

**THE IMPACT OF TEACHERS SAVING AND CREDIT SOCIETIES
SERVICES ON THE TEACHERS' INCOME.**

CASE STUDY : WAKISO DISTRICT SECONDARY SCHOOLS.

CHAPTER ONE

1.0 Introduction.

Africa is considered to be the poorest continent in the world followed by Asia and Latin America (PHDR, 2009). World statistics indicated that three of every four people in the developing countries live in rural areas, most of them found in Sub-Sahara Africa whose livelihood depends on agriculture economy (Kopoka, 2006). Within Africa, the Sub- Saharan region is the poorest region where poverty is unique in the sense that majority particularly rural people are extremely poor. Uganda is one of Sub Saharan countries where poverty is also extreme According to the Uganda national bureau of statistics, the proportion of the poor increased to 21.4% in 2016/17 from 19.7% in 2012/13, an indication that people need to still work so hard to stem down poverty in the country which prompts people of various regions and careers to come together in various forms to support one another to get over poverty. It is through this that they have formed different self- help groups some supported by the government and others by institutions or members by themselves to prosperity.

Wakiso district is one of the metropolitan districts in Uganda with over 200 secondary schools. Just like any other occupation teachers in the district in most of these schools face a lot of challenges including low purchasing power, inability to acquire the basic goods and services necessary for survival due to low financial support.

The low household income due to the little saving and side income leads to insufficient capacity and opportunity to go investments and further studies.

To provide a solution to the many of the financial problems like the above in the district schools especially on the secondary level have started teachers' saving and credit societies. These are to boost their savings and enable them to undertake investments for their side income to supplement their monthly earning through borrowing at a low interest rate.

While many secondary schools are embracing the start up the saving schemes there is a clear justification that they are improving the teachers' house hold income and particularly in Wakiso District. The stake holders at the district level, government agencies like Ministry of Education, Financial institutions and the Ministry of Trade and Commerce are to use this research as reference to determine the impact of savings and credit societies' services on improving the teachers' income in Wakiso District.

BACKGROUND STUDY.

1.1.0 HISTORICAL BACKGROUND.

The history of SACCOS in the world can be traced based on two origins of modern cooperation.

The first modern cooperation emerged in certain working class environments in European industrial cities in 1840s, particularly in Great Britain and France. These pioneers invented models of the consumer and labor cooperative that defend and promote the interest of working class in the face of the social disasters endangered by the Industrial Revolution (Assenga, 2008).

In Uganda, savings and credit cooperatives (SACCOS) are financial intermediaries, channeling savings into loans, provide saving opportunities for the teachers, especially in the rural areas. Evidence shows that teachers are looking for opportunities to save their income in case of emergencies or to be able to undertake larger investments in the future (CGAP, 2006). There is a high potential to mobilize savings among low income people in Uganda.

1.1.1 THEORETICAL BACKGROUND.

Two theories advanced by scholars regarding Microfinance include economic and psychological theories. The economic theory treats microfinance institutions (MFIs) as infant industries, while the psychological theory differentiates microfinance entrepreneurs from traditional money lenders by portraying them as social consciousness driven people (Khandakar, Q., E. Danopoulos and P. Constantine, 2004). Many societies have embraced microfinance based on economic theory as a major strategic tool to combat the severe poverty, particularly in rural areas. This stems mainly from the belief that providing small loans, savings facilities, insurance products, money transfer services and skills training to poor people, and more especially women, could be a way of providing opportunities to be self-reliant and play active roles in their households and communities and the economy as a whole (Yunus, 2001). Also the SACCOS enabled them to no longer depend on money lenders (usurers) and to find the credit necessary to modernize their agricultural operations. In African countries, the first experiences of savings and credit cooperatives were to a large degree the work of foreign missionaries (Mwelukilwa J. S, 2001).

Many of the first savings and credit cooperatives emerged in the English- speaking countries, primarily in Ghana 1955, Uganda 1946 and in Nigeria dates back to 1951-1953 (Mbwana, K., and J. Mwakujonga,, 2013). In Tanzania SACCOS emerged in 1954, Kenya in 1964.

1.1.2 CONCEPTUAL BACKGROUND.

SACCOs are among the financial services strategies to be implemented in this study. Services provided by savings and credit cooperative organizations (SACCOs) and other major financial institutions play a crucial role in improving the access to financial services thus leading to financial inclusion of people in the financial system especially the low income earners like the

teachers in secondary schools. It is notable that the financial services and its assets contribute to Gross Domestic Product.

Provision of loans, regular saving deposits which teachers will deposit in their SACCOs and later SACCOs provide investment advisory services which in the long run will lead to improved household income thereby enabling teachers to invest in their knowledge and in both liquid assets and non-liquid assets to enable them pay school fees, pay medical bills and improve on food security thus leading to their personal financial growth and development.

1.1.3 CONTEXTUAL BACKGROUND.

In compliance with United Nations declaration of access to financial services being a human right from 2005 to date, the Uganda government embarked on the promotion of savings and credit co-operatives as means of improving household income through provision of access to the financial services to the poor.

The aim of promoting these SACCOs is because of the low saving culture among the people in developing countries due to dominance of urban based commercial banks and undeveloped stock markets. So, the formation of savings and credit co-operative societies is intended to offer an alternative to improve the above undesirable situation in low income countries especially helping members like teachers who in most cases encounter financial constraints.

The government through the Micro finance support center gives start up loans and advice to the beginning SACCOs so as to enable them stay to support its members. This is one of the government strategies of one SACCO per sub-county (State house, 2007).

Therefore the study wishes to ascertain the impact of loans advanced to members, advice and savings to their household income due up on that background.

1.2 STATEMENT OF THE PROBLEM.

Because many institutions like secondary schools and also the government is investing in these SACCOs initiatives like one SACCO per sub-county (prosperity for all, 2007) there is a clear indication that SACCOs actually improve teachers' income.

The role of SACCOs in improving teachers' income is still not well understood by some of them. Therefore the study seeks to educate members and other participants in this field the importance of teachers' SACCOs on the teachers' household income.

Majority of teachers have savings but do not have enough collateral security to take to financial institutions to access loans for investment.

This study therefore seeks to explain the impact of SACCOs as a source of improving teacher's house hold income in Wakiso District.

1.3 OBJECTIVES OF THE STUDY.

1.3.1 MAJOR OBJECTIVE OF THE STUDY.

The objective of the study is to evaluate the impact of selected school SACCOs on improving the teachers' household income in Wakiso District. The research is explanatory because it intends to study the relationship between SACCO services and their improvement in the teachers' household income in Wakiso District.

1.3.2 SPECIFIC OBJECTIVES

1. To examine how loans provided by SACCOs impacts on house hold income for teachers in Wakiso schools.
2. To assess how regular saving deposits accepted by SACCOs impacts on house hold income.
3. To determine how financial advisory services provided by SACCOs contribute to improved house hold income

1.4. RESEARCH QUESTIONS.

The Research Questions of the study.

1. How do loans provided by SACCOs contribute to improved teachers household income in Wakiso District?
2. How do regular saving deposits accepted by SACCOs contribute to increase in house hold income of the teachers in Wakiso District?
3. How do financial advisory services provided by SACCOs contribute to improved household income for teachers in Wakiso District?

1.5. HYPOTHESES OF THE STUDY

The hypotheses of the study are;

1. There is no impact made by loans provided by SACCOs on teachers' household income.
2. There is no impact made by regular savings on teachers' house hold income.
3. There is no contribution made by financial advisory services from SACCOS to improve house hold income.

1.6 SIGNIFICANCE OF THE STUDY.

This study is of importance both at local and national levels. Locally the study is of importance for the practitioners in SACCOS and local governments to understand the relevance of SACCOS

in improving household income and whether they are attaining the anticipated objective. This is to enable them to refocus in case the intended objectives are not being met.

The study also offered an opportunity for the practitioners to get feedback from teachers who are participating and those not participating in SACCOS and this feedback includes suggestions on what can be done better which can be used to create a positive change income levels.

At the national level, the study is of importance in assessing the relevance of SACCOS in increasing and improving house hold income for teachers. This brings out practically what it takes to establish and manage a successful SACCO and this can be integrated in national policies and programs for teachers in other areas in Uganda.

Participating in SACCOS can only be successful when the possible challenges and how to overcome them are known. In determining the impact of SACCOs in increasing household income for teachers, circumstances can also provide useful information for improving and promoting the development of SACCOS in semi urban areas such as Wakiso district. Although the examples of SACCOS identified around Wakiso serve as a starting point for replication, it was deemed necessary to launch a study to examine the role of SACCOS in improving house hold income for teachers especially at secondary school level.

Further more information and recommendations that will be been generated from the study are to be used by recognized institutions and relevant government agencies to promote the participation of SACCOS for improved incomes of the teaching fraternity.

1.7 JUSTIFICATION OF THE STUDY.

SACCOS are expected to increase as more teachers become aware of their benefits. The study provides information on the role played by SACCOS in improving house hold income and on how they can be sustained in Wakiso district and in Uganda at large. Since promoting appropriate savings and credit cooperatives is a strategy to improve house hold income for teachers in Wakiso district.

1.8 DEFINITION OF KEY TERMS

SACCOS: These are savings and credit co-operatives are community membership based financial institutions that are formed and owned by their members in promotion of their financial interests. They are meant to improve on the welfare and income of those that have formed them.

TEACHERS; These are skilled individuals who impart knowledge from nursery, primary, to secondary education giving instruction to the young generation.

HOUSEHOLD INCOME: This is the amount of wealth valued in both assets and non-asset of a given homestead.

SACCO PARTICIPANTS: These are the members who are registered within a given saving and credit scheme.

CHALLENGES AND OPPORTUNITES: These are the hindrances and benefits of SACCO.

1.9 SCOPE OF THE STUDY

1.9.0 Geographical scope

The study will cover the whole of Wakiso district focusing on the teachers participating in SACCOS and those who are not participating in the last one year. Effort will be made to locate them wherever they are operating within the district.

1.9.1 Content scope

In this study technical competence of the respondents will be investigated to find out whether participation in and presence of SACCOS in their areas has helped teachers in improving household income. In addition, the current engagements will be explored to find out whether they are opportunities and challenges and if they have managed to set up their own solutions locally. Lastly, inquiries will be made on what is thought to be the missing link and what corrective measures should be taken to ensure that better SACCO methodologies are applied in improving household income for teachers and how they can be sustained.

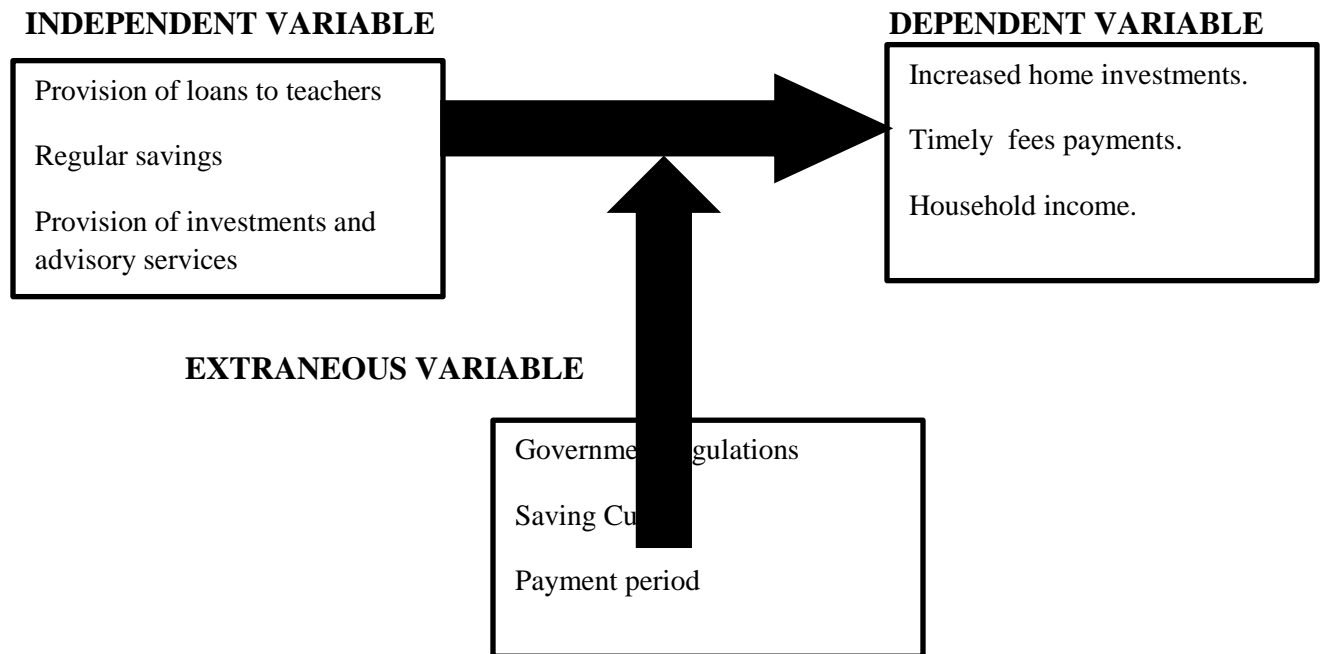
1.9.2 Time scope

The study will consider a period of the last 4 months. That is to say from June 2020 to October 2020. This is the time the researcher deems suitable for collecting data with the regardsto the objectives of the study and also finishing the research on time with regards to the university timeline and convenient for the researcher to achieve the award in time.

1.10 CONCEPTUAL FRAMEWORK

In the conceptual framework as displayed in Figure below, Provision of small loans to teachers, regular savings deposits to SACCOS and provision of investments advisory services to teachers, are the independent variables which are hypothesized to influence improvement of teachers' household incomes, dependent variable.

Illustration of conceptual framework



CHAPTER TWO

2.0 LITERATURE REVIEW.

A livelihood perspective has been conceived different by different people. Thus, a variety of definitions have been posted in various literatures include for example, the means of gaining a living (Chambers 1995) or a combination of the resources used and the activities undertaken in order to live. Livelihood is also about the ways and means of 'making a living' (DFID, 2001). It encompasses the capabilities, assets (including both material and social resources) and activities required for a means of living. Different activities and interactions emphasize the diversity of ways people make a living. This may cut across the boundaries of more conventional approaches on looking at rural development which focuses on defined activities such as agriculture, wage employment, farm labor and small-scale enterprise. But in reality people combine different activities to make their livelihood (Scoones, 2009). Debates about livelihoods and poverty reduction emerged around the 1995 World Summit for Social Development in Copenhagen, but livelihoods strategies remained at the margins of the mainstream (Scoones, 2009). In realizing this many countries decided to take different livelihood approaches in achieving sustainable rural livelihood.

In a bid to finance better livelihoods to citizens like teachers, the government of Uganda and other stake holders have encouraged and promoted cooperative societies as an engine to accelerate the accessibility of loans from these cooperative societies which in this case are SACCOs. The aim of promoting these SACCOs is because in developing countries like Uganda, there are low levels of saving culture owing to poor underdeveloped stock markets, dominance of urban based commercial banks, Micro Deposit Taking Institutions (MDIs) and non -regulated Micro finance institutions in the financial markets as vehicles for savings. Hence Savings and Credit Cooperatives (SACCOs) are intended to offer an alternative to improve the above undesirable situation in low income countries especially helping members who in most cases are teachers.

Savings and Credit Co-operatives (SACCOs) are community membership-based financial institutions that are formed and owned by their members in promotion of their economic interests. These institutions mobilize and intermediate savings exclusively with in their membership under the co-operative statute 1991. SACCOS are member-based institutions, that intermediate savings into loans. SACCOS are usually rather small, independent financial institutions. The business model of most SACCOS is to collect savings from their members and to intermediate them into loans. This enables the rural and low earning teachers to deposit savings as well as to take loans. Only members can use the services of SACCOS as the Ugandan law prohibits SACCOS to take savings or lent out money to the public. The members can participate in annual general meetings and elect a board of directors.

The loans taken are believed to bring significant improvement in the lives of the active users by increasing their productive capacity. This is because the loans advanced to customers are used to supplement their little savings. Loans are believed to bring significant improvement in the lives of the active poor by increasing their productive capacity. Credit enables the teachers 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 (Lotter, 1998). 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 (Songsore, 1992). 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, (Johnson, 1997) 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.

The educative advice which at times is displayed through plays, sharing difficulties gives messages that are so relevant to the members (teachers) about the way to save and how to use the borrowed funds appropriately enables the members to avoid wasteful tendencies that may result into total loss of both the saved and borrowed funds. This equips teachers with skills which enables them follow their expenditure and income patterns closely to avoid losses in their businesses thus raising the members' income.

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.

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 thus enabling proper house hold income growth of the teachers.

CHAPTER THREE

METHODOLOGY

3.0 INTRODUCTION.

The chapter lays out the structure that will guide the study and it includes the research design, description of the population, the methods to be used in determining the sample size, the sampling techniques and procedures, data collection methods and instruments, data analysis methods, a description of the variables and their measurements.

3.1 RESEARCH DESIGN

Research design is a plan of how the researcher plans to execute the formulated research problem. It is a set of guidelines and instructions to be followed in addressing the research according to Mouton, 1996.

The design that will be in the study will be exploratory research which involves both cross sectional survey methods and quantitative methods. A cross-sectional study is a type of observational study that analyses data collected from a population, or a representative subset, at a specific point in time (Schmidt & Kohlmann,2008) and quantitative research is the systematic empirical investigation of observable phenomena via statistical, mathematical or computational techniques, therefore in this case a group of teachers with deposit savings and their amount saved in school based SACCOs is to be investigated. The study will involve focusing on two variables that is school based SACCO services like advice, advancing loans and savings of an active versus improved household income for the participating member teachers in these SACCOs in Wakiso district. This design will be suitable because it will enable to collect the needed information on several predetermined variables at a single point in time and from a cross section of a fairly uniform group. This design will also be timesaving and give room to understand more of the whole research problem.

3.2 STUDY POPULATION

The study population will include the selected School based teachers' SACCOs, schools and teacher members in Wakiso district. The SACCOs included; St Marys' Kisubi teachers SACCO, St. Augustine Sec school teachers SACCO, St. Charles Lwanga school based SACCO ,Kisubi Mapeera teachers saving scheme and more, and information from Mengo teachers SACCO.

3.3 SAMPLING PROCEDURES AND TECHNIQUES

The sampling technique and procedure to be used will base on simple random sampling principles where individuals will be randomly sampled from the target population. The respondents will be randomly selected by use of probabilistic sampling where every individual has an equal chance of being selected.

3.3.1 SAMPLE SIZE.

The number of SACCOs and population of the teacher members with savings deposits in SACCOs will be got from the head teachers. And assuming that the total number of SACCOs got from the head teachers was S with a membership of N members, Therefore the total population according the information available the target population of this study was SN persons. The sample in this study will include a simple random sampling and individuals are to be randomly drawn from the target population.

3.4 DATA COLLECTION METHODS AND INSTRUMENTS.

A survey will be carried out and the data collection techniques will include the following; faceto-face interview, key informants interview, survey and observations. The data collection instruments will include; interview guides and questionnaires, key informants' guides, group discussion topics, observation checklists, and the researcher used them for the purpose of explaining to the respondents the reason for the research and receive appropriate and reliable information from the respondents.

3.5 QUALITY CONTROL METHODS.

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

3.6 DATA MANAGEMENT AND PROCESSING.

Qualitative data collected was first coded in the coding process, a coding sheet was constructed, and a number was then assigned to each answer in the questionnaire with a corresponding number on the coding sheet.

3.7 DATA ANALYSIS.

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

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

3.8 ETHICAL CONSIDERATIONS

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

3.9 LIMITATIONS OF THE STUDY

1. The time may not be enough for the study.
2. Also the researcher may experience a problem of delays in submitting back the answered questionnaires by respondents.
3. Some respondents may fail to understand the purpose of the study clearly and give wrong answers.
4. Finances may also be inadequate, and this may strain the researcher.
5. Some respondents may give false information in order to please the researcher and this may undermine the reliability of the research findings.
6. Some respondents from the SACCOs may fail to disclose some information as they could take such information to be secrets of their respective institution. However, the researcher will carefully and tactfully interact with respondents so as to get the data of interest for the study.

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