Jinja municipality.

On the first objective, the researcher concludes that there existed a positive significant relationship between loan services and poverty reduction in Jinja municipality, hence it is concluded by the researcher that loan service provided by microfinance institutions plays a big role in reducing poverty in the community, it also improves on the capital of the people in Jinja municipality and thus poor loan services will lead to a usual poverty life in the community.

On the second objective, the study conclude that there is no significant relationship between savings services and poverty reduction in Jinja municipality, hence concluding that If the savings requirement is too high then members who cannot meet the stated amounts are automatically pushed out of the credit program.

Regarding the third objective, the researcher conclude financial training services and poverty reduction are not significantly correlated, hence concluding that improvement in financial training services would lead to a reduction of poverty in the community.

5.3 Recommendation

From the above findings, the following recommendations were made;

On the first objective, the researcher recommends to the Savings and credit organizations need to make sure that the collateral security requirements are always compatible with the credit required by the client. The researcher recommends that Saccos always allow citizens borrow a specific amount of money and pay back through regular monthly payments with no collateral required.

On the second objective concerning savings services, the researcher recommends that the microfinance institutions provide bonuses for prompt credit payment among clients. The researcher still recommends to the microfinance institutions in Jinja municipality to provide risk transfer services, hence improving on the insurance services provided. The savings services need to be enhanced to provide avenues for the support of the microfinance savings for poverty reduction.

Regarding the relationship between financial training services and poverty reduction in Jinja municipality. The study recommends that microfinance institutions need to provide training to the people on the values of microfinance in order to enable the usage for the Savings and credit organizations in the country.

5.4 Areas for further research

Prospective researchers and even students are encouraged to research on the following areas;

1. The impact of microfinance institution services on health development.
2. Credit services and standard of living in Jinja municipality.
3. Insurance services and health programmes in Jinja municipality.

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