THE EFFECT OF VILLAGE SAVINGS AND LOAN ASSOCIATION SERVICES ON SOCIAL ECONOMIC WELLBEING OF MEMBERS IN MITOOMA TOWN COUNCIL, MITOOMA DISTRICT

BY

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DECLARATION

I **PRIMAH NASASIIRA** declare that this dissertation is my original work and has never been submitted to any other institution for any academic award.

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APPROVAL

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DEDICATION

I dedicate this work to my friends CPA Kayebe Daniel and Ms Shallon Kyomugisha without forgetting my mother; Mrs Betty Baingana because of her passion towards this study.

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LIST OF ABBREVIATIONS

CDO:	Community Development Officer
CDO:	Community Development Officer
FY:	Financial Year
NGO:	Non-Governmental Organizations
RSCA:	Rotating Savings and Credit Associations
SPSS:	Statistical Package for the Social Sciences
VSLAs:	Village Savings and Loans Associations

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ABSTRACT

The study focused on examining the effect of village savings and loan association services on social economic wellbeing of members in Mitooma town council, Mitooma district. Specifically, to examine the effect of financial training on social economic wellbeing of members, to examine the effect of credit extension on social economic wellbeing of members and to examine the effect of saving services on social economic wellbeing of members in Mitooma town council, Mitooma district. A cross-sectional design was employed using both quantitative and qualitative approaches to allow triangulation. Both simple random sampling and purposive sampling techniques were applied to select the 241 respondents. Data collection methods such as questionnaire survey and interview method. Quantitative data was analyzed with descriptive, Pearson correlation coefficient and linear regression where qualitative data was analysed using thematic analysis. The study found that financial training had a positive and significant contribution towards social economic wellbeing since p-value was 0.004 which was less than 0.05 and r=.952. The study also shows that results shows that credit extension had a positive significant contribution with social economic wellbeing since p-value of 0.647 is greater than 0.05; Pearson correlation coefficient (r=.647). Lastly, the study concluded that saving services had a positive significant contribution with Social economic wellbeing since p-value of 0.0000 is less than 0.05 and Pearson correlation coefficient (r=.546). The study concluded that financial training had a positive significant contribution with social economic wellbeing. The Pearson correlation coefficient indicated that there is a strong positive significant contribution of financial training on social wellbeing. The study also concluded that credit extension had a positive significant contribution with social economic wellbeing. Furthermore, the study concluded that saving services had a positive significant contribution with Social economic wellbeing. The study recommended that VSLAs should offer training on starting and managing small businesses, including business planning, marketing, and financial management. The study also recommends that VSLAs should establish clear and transparent credit terms, including interest rates, repayment schedules, and consequences of default. Ensure that terms are fair and manageable within members' financial capacities. Lastly, the study recommends that VSLA should educate members on the importance of saving regularly and setting financial goals.

Key words: *Social economic wellbeing, financial training, credit extension and saving services*

CHAPTER ONE

INTRODUCTION

1.0 Introduction

Village Savings and Loans Associations are recognized as a strong model for delivering financial services, livelihood improvement inputs and innovative skills for self-employment and socio-economic independency by households in emerging economies (Mburu, 2023). This approach has also been employed and adopted for wellbeing improvement in Ghana and Niger among other Non-Governmental Organizations (NGO) like CARE International with the goal to help women participants cope with the numerous responsibilities that they faced in a challenging economic and social environment (Mburu, 2023). The key reasons for common use of VSLAs as a livelihood programme is that poorest people live in rural areas of developing countries with limited access to financial services (Lambongang, Nasow & Sienso, 2021). Therefore, Village Savings and Loans Associations is measured as financial training, credit extension and saving services. Social Economic Wellbeing is conceptualized as health, education, food and clothes. This chapter presents the background to the study, statement of the problem, objectives of the study, research questions, hypothesis, scope of the study, significance and justification of the study.

1.1 Background to the study

1.1.1 Historical Background

There are many models of saving groups formed around the world with the common and highly popularly one being Village Savings and Loans Associations (VSLAs), which is said to be first introduced in 1991 by the Cooperative for American Remittances to Europe (CARE) in Niger (Muruka, 2022).

Globally, VSLA services have now been introduced in 72 countries and have 11 million active participants worldwide (Pasimeni, 2021; VSL Associates, 2020). However, despite this wide distribution and the increasing popularity of VSLAs among donors as a means of improving the financial infrastructure in remote rural areas, very little is known about their impact on household wellbeing of vulnerable societies, particularly the refugees in emerging countries. According to Ocen and Akello (2022) the vast majority of the World's poor live in rural areas of developing countries with little access to financial services. Access to savings and loans are the core component to fostering prosperous and resilient communities. Farmers are often faced with financial capital constraints before harvesting their crops; they often need to take loans to support themselves until the next harvest. Lack of information, high interest rates, lack of collateral to take loans, and loan sharks are barriers to farmers' ability to access financial resources. Setting up Village Savings and Loan Associations services has become an increasingly widespread intervention aimed at improving local financial intermediation. A Village Savings and Loan Association (VSLA) is a group of people who save together and take small loans from those savings Groups meet weekly and members save through the purchase of shares. The VSLA model is a village banking methodology, which offers the productive poor mostly in the rural communities, the opportunity to purchase shares and lend to themselves with agreed interest rate on group basis (Habumuremyi, Habamenshi & Mvunabo, 2019).

In Africa, several governmental and non-governmental organizations support saving groups to promote financial inclusion of vulnerable people, especially women's groups. Systematic reviews suggest that saving groups are more effective at reducing poverty, increasing incomes and improving food security than microcredit groups (Steinert et al., 2018). However, estimates on participation rates within the saving group, including gender differences, vary depending on the

geographical location and the socio-economic status of the community (Amoding & Mwesigwa, 2021). Consequently, the overall rates of adult saving group participation across Africa regions reflect 37% for Uganda, and 13% for Kenya, 12% for Nigeria, and 16% for Tanzania respectively (Steinert, et al., 2018). Further, women are more likely to participate in saving groups than men in Kenya, Tanzania, and Uganda with gender difference ranging between 5.1 and 8.0 percentage points. In Malawi, these groups are named *Mudzi Bank* or "*Bank M'mudzi*," meaning village banks (MBC, 2021), whereas, in Egypt, they are called Rotating Savings and Credit Associations (RSCA) Group Savings and Loan Associations (GSLAs) in Kenya (Matthews and Green, 2010), and Livelihood Enhancement and Associations among the Poor in Cambodia (Ban et al., 2020).

In Uganda, 16% of the adult population keeps their savings at formal deposit-taking institutions, including VSLA. Uganda reported a high proportion of women participating in saving groups, at 39% even if up to 60% of adult Ugandans continue keeping their savings in their homes and or in form of assets such as animals. However, a higher percentage of the population (more than 65%) are not able to access and utilize formal financial institutions for credit. Consequently, they resort to making the best use of saving groups as a reliable way of keeping their money and gaining financial assistance in case of crises in their families (Saripah & Uyuandi, 2021). Additionally, over 60% of the village saving group members have two sources of finance compared to the non-saving group members. A study conducted in Uganda indicates that a community benefits a lot from saving groups. The same study reveals that 99% of the saving group members use their financial benefits from savings groups to acquire hoes (32%), ox-ploughs (52%), goats (75%), radio sets (63%) and motorcycles (9%) (Banerjee et al, 2015). Membership in savings groups helps in improving household incomes, purchase of household food stuffs, construction of descent housing, increasing access to clean and safe water as well as meeting the cost of quality education.

Other saving group members use their savings as start-up capital for small-scale enterprises (Okello & Mwesigwa, 2022).

1.1.2 Theoretical background

This study was guided by Classical economic theory founded by Adam Smith (1776). The theory mainly relate savings and investment and eventually growth. Furthermore, modern development theory studies the evolution of growth, relative income inequalities, and their persistence in unified models. This theory relates more to access to credit and its implications to economic growth.

The Classical economists assume that household saving equals capital investment expenditures. If savings exceed investment, the interest rates fall and the market achieves equilibrium again. On the other hand, if savings fall short of investments, the interest rates rise and once again, the economy reaches its own equilibrium (Hemachandra, 1997). The Classical theory greatly assumes savings and investment being determined by the market forces which is ideal but may not always be the case. Given the fact that most financial institutions are reluctant to offer interest rates for members' savings the classical theory may not be favorable as it assumes restoration of equilibrium in the market mainly through interest rates on savings without government intervention.

The classical theory was largely referred to study as it relates improved household incomes to savings then investment and eventually economic growth and does strongly agitate for social economic wellbeing. The researcher found out that through engagement in economic activities like farming, retail and wholesale businesses, people in the area are able to gain an income from which they can save after covering their household expenses and government intervention is largely achieved through government expenditure on various goods and supplies within Mitooma town

council Eventually the accumulated savings are invested for further growth to realize the ideal social economic wellbeing.

1.1.3 Conceptual background

This study is meant to examine and build a model on which the key concepts of VSLA program and household wellbeing of refugees are linked. Different scholars have defined VSLAs program in different ways. Boachie and Adu-Darko (2022) defined VSLA as an informal financial sector that are formed by self-mobilized and self-administered individuals or community groups who mobilize their savings at agreed intervals and make them available and accessible to their members in form of credit. Furthermore, Ouma (2022) stated village savings and loans as community-based organizations which link members together in order to save funds which eventually can allow them to borrow. VSLA members can borrow that normally from 1-3 months and interest is expected on payback. In this study, VSLAs refers to a group of 15 to 30s elf selected individuals who save together and take small loans from those savings. In most cases these meet weekly and save through the purchase of 1-5 shares.

Laurence (2020) defines saving as putting money in the VSLA and yet to others it meant buying stocks and contributing to a pension plan. Nyamongo (2016) define savings as an essential instrument for capital accumulation and formation that enables growth of the economy, development by investing the funds that have been saved. It has also been referred to as part of the disposable income that remains after spending or one which has not been spent (Bime & Mbanasor, 2011). According to Virani (2012), saving is seen as sacrificing the current consumption levels so as to increase on the standard of living and daily requirement fulfillment for the future. Loans is a term that has been used to refer to as a form of debt incurred by an individual or an entity through

borrowing and lending (Kagan, 2020). According to FINCA (2021), microloan is the specific small loan amount that an individual borrows from a VSLA groups.

Social Economic wellbeing that is from "well in its still familiar sense and fare, primarily understood as a journey or arrival but later also as a supply of food". The word wellbeing has historically been related to happiness and prosperity, whereas its current understanding first emerged in the 20th century (Neumann, 2021). The concept of wellbeing has to be understood in the historical and cultural context within which it is embedded. However, there is no intention here to enter into a long historical analysis of the concept. Wellbeing as a relationship with the situations and well-being to individual moments (Leibowitz, 2023).

Social economic wellbeing is defined as an individual's perceptions of their position in life in the context of the culture and value systems in which they live and in relation or concerning to their goals, expectations, standards, and concerns (Wu et al., 2022). According to Ruggeri et al. (2020) defined wellbeing as the combination of feeling good and functioning well; the experience of positive emotions such as happiness and contentment as well as the development of one's potential, having some control over one's life, having a sense of purpose, and experiencing positive relationships.

1.1.4 Contextual Background

Over the last 32 years, the Government of Uganda has encouraged financial policies specifically VSLA services geared towards improving social economic wellbeing among the citizen. VSLA services such as financial literacy, loans, savings and lowering the interest rate have led to an improvement in social economic wellbeing from 39% in 1992 to 59% in 2023. In Mitooma district, the proportion of the population improved social economic wellbeing from 29% in 2021/22 and is

at 31% as of 2022/23 (Mitooma District Local Government Abstract, 2022). On average, income inequality decreased from 0.428 in 2021/22 to 0.408 in 2022/23. An increase in monthly household expenditure was recorded at 11% between 2021/22 and 2022/23, though 45% of the household expenditure was on food, education, clothing and healthcare (UBOS, 2023).

Despite the services offered by VSL, it was estimated that 44% of the members lived under poor state (Mitooma Town Council CDO Report, 2021). Not with standing, the estimated number of VSLA members who are unable to maintain their wellbeing in 2022 were 714 people out of 2031 and in 2023 the estimated number of members who unable to have full basic needs were 585 out of 178 individuals (Mitooma Town Council CDO Report, 2023). This can mainly be attributed to the fact that VSLA services has not improved the social economic wellbeing of members in Mitooma town council hence the study.

1.2 Statement of the problem

Village Savings and Loan Associations (VSLAs) were introduced as a community-based mechanism to improve the socio-economic wellbeing of members through access to savings, affordable credit, and financial literacy. Ideally, participation in VSLA services should enable members to improve their income levels, enhance household food security, meet education and health needs, and reduce vulnerability to economic shocks. However, evidence shows that many members in Mitooma District continue to experience persistent socio-economic challenges despite being engaged in VSLAs. For instance, the Uganda Bureau of Statistics (UBOS, 2023) reported that over 38% of households in southwestern Uganda remain below the poverty line, with limited improvements in household welfare indicators such as nutrition, education, and healthcare access. Similarly, a study by the Ministry of Finance (2022) highlighted that although VSLAs have

expanded access to microcredit, many members still struggle with over-indebtedness, unstable household incomes, and inadequate savings to cushion them from emergencies.

In Mitooma District specifically, local development reports indicate that a considerable proportion of VSLA members remain financially insecure, with limited diversification of income-generating activities and a high dependency on subsistence farming (Mitooma District Development Plan, 2023). This situation raises concerns about whether VSLA services are effectively translating into improved socio-economic wellbeing for members. While some studies suggest that financial inclusion through VSLAs can boost livelihoods, the persistent challenges of poverty, unemployment, and financial vulnerability among members point to a gap between the intended benefits and the actual outcomes. It is on this basis that the present study sought to examine the effect of VSLA services on the socio-economic wellbeing of members in Mitooma Town Council, Mitooma District.

1.3 General objective of the study

The general objective of this study is to examine the effect of village savings and loan association services on social economic wellbeing of members in Mitooma town council, Mitooma district.

1.4 Specific Objectives of the study

i. To examine the effect of financial training on social economic wellbeing of members in Mitooma town council, Mitooma district.
ii. To examine the effect of credit extension on social economic wellbeing of members in Mitooma town council, Mitooma district.
iii. To examine the effect of saving services on social economic wellbeing of members in Mitooma town council, Mitooma district.

1.5 Research Hypothesis

H1: There is a positive significant effect between financial training and social economic wellbeing of members in Mitooma town council, Mitooma district

H2: There is a positive significant effect between credit extension and social economic wellbeing of members in Mitooma town council, Mitooma district

H3: There is a positive significant effect between saving services and social economic wellbeing of members in Mitooma District

1.6 Justification of the study

This study was conducted in Mitooma Town Council because the area presents a unique gap in understanding the effectiveness of VSLA services on socio-economic wellbeing. Despite the widespread presence of VSLAs, over 41% of households in the district still live below the poverty line, with many struggling to meet essential needs such as education, healthcare, and food security (Mitooma District Development Plan, 2023). Reports further show rising non-performing VSLA loans and cases of financial mismanagement, raising doubts about whether these schemes deliver their intended welfare outcomes (Mitooma District Commercial Annual Report, 2023). Theoretically, the study adds to microfinance and socio-economic development literature by examining how savings behavior, interest rates, and loan management effect members' wellbeing within community-based financial models. Methodologically, it provides localized empirical evidence from Mitooma Town Council, a rural context often overlooked in national-level studies of financial inclusion. Contextually, the findings are expected to inform both local government and VSLA leaders in strengthening financial literacy, improving savings management, and designing sustainable credit schemes that can enhance members' socio-economic wellbeing.

1.7 Scope of the study

1.7.1 Content Scope

The study focused on examining the effect of village savings and loan association services. Specifically, to examine the effect of financial training on social economic wellbeing of members; effect of credit extension on social economic wellbeing of members and examining the effect of saving services on social economic wellbeing of members in Mitooma town council, Mitooma district.

1.7.2 Time Scope

The study covered the period 2019–2024, a five-year timeframe selected because it reflects a period in which members of VSLAs in Mitooma District have continued to struggle with meeting basic needs such as education, health, and food security despite their involvement in savings and loan schemes. Reports from the Uganda Bureau of Statistics (UBOS, 2023) and Mitooma District Local Government (2023) indicate that poverty levels in the region have remained high, with households facing persistent financial vulnerability, limited income diversification, and inadequate savings buffers.

1.7.3 Geographical Scope

The study was done in Mitooma District that borders by Bushenyi District to the north, Sheema District to the east, Ntungamo District to the south, and Rukungiri District to the west. Mitooma, where the district headquarters are located is located some 25 kilometres (16 mi), by road, southwest of Bushenyi, the nearest large town. This location lies approximately 85 kilometres (53 mi), by road, west of Mbarara, the largest city in Ankole sub-region. The coordinates of the district are: 00 36S, 30 00E.

1.8 Contribution/ Significance of the study

The study will help to reveal the gaps that VSLA services needed to explore in saving to fully utilise the credit asset to yield the desired results which is a clean credit portfolio.

The results of this study will also be used by management of VSLA services to make decisions on how to improve the management of financial training, extension and savings in order to improve their social wellbeing.

To the academia, the study will also add to the knowledge on VSLA services and social wellbeing by covering literature gaps on the relationship between financial training, credit extension and savings of VSLA services in a developing country-Uganda.

1.9 Conceptual Framework

The conceptual framework contains two concepts which are the effect of VSLA services in terms of financial literacy, interests on loans, savings and on social economic wellbeing in-terms of accessibility and affordability of basic needs such as health, education, food and clothes.

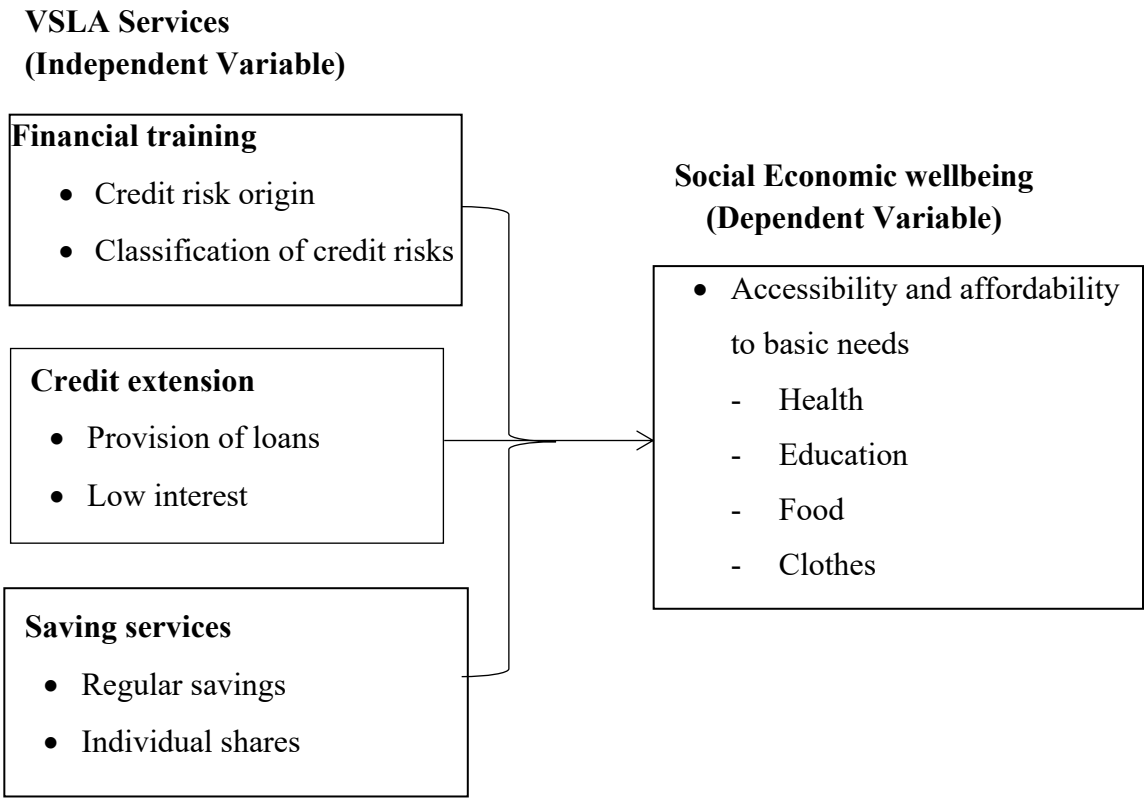


Figure 1 Conceptual Framework

Source: *Adopted from Shaaban (2019) and modified by the Researcher (2024).*

The Figure 1 shows that the effect of VSLA services depend on the degree to which the management and officials of the VSLA undertake financial literacy, interests on loans and savings.

Financial training equips individuals with knowledge and skills to make informed decisions about managing their money. This includes credit risk origin and classification of credit risks. With improved financial training, individuals are better able to navigate financial challenges and opportunities, leading to greater economic stability and social Economic wellbeing (Silong & Gadanakis, 2020).

Credit extension can provide individuals and businesses with access to capital through provision of loans and low interest that they can use to invest in education, start or expand a business or purchase assets like homes or vehicles. This access can facilitate economic growth, job creation,

and overall improvement in living standards, contributing to social economic wellbeing (Berger, 2021). The relationship between credit extension and social economic wellbeing hinges on responsible lending practices, access to financial education, and supportive policies that promote equitable access to credit.

The relationship between saving services (preserving or ensuring the availability and quality of essential services) and socio-economic wellbeing is profound and multifaceted. Regular saving services ensure that essential services such as healthcare, education, infrastructure, and social safety nets are consistently available (Lobanova, Bratchenko & Komarova, 2021). This stability forms the foundation for socio-economic wellbeing by health, education, food and clothes.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The literature review section provides a critical scholarly review of literature from a number of secondary sources in favor or against the study. The review of the related literature is done to identify gaps that the study addressed, and to give a detailed insight about the study objectives. The chapter is arranged starting with a review of the adopted theory, followed by actual literature review and the chapter closes with a summary of the literature reviewed.

2.1 Definition of key terms

VSLA services: Village Savings and Loan Associations (VSLAs) are self-managed groups who meet to save their money and access small loans (Okello & Mwesigwa, 2022). A VSLA is a self-managed group that does not receive any external funding; it provides its members a safe place to save their money, to access loans and to obtain emergency insurance.

Financial training: This is a process of providing skills and means to finance professionals to enable them to manage the financial activities of the organization (Andriamahery & Qamruzzaman, 2022).

Credit extension: This is the right to defer payment of debt or to incur debt and defer its payment offered or granted primarily for personal, family or household purposes. Thande (2020) defines credit extension as the act of granting additional time or flexibility for the completion or fulfillment of a financial obligation, such as the payment of a bill, the filing of a report, or the submission of financial documentation.

Saving services: This is the portion of income not spent on current expenditures

Social Economic wellbeing: This is the overall standard of living and quality of life of individuals and households within an economy (Bilan et al., 2020). It encompasses various dimensions, including income, wealth, employment opportunities, access to basic goods and services, social support, and overall satisfaction with life.

2.2 Theoretical review

This study was guided by Classical economic theory that was propounded by Adam Smith (1776). The theory assume that the economy is self-regulating and that any needs in an economy will be met by participants. In other words, there is no need for government intervention. People will save and allocate resources properly and efficiently.

Amaira (2023) notes that it is the supply rather than the demand for loanable funds which constrains investment in developing countries. This is mainly because the financial sectors in developing countries are highly repressed and the demand for loanable funds exceeds supply. Hossin (2023) compliments this argument by suggesting an increase in interest rate which will unambiguously attract deposits (loanable) funds, thereby leading to an increase in financial deepening, investment and economic growth. This assumption can only be considered if other factors are held constant like the reserve requirements of the commercial banks and the lending interest rates.

Much criticism of the classical economic theory has been conducted on the dubious assumption that markets, if left on their own, will work reasonably efficiently. It should however be noted that financial liberalization has got both short term and long term effects since it involves many dimensions. Bayoumi (1993) noted that increasing competition among the providers of financial intermediation, boosts borrowing by agents that were constrained before in the financially repressive regimes. However, this will lead to a fall in savings. However, if classical economic

theory involves the foreign exchange market which may induce large capital inflows, it may result in a surge in real income and a positive direct but transitory effect on savings on social economic wellbeing.

The theory is relevant in this study in determining how VSLA services such as financial training, credit extension and savings improve the social economic wellbeing of members in accessibility and affordability of basic needs such as food, clothes, education services and health services.

2.3 Financial training and social economic wellbeing

Financial literacy is believed to have a significant effect on people's financial well-being since financially literate people are more inclined to handle their personal resources, develop effective ways to save, invest and accumulate wealth over time (Nejad & Javid 2018). Therefore, people with proper financial knowledge have the potential to make reasonable financial decisions which will lead to the achievement of financial well-being. It can be inferred that as people gain more and more financial literacy, they tend to save and invest more and may even become more skillful about making daily financial choices (Lusard, 2019). Consequently, they achieve financial self-efficacy which eventually results in higher financial well-being (Netemeyer et al. 2018).

Financial literacy, is an essential component of financial stability since it effects financial knowledge, which in turn drives decision-making (Priyadharshini, 2015). Financially aware people will make reasoned financial decisions which will boost their confidence or financial self-efficacy and eventually feel more satisfied, i.e., higher level of financial well-being (Khan 2015; Priyadharshini, 2015). Moreover, Singh and Singh (2023) state that individuals that lack financial awareness limits financial knowledge related to financial products and services which ultimately effects decision-making and investment in financial markets.

Financial self-efficacy helps in avoiding adverse financial behavior, and consequently, the financial anxiety accompanying that behavior (Hadar et al. 2013). Also, financial self-efficacy is believed to reinforce responses to challenging present events by making individuals to remain motivated to face obstacles (Kammeyer-Mueller et al. 2009). Therefore, financial self-efficacy should have positive association with the financial well-being. Further, it is believed that financial self-efficacy evokes a behavior to be disciplined to achieve long-term financial goals (Chen et al. 2001; Chowdhry and Dholakia 2016). Additionally, people with a high degree of financial self-efficacy have a belief that the financial decisions taken based on financial knowledge will eventually help them to secure their financial future (Netemeyer et al. 2018).

Priyadharshini (2015) states that financial skills refer to the individuals' ability to make information-based decisions to minimize the chances of entrapping themselves in financial complications. Further, people possessing financial skills help them to avail services like internet and mobile banking which eventually aid in the management of personal finances (Nejad and Javid 2018). Also, individuals relying on financial skills are less likely to contact customer services to resolve their issues (Nejad and Javid 2018). This indicates that financially literate people in terms of possessing necessary financial skills, make informed and effective financial decisions (Starcek and Trunk 2013; Lusardi and Mitchell 2017).

Financial skill is seen to have a higher effect than financial experience vis-à-vis financial self-efficacy, which points to the fact that more skillful people feel more confident compared to those who only have financial experience. This means that financial experience acts only as an impetus for financially literate people (Frijins et al. 2014). However, developing skills out of such experience is more important because it is a financial skill that ultimately facilitates one's sail into increased confidence (Nejad and Javed 2018). Therefore, individuals with greater financial skills

are more likely to make effective financial decisions (Starcek and Trunk 2013; Lusardi and Mitchell 2017). This indicates that business school faculties that possess higher financial knowledge in terms of financial awareness, financial experience and financial skill are more likely to feel confident about that and, as such, achieve higher financial self-efficacy.

Chu et al. (2017) show that higher financial literacy contributes to more prudential investment, especially with financial intermediaries. Stated differently, the presence of savings serves as a motivating factor for individuals to enhance their financial literacy and develop their personal financial management abilities. The opposite view is presented in Beckmann (2013) and Namate (2020) showing that financial literacy positively impacts savings. With Brazilian students as a focus group, Bruhn et al. (2016) showed that financial knowledge shift led to 1.4 percentage point increase in savings. Babiarz and Robb (2014) showed that individuals with a higher level of financial literacy are more likely to have some emergency funds. However, the authors highlighted that research results should not be considered concerning such interrelationships as knowledge improvement – emergency funds growth.

2.4 Credit extension and social economic wellbeing

VSLAs only do so to a limited extent, thus requiring the facilitation of, say, an NGO, perhaps due to reasonably complex accountability features (Ksoll*et al*., 2016). After conducting awareness meetings in every targeted village, the promoting agency facilitates the formation and training of groups. Initially, groups are visited every week in the first three months to set up the procedures. Groups work as a member-owned financial intermediary with three products – savings, credit and insurance. Savings are compulsory and are collected at the weekly meetings and conceptualized as buying shares. Every week, a member must buy at least one share and is permitted to buy up to five. The share value is set by the group and written in the group's constitution (Ksoll et al., 2016).

Aktaruzzaman and Farooq (2016) reported that VSLA loan improves borrowers' household consumption in Bangladesh but not improve the durable goods and health care. In contrast, many studies confirm that microcredit has significant positive impact on household wellbeing. Evidence from rural Bangladesh reported by Islam, Nguyen, and Smyth (2015), indicates that access to microcredit is associated with increasing the household consumption and developing new business, especially those who are less poor. The literature also suggests that the effect of microcredit differs from rural where the agricultural and craft activities are the main source of income for most rural poor to urban areas where the main source of low-income households are micro and small businesses that are easily operated and not require a large investment or advanced skills (Al-Shami, Razali, Majid, Ahmed Rozelan, & Rashid, 2016).

Loans are provided at every fourth meeting. If the funds requested by members exceed the amount of saved funds, the group decides who gets the loan by following a predetermined list of criteria written in the group's constitution. The interest rate on loans is set by the group (Klonner 2008). In the case of Zambia, most groups were charging between 10 and 30% interest on the borrowed money. Loan contracts run for three months, with a grace period of one month. Rules for loan approval are set in the group's constitution (Ksoll et al., 2016). A group never fines borrowers for late loan repayment, as this may aggravate any underlying crisis the household may be facing. It is assumed that the embarrassment of being late is sufficient penalty (Allen & Staehle, 2007).

According to the world Development report of 2008, group income generating activities such as farming and animal rearing was found to benefit the group members. Participation in income generating activities was found to increase income, reduce poverty, increased wealth and asset accumulation. This report was on the cross country comparison on rural income generating activities (Davis et al., 2008). Another study done in the Districts of Zomba and Ntchisi to find out

the impact of management on 213 households revealed that the programe enhanced financial capital were by small groups of people in different households managed to create small income generating activities through getting loans . The small income generating activities were found to have potential benefits such as education, improvement in the livelihood of the individuals and increased income (Chinangwa et al., 2016).

A study conducted in Malawi on rural young poor groups revealed that participatory group exercises and individual interviews made in groups mainly provide opportunities for people to learn skills and start small businesses thereby improving on income. It also creates an insight for the people to engage in more productive activities to improve on their livelihood (Hajdu et al., 2011).

Ekici and Dunn (2010) noted that when VSLA's find out that households are not creditworthy, they impose credit constraints that deter households from borrowing. Although lack of credit collateral prevents households from getting access to credit, other reasons why a household will not borrow is when it has lost trust or confidence in the banking system because of imperfect credit system or high transaction cost governed by asymmetric information. Also, when the interest rates on loans increase, households will reduce their consumption and will rather re-allocate funds to repaying their debts. A poor household, with constraint income which does not borrow, cannot smooth it is consumption and its standard of living or wealth will continue to be low.

Pradhan (2012) assert that VSLA institution has an objective of providing loans for poor individuals or households constrained by borrowing from VSLAs. It helps improves the well-being of poor households. Although its aim is to provide credit by the rural poor, any household or individual can access micro-credit from the VSLA institution. Credit from VSLA source helps to

reduce the extent of poverty in a country by enabling poor households to smoothen their consumption if not to increase it and also to venture into profitable businesses which will provide them with income.

Pradhan (2012) observed that because men own assets that are used as collateral when applying for loans, they are more likely to demand credit than their female counterparts who do not have access to these assets. However, on the part of Akudugu (2019) most of the credit institutions have been set up with women as their focus by providing credit to them and based on that most women take advantage of these credit systems and demand credit more than men with the view that they are vulnerable and disadvantaged as compared to men.

A study by Barslund and Tarp (2016) argued that, since productive assets give more opportunities for investment and increasing household income, they increase the probability of demand for credit in the formal institutions. Awunyo-Vitor and Abankwah (2012) also found that since assets are needed as collateral when demanding for credit, farmers with more assets are more likely to demand credit. Furthermore, the duration of the loan is an important factor that effects access to credit. When the loan takes a long period to mature, more households will demand it. Households prefer credits that have longer maturity periods, not short ones that lenders choose in other to minimize costs.

There are studies that have shown a positive relationship between financial access and poverty. Annim and Alnaa (2013) studied the relationship between receiving credit/loans and poverty reduction among households living in the rural areas. They found out that credit has a positive effect on poverty reduction in households. According to Schroeder (2014), microcredit aids in reducing poverty in the sense that households are able to increase their investments when they borrow. Giang, Wang and Chien (2015) in their study showed that access to finance increases the

severity of poverty. There has been an improvement in household wellbeing through expansion of rural financial services, VSLA is an essential instrument for increasing household income and consumption levels, decreasing the severity of income inequality and improving well-being. Therefore, there is a positive relationship between household characteristics, borrowing patterns and household wellbeing.

Salia (2014) studied the effect of microcredit on the wellbeing of women borrowers in Tanzanian households and found out that households who borrow are able to acquire living houses than those who do not borrow. It was also revealed that those who borrow are able to acquire more households' assets compared to those who do not borrow. The loans were used for financing children education, medical treatments and financing pressing needs like paying the previous debt of the households. Seng (2018) found out that there is a negative relationship between access to credit and wellbeing. Al-Shami, Majid, Mohamad and Rashid (2017) investigated the impact of microloans on household wellbeing and found out that, VSLA services has no significant impact on the wellbeing of households but rather found out educational level, household assets and being in paid employment in the public/private sector to affect household wellbeing positively and significantly. Al-shami, Razali and Rashid (2018) concluded that VSLA services to have no significant effect on household wellbeing.

A recent study on a rural community by Bylander (2015) suggests that microcredit heightens the borrowers' vulnerabilities due to their difficulties in repaying the debts. Cambodia's microcredit is a 'symbiosis of formal and informal lending' (Ovesen & Trankell, 2014), whereby formal loans are used by needy borrowers alongside informal loans and increase the demand for informal loans that are very often used to pay back the formal debts (Bylander, 2015).

Microcredit enabled women to improve their income earning abilities leading to stronger confidence and capability to overwhelmed cultural asymmetries (Singh, 2015). Financial literacy is another critical factor that effects households saving behavior. Shortage of primary financial education may be related to the lack of sufficient retirement planning and lack of wealth accumulation (Reisch & Zhao, 2017). It may as well cause the loss of the link between households and financial institutions, hence causing information asymmetry. There is also a positive association between household savings and financial literacy, wealth accumulation and retirement planning (Hastings et al., 2013).

2.5 Saving services and social economic wellbeing

Hartarska, Zhang and Nadolnyak (2023) indicate that VSLA is an effective way of providing cheap financial services to poor individuals and families. It plays a crucial role in the growth of developing economies by improving the wellbeing of the poor. Okuna, Acanga and Mwesigwa (2023) reveal that saving group members allow their savings to accumulate when the members or non-members borrow. Shumye (2023) revealed that savings from members in village saving groups is used in many ways such as onward lending to members that creates interest income that is used to improve members' livelihoods (Beaman et al., 2014). Similarly, a study conducted on saving groups regarding their deviation from the lessons learned by group members indicates that shared money was given to the members and other people outside the group as loans (Maliti, 2017).

Chomen (2021) suggests that saving groups have led to better incomes among households, easier accessibility to loans, financial security and decent standards of living among the members. In the same study, the effect of saving groups in enhancing educational standards of the members' children was reported by 67% of the respondents. They noted that upon undertaking the loan, they could afford scholastic materials for their school-going children unlike prior to their involvement

in the saving groups. Additionally, Mbagga (2013) reveals that saving groups contribute to poverty reduction among the general population. This was majorly observed through low-interest loans, skill acquisition, improved access to clean and safe water, quality agricultural produce as well as ability to afford quality education for their children.

According Lukwa et al. (2022), saving groups play critical roles in advancing socio-economic and health transformation especially among women in Sub-Saharan Africa. Also, saving groups play important roles in enhancing food security and improving the dietary intake besides access to healthy foodstuffs among households (Ogwal, Amot & Mwesigwa, 2020, Mwesigwa & Mubangizi, 2019). A related study regarding the role of saving groups in nutrition and economic well-being of the households revealed that saving groups help in raising the nutritional status of the family members, increasing access to household assets, education as well as a reducing the likelihood of households falling below the national poverty line and improving the quality of financial management (Lukwa et al., 2022).

Bwalya and Zulu (2021) examining the implication of saving money on nutrition and economic well-being of the households established that financial institutions face a myriad of risks and challenges associated with agricultural production and lending including seasonality, irregular cash flows high transaction costs as well as the systemic risks such as floods, droughts and plant diseases (Akeny & Mwesigwa, 2021). Similarly, Ssewamala (2015) identified low level of education as one of the factors hindering the success of saving groups. Illiteracy has been reported in numerous literature and the facts remain that training uneducated leaders in the saving groups proves to be very problematic hence affecting group success.

Chomen (2021) suggests that saving groups have led to better incomes among households, easier accessibility to loans, financial security and decent standards of living among the members. In the

same study, the contribution of saving groups in enhancing educational standards of the members' children was reported by 67% of the respondents. They noted that upon undertaking the loan, they could afford scholastic materials for their school-going children unlike prior to their involvement in the saving groups.

2.6 Summary of literature review

Fewer studies report on the uses of share outs, but among those that do there appears to be a higher propensity to use these for educational expenses. In three cases education is the main reported use of share outs. The strongest studies find somewhat mixed evidence for a direct impact on education of savings groups. This review shows that there is limited knowledge on the impact of VSLAs on social economic wellbeing. This calls for the study to be done.

Basing on the literature of third objective, it provides an empirical basis that the savings and micro have a strong effect on enhancing socio- economic wellbeing. These findings seem to be in agreement with the research questions that what is the there is a positive significant relationship between membership in a VSLA, accumulated savings, provision of loans and socio-economic wellbeing. However, most of these studies were conducted outside Uganda. The researcher thus wonders whether the above findings may be applicable to Mitooma town council, hence, realised that most of the studies were so relevant but not applicable in the context.

It is believed that most of the literature reviewed is centred on financial training and little has been researched on the channels of financial training at the micro level rather than macro; such that the study has filled in the gaps in order to examine the contribution of the financial training on social wellbeing at the VSLA (micro level) in Mitooma town council.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presents the methodology that is used to collect and analyse data for the study. It was comprised of the study design, study population, the area of the study, sampling size and sampling technique, data collection methods and instruments, validity and reliability, data collection procedure, data analysis and ends with measurement of variables.

3.1 Research design

This study employed a descriptive research design to examine the effect of Village Savings and Loan Association (VSLA) services on the socio-economic wellbeing of members in Mitooma Town Council, Mitooma District. A descriptive design was considered appropriate because it enables the researcher to systematically collect and analyze both qualitative and quantitative data to describe the current status of members' wellbeing in relation to their participation in VSLA activities. According to Kothari (2014), descriptive research is useful in portraying an accurate profile of events, situations, and relationships as they naturally occur, without manipulation of variables. In this study, the design helped in capturing members' experiences with savings, loan access, financial literacy, and income-generating activities, and how these factors interact with household welfare indicators such as education, health, and food security.

The study employed both qualitative and quantitative approaches in order to obtain a more comprehensive understanding of the effect of VSLA services on the socio-economic wellbeing of members in Mitooma Town Council. The quantitative approach was used to generate measurable data on indicators such as household income, loan access, savings levels, and expenditure on education and health, thereby allowing for statistical analysis of the association between VSLA

participation and wellbeing outcomes. On the other hand, the qualitative approach was employed to capture members' perceptions, experiences, and challenges with VSLA practices, particularly issues of financial literacy, loan management, and group dynamics that cannot be fully explained by numerical data. As Creswell and Plano Clark (2018) note, integrating both methods enhances the validity of findings by enabling triangulation and providing both breadth and depth in analysis. In this study, the use of a mixed approach was therefore intended to achieve a richer, more nuanced explanation of how VSLA services effect socio-economic wellbeing, going beyond numbers to include lived experiences and contextual realities of members in Mitooma District.

3.2 Study population

Mugenda and Mugenda (2003), define population as the entire set of individuals, events or objects with common observable characteristics about the generalization research that was made. The population categories for this study were deliberately chosen to capture diverse perspectives on the effect of VSLA services on socio-economic wellbeing in Mitooma Town Council. Community Development Officers (CDOs), the Commercial Officer, and local council leaders (LCV and LCIs) were included because they play key roles in the administration, oversight, and support of VSLAs, providing expert and policy-level insights on financial management, implementation challenges, and community impacts. VSLA members were included as the primary beneficiaries of the services, offering first-hand information on how participation in savings and loan schemes affects household income, access to basic needs, and overall welfare. Selecting these categories ensured a comprehensive understanding of both institutional and member-level experiences, while focusing on 254 out of 750 VSLA members was necessary, as Sekaran (2003) notes, because it is often impractical to study every element in a large population, and a representative sample allows for valid generalizations

3.3 Determination of the sample size and procedure

Using Krejcie and Morgan (1970) sample size table, the following sample was used to give the information that was needed for the study.

Table 3. 1 Study population, sample size and techniques

Category of Population	**Population Size**	**Sample Size**	**Sampling Technique**
Community Development Officer	1	1	Purposive Sampling
Commercial officer	1	1	Purposive Sampling
Chairperson Local Council Five (LCV)	1	1	Purposive Sampling
Chairman Local council One (LCIs)	5	5	Purposive Sampling
VSLA Members	750	254	Stratified sampling
Total	**758**	**262**	

Source: Community Development Officer Report (FY 2023/2024)

Table 3.1 shows that the sample size of 254 VSLA members was determined using the Krejcie and Morgan (1970) sample size table, which provides a reliable method for selecting representative samples from known populations. For a population of 750 VSLA members in Mitooma Town Council, the table recommends a sample size of approximately 254 respondents to achieve a 95% confidence level and a 5% margin of error. This method ensures that the selected sample is statistically adequate to represent the views and experiences of the entire VSLA population. Stratified sampling was then employed to proportionally select respondents from different VSLA groups, ensuring that all subgroups were adequately represented and that the

findings on socio-economic wellbeing could be generalized to the wider VSLA membership in the district.

3.4 Sampling techniques and Procedure

This study employed various sampling techniques in selecting study respondents to minimize errors. The purposive method and Simple random sampling was used as;

3.4.1 Stratified sampling

The study adopted stratified sampling that involves classifying sampling units of the population into relatively homogeneous groups before (usually) selecting sample units (Creswell, 2014). Strata was based on information other than the characteristic being measured that is known to or thought to vary with the characteristic of interest in such a way that the characteristic is more homogeneous within strata than among strata. Therefore, the technique was used to select VSLA members in explaining variation in the characteristic of interest can be used as a basis for defining strata.

3.4.2 Purposive Sampling

In this type of sampling, the researcher chooses the participants as per his/her own judgment, keeping back in mind the purpose of the study (Showcat & Parveen, 2017). It was used the judgment of an expert in selecting cases or it selects cases with a specific purpose in mind. The researcher used this sampling technique to select Community Development Officer, Chairman LC1, Commercial officer and Chairperson Local Council five. According to Hamed and Kuala (2016) key informants are those individuals who hold vital information that was considered relevant to the objectives of the study.

The researcher used this technique because it is less costly, more readily accessible, more convenient and selects only those individuals that are relevant to research design. Besides this, there is no way to ensure that the sample is truly representative of the population, and more emphasis is placed on the ability of the researcher to assess the elements of the population (Showcat & Parveen, 2017). Those that was purposively selected was having reliable information that helped to confirm the study (Mugenda & Mugenda, 2003).

3.5 Data Collection Methods

The researcher used three different data collection methods. These included; questionnaire survey that was used under quantitative approach, face to face interview and documentary review that is under qualitative approach to gain data to answer the research questions.

3.5.1 Questionnaire Survey

The study employed a questionnaire survey method to collect primary data from VSLA members, as it enabled efficient gathering of information from a large population within a short period and at a relatively low cost. The questionnaire was structured to address the specific objectives of the study, including members' savings behavior, access to loans, financial literacy, and the perceived impact of VSLA participation on their socio-economic wellbeing. Questionnaires were distributed to members at their respective VSLA meeting points and collected within one week, ensuring convenience and minimizing disruption to their daily activities. This approach allowed the researcher to capture both individual experiences and broader trends among members, providing reliable data for analyzing the effect of VSLA services on the socio-economic wellbeing of participants in Mitooma Town Council.

3.5.2 Interview method

The interviews were conducted with key informants including the Community Development Officer, Chairman LC1, Commercial Officer, and Chairperson LCV5 to obtain in-depth and detailed information on VSLA operations and their effect on members' socio-economic wellbeing. This method allowed the researcher to probe respondents for clarification, explore underlying reasons, and capture nuanced insights that cannot be obtained through questionnaires alone. Probing was extensively applied to encourage participants to elaborate on their responses and provide comprehensive explanations of key issues such as financial management practices, challenges in loan recovery, and the perceived impact of VSLA services on household welfare. This approach enabled the researcher to gather rich qualitative data efficiently and effectively, ensuring that both policy-level perspectives and practical experiences were accurately captured

3.6 Data Collection instruments

Data was obtained using interviewing, questionnaire and documents review. Data was collected from primary source or secondary source.

3.6.1 Questionnaire

Self-administered questionnaires was used to collect data from low level workers. This is because the data from questionnaires is quickly and easily quantified by either a researcher (Syed, 2016). The self-administered questionnaires were used for this category of respondents because their number is too big to interview and since they can read and write in English it was easy for them to fill in the questionnaire by themselves without any assistance. The questionnaires was used because results of the questionnaires are usually quick and easily quantified (Amin, 2005). Each question was developed to address a specific objective.

3.6.2 Interview guide

The interview guide was employed to collect qualitative data from key informants, including the Community Development Officer, Chairman LC1, Commercial Officer, and Chairperson LCV5. The guide was structured to ensure that all interviews were conducted in a consistent manner, minimizing researcher bias and ensuring comparability of responses. It contained a series of open-ended questions designed to explore in depth the effects of VSLA services on the socio-economic wellbeing of members, focusing on areas such as savings behavior, loan management, financial literacy, and challenges affecting household welfare. The use of open-ended questions allowed respondents to provide detailed explanations, share experiences, and express perspectives that may not have been anticipated by the researcher, thereby capturing rich qualitative insights. Additionally, the guide was aligned with the study objectives to ensure that all responses were relevant and directly contributed to understanding how VSLA participation effects income generation, access to education and health services, and overall household wellbeing. This approach enabled the researcher to supplement quantitative data from questionnaires with nuanced contextual information, providing a comprehensive view of VSLA operations and their impact in Mitooma District.

3.7 Validity and reliability of Data collection instruments

3.7.1 Validity

Validity explains how well the collected data covers the actual area of investigation. Validity means “measure what is intended to be measured (Hamed & Kuala, 2016). Mugenda and Mugenda (1999) define validity as the accuracy and meaningfulness of inferences, which are based on research results. It is the ability to generate findings, which are in conformity with theoretical or conceptual values, implying; to production of accurate results and measuring what should be measured. A research instrument is said to be valid it actually measures what it is

supposed to measure (Amin, 2003).

The validity of the research instrument was further checked using face and content validity approach by expert judgment. For validity of the instrument, the drafted questionnaire was given to supervisors and colleagues for critical assessment of each item. They were requested to state the relevance or non- relevance of each item. The results were presented in Table 3.2.

The results computed using content validity index (CVI) to control the relevance of the questions in measuring the variables as seen in Table 3.2

Table 3. 2 Validity analysis

Variables	**Items considered**	**Valid Items**	**CVI**
Financial training	5	5	1
Credit extension	6	5	0.833
Saving services	5	5	1
Social economic wellbeing	4	4	1
Average			**0.958**

Source: Primary data

The Table 3.2 shows that validity presents the results of the pre-testing and evaluation of the research instruments used in this study. The validity of the instruments was assessed using the Content Validity Index (CVI), which measures the extent to which the items in a questionnaire or interview guide adequately capture the constructs under study. In this study, the CVI for all instruments was 0.958, indicating a very high level of validity, as Amin (2005) recommends that a CVI of 0.70 and above reflects an acceptable level of content validity. This finding implies that the questions were clear, relevant, and capable of accurately measuring the effect of VSLA services on socio-economic wellbeing. Reliability was assessed using Cronbach's alpha to ensure internal consistency of the instruments, and the results demonstrated that the items consistently

captured the intended constructs across respondents. Overall, the high validity and reliability scores confirm that the research instruments were both appropriate and dependable for generating credible data for analysis.

3.7.2 Reliability

Reliability concerns the extent to which a measurement of a phenomenon provides stable and consist results. Reliability is also concerned with repeatability. For example, a scale or test is said to be reliable if repeat measurement made by it under constant conditions gave the same result (Hamed & Kuala, 2016). Amin (2005) argues that reliability is the dependability or trustworthiness in the context of measuring instruments. Cronbach's alpha is reliability coefficient indicating how well items in a set are positively correlated to each another and is determined by the researcher. Cronbach alpha is computed in terms of the average inter correlation among the items measuring the closer Cronbach alpha is to 1 the higher the internal consistency reliability (Sekaran, 2003). The scores at 0.7 and above alpha values indicate good credits hence better for use (Mugenda & Mugenda, 1999).

Table 3. 3 Reliability analysis

Variables	**Cronbach Alpha**
Financial training	0.831
Credit extension	0.712
Saving services	0.822
Social economic wellbeing	0.753
Average	**0.779**

Source: Primary data

The table reliability presents the evaluation of the research instruments used in this study. Validity was assessed using the Content Validity Index (CVI), which measures how well each instrument captures the constructs under study. The CVI for all instruments was 0.958, indicating very high

validity since Amin (2005) recommends a CVI of 0.70 or above for an instrument to be considered valid. This shows that the questions were clear, relevant, and capable of measuring the intended variables accurately. Reliability, which measures the internal consistency of the instruments, was assessed using Cronbach's alpha. The reliability score was 0.779, exceeding the 0.70 threshold suggested by Amin (2005), indicating that the instruments consistently captured the constructs across respondents. Together, these results demonstrate that the research instruments were both valid and reliable, ensuring that the data collected were credible and suitable for analysis.

3.8 Data Analysis

Data was managed and analyzed both quantitatively and qualitatively.

3.8.1 Quantitative data analysis

Data analysis is the process of bringing order, structure, and meaning to the mass of information gathered (Mugenda & Mugenda, 2003). Data from the field was sorted and cleaned to ensure completeness of the questionnaire and coded, then it was entered in the statistical package SPSS version 25 for better analysis. Quantitative data analysis mainly consisted of descriptive statistics (frequencies and percentages) and inferential statistics (Pearson rank order correlation coefficient). The frequencies and percentages helped to determine respondent's views on to establish the effect of VSLA services on social economic wellbeing in Mitooma district. Pearson correlation coefficient helped to test the hypothesis. The correlation coefficient (r) helped to determine the strength of the relationship between variables.

3.8.2 Qualitative data analysis

Qualitative data got from interview was analyzed by searching and sorting it in form of recurrent behaviors or patterns. Recurrent data group was identified and put together in themes as explained

by Amin (2005). In depth analysis was began by fragmenting sentences from the data and putting them into groups or themes which was coded, the analysis was manually done and some key themes from the respondents was summarized in a narrative form as a representation of the major findings and was presented in chapter four.

3.9 Procedure of data collection

A letter of introduction was obtained from Bishop Stuart University (BSU) which is used to obtain permission from the Chief Administrative Officer to allow the researcher to conduct the research. A cover letter was accompanied by the data collection instruments explaining the purpose of the study once permission to conduct the study is given. The researcher embarked on printing the data collection instruments.

Consent was sought from respondents to participate and those who would not wish to participate were allowed to change their mind. Then the questionnaires were distributed directly to the low level workers participate by filling. The questionnaires were collected once they are completed. The raw data that was collected using questionnaires and interview guides arranged into a format from which meaningful conclusions were drawn.

3.10 Ethical Clearance

The issues of ethics are vital in research. Oso and Onen (2008) postulate that a researcher should describe how he or she ensure that the ethical issues of concern are adhered to which are informed consent, privacy and confidentiality, anonymity and researcher's responsibility.

In order to respect informed consent as an ethical principle, all respondents were informed about the procedures of the study in which they were requested to participate and the researcher explained that intention to use data and information was purely for academic purposes. Approach

to respondents was polite and nobody was forced to answer any question.

The researcher respected confidentiality and privacy by clearly explaining to the respondents that their names were kept anonymous and the researcher also give participants information about how their data was used, how case materials such as, photos and audio and video recordings used and secure their consent.

The researcher avoided plagiarism by acknowledging the ideas of others and providing complete citations that readers can follow for earlier works. The researcher avoided bias by choosing the proper study design and also by standardizing the data collection instruments to avoid interviewer bias.

The researcher also followed informed consent rules to ensure that individuals are voluntarily participating in the research with full knowledge of relevant risks and benefits. Ethical clearance and Approval by BSU research committee was sought by first running the anti-plagiarism test and doing proposal defense before conducting the study.

3.11 Community engagement plan

Firstly, the researcher identifed key community stakeholders that could be impacted by or have an interest in the research project by including the local residents, community organizations, businesses, and local government representatives.

The researcher scheduled initial meetings or workshops with stakeholders to introduce the research project, its goals, and its potential impact on the community by providing an overview of the research objectives and methods.

Furthermore, the researcher worked collaboratively with the community stakeholders to define the scope of the research and its relevance to their needs and concerns. Solicited input on research questions and methods.

Community involvement in the research process was encouraged by recruiting community members as research participants or volunteers, where appropriate.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTEPRETATION OF FINDINGS

4.0 Introduction

This chapter presents the analysis and interpretations of the study findings arising from the data collected from the respondents using questionnaires and interview guides. The first section presents the response rate and demographic characteristics followed by a presentation and analysis of the study findings in relation to specific objectives. The purpose of the study was to establish the effect of village savings and loan association services on social economic wellbeing of members in Mitooma town council, Mitooma district.

4.1 Response rate

The study considered a sample size of 257 respondents to participate in the questionnaire survey study but only 244 took part where as 3 respondents were targeted in the interview method and took part. The analysis on the response rate is presented in Table 4.1.

Table 4. 1 Response rate

SN	Population category	Target sample size	Actual response	Response rate
1	Community Development Officer	1	1	100%
2	Commercial officer	1	1	100%
4	Chairperson Local Council Five (LCV)	1	1	100%
5	Chairman LC1	5	5	100%
6	VSLA members	254	241	94.9%
	Total	**262**	**249**	**94.9%**

Table 4.1 shows that out of the 262 targeted respondents, 249 of them participated in the study (94.9%). According to Kombo and Tromp (2009), a response rate of 50% and above is high enough. Furthermore, Taylor-Powell and Hermann (2000) suggest that a response rate of 0.60 (60%) and above is acceptable. According to Mugenda and Mugenda (2009) a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. The high response rate in this study was attributed to; the enthusiasm of the researcher to carry out constant follow-ups on variance of responses.

4.2 Background Characteristics

This section presents facts about the respondents, namely; gender, age category, education levels, marital status and time spent in VSLAs in Mitooma district. The data on background characteristics of the respondents is indicated as;

4.2.1 Gender of respondents

The respondents who participated in this study were asked about their gender

Table 4. 2 Demographic characteristics of respondents (n=241)

Variables	Parameters	Frequency	Percent
Gender	Male	89	36.9%
	Female	152	63.1%

Source: Field data (2023)

Table 4.2 shows that the majority of the respondents 63.1 % were female, compared to 36.9% of them who were male. This implies that there are more females involved in VSLAs than males. Though there was a small difference in the distribution of males and females, it was a fair representation of the study population.

4.2.2 Age group of respondents

The respondents who participated in this study were asked to state their age. Figure 4.1 shows the age distribution of the respondents.

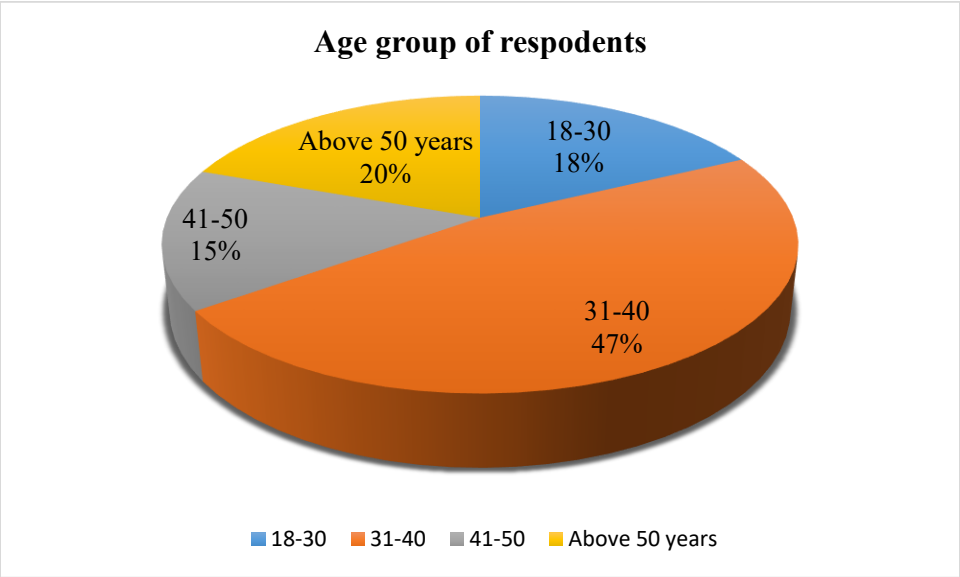


Figure 1: Age group of respondents (n=241)

Figure 1 shows that majority (47%) of the respondents who participated in this study were in the age bracket of 31-40 years, 20% of them were above 50 years of age, 18% were between 18-30 years while 15% of them were 41-50 years of age. Thus, it can be noted that most of the respondents in the study were aged between 31-40 years, an indication of high VSLAs members were still in productive age. This implies that respondents with age range of 31-40 years are productive and old enough to effect who participates in VSLAs. Older adults may have more experience with financial matters and may be more likely to join or lead VSLAs. Younger adults may join to access financial services and learn about savings and loans.

4.2.3 Education level of respondents

The respondents who participated in this study were asked to state their education. Figure 3 shows the age distribution of the respondents.

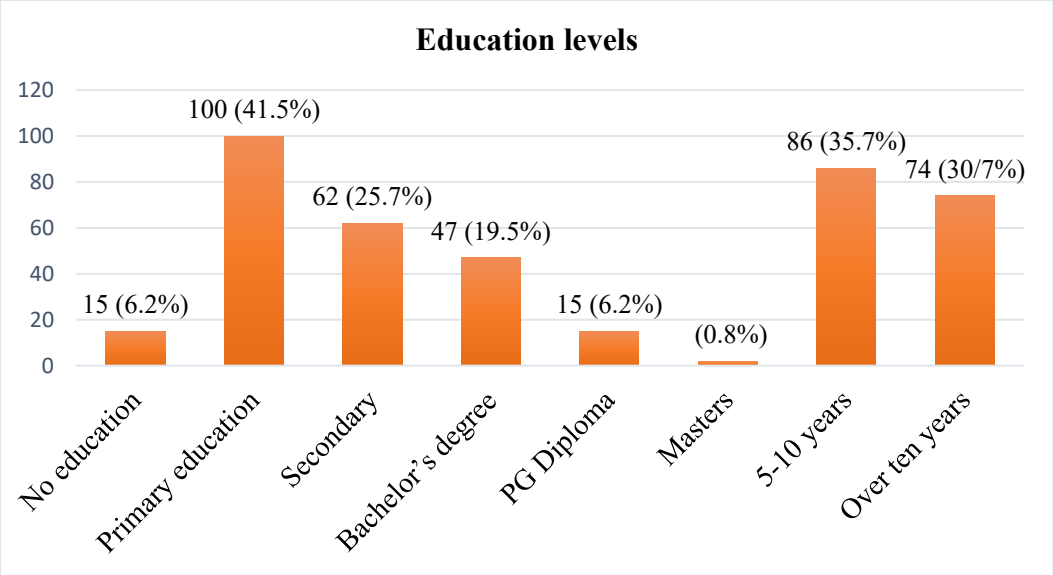


Figure 2 Education levels

The results from Figure 2 shows that majority (41.5%) of the respondents in the study were primary education, followed by 25.7% had secondary level, 19.5% had bachelor's degree, 6.2% had PGD and with no education, 0.8% were masters. This implies that most of the respondents were able to appropriately respond to questions put to them since they had attained formal education.

4.2.4 Marital status of respondents

The respondents who participated in this study were asked to state their marital. Table 4.3 shows the age distribution of the respondents.

Table 4. 3 Marital status of respondents (n=241)

Marital status	**Sub-variable**	**Frequency**	**Percent**
	Married	140	58.1%
	Single	79	32.8%
	Divorced	16	6.6%
	Widow	6	2.5%

The results from Table 4.3 shows that majority (58.1%) of the respondents in the study were married, 32.8% were single, 6.6% were divorced and 2.5% were widowed. This implies that

marital status effects household composition and dynamics within VSLAs. Married individuals may participate jointly or separately, affecting decision-making processes related to savings, loans, and investments.

4.3 Findings on social economic wellbeing of members

The analysis was done on the five-point Likert scale where code SD = Strongly Disagree, D = Disagree, NS = Undecided, A = Agree and SA = Strongly Agree. Descriptive data is as presented in Table 4.4. The mean and Standard deviation were based on the item measured on a five-point likert scale indicating the degree on respondents' opinion on social economic wellbeing of members. Thus any mean above 3 indicates agreement of the respondents with the issue before hand while any mean of 3.00 shows that respondents were not sure and any mean below 3 indicates that disagreement of the respondents. Table 4.4 presents evidence on social economic wellbeing of members.

Table 4. 4 Social economic wellbeing of members (n=241)

Social Economic wellbeing	SA	A	NS	D	SD	M	Sd
The quality of healthcare services in my area is satisfactory	26 (10.8%)	54 (22.4%)	10 (4.1%)	54 (22.4%)	97 (40.2%)	2.41	0.32
The education system in my area needs improvement	32 (13.3%)	81 (33.6%)	7 (2.9%)	64 (26.6%)	57 (23.7%)	2.86	0.28
I believe there is enough variety in food choices available in among community	73 (30.3%)	96 (39.8%)	5 (2.1%)	22 (9.1%)	45 (18.7%)	3.21	0.18
There is a variety of clothing options that meet VSLA needs	23 (9.5%)	105 (43.6%)	9 (3.7%)	60 (24.9%)	44 (18.3%)	3.01	0.14

Source: Field data (2024)

The results in Table 4.4 show that 97 (40.2%) strongly disagreed, 54 (36.7%) disagreed, 10 (4.1%) were not sure, 54 (22.4%) agreed and 26 (10.8%) strongly agreed that quality of healthcare services in my area is satisfactory. The mean of 2.41 and standard deviation of 0.32 indicates that average of the respondents disagreed. This implies that Many VSLA members come from low-income backgrounds and may struggle to afford even basic health services or medications.

It was found out that in Table 4.4 shows that 45 (18.7%) strongly disagreed, 22 (9.1%) disagreed, 45 (18.7%) were not sure, 96 (39.8%) agreed and 33 (13.7%) strongly agreed that education system in my area needs improvement. The mean of 2.86 and standard deviation of 0.28 shows that majority of the respondents disagreed with the statement. This implies that majority of VSLA members come from low-income households, making it difficult for them to allocate funds for education expenses such as school fees, uniforms, books, and transportation.

The study shows that 45 (18.7%) strongly disagreed, 22 (9.1%) disagreed, 5 (2.1%) were not sure, 96 (39.8%) agreed and 73 (30.3%) strongly agreed that believe there is enough variety in food choices available in among community. The mean of 3.21 and standard deviation of 0.18 shows that majority of the respondents agreed with the statement. This implies that VSLAs provide members with savings and credit opportunities, enabling them to better manage their finances and smooth consumption patterns, including purchasing food.

It was found out that 44 (18.3%) strongly disagreed, 60 (24.9%) disagreed, 9 (3.7%) were not sure, 105 (43.6%) agreed and 23 (9.5%) strongly agreed that there is a variety of clothing options that meet VSLA needs The mean of 3.01 and standard deviation of 0.14 shows that majority of the respondents agreed with the statement. This financial stability enables members to allocate funds for clothing purchases, especially during important occasions or seasons.

4.4 Findings on the effect of financial training on social economic wellbeing

The first objective of the study sought to establish whether there was an effect of financial training on social economic wellbeing of members in Mitooma town council, Mitooma district. The above items were scaled using the five-point Likert scale where code SD = Strongly Disagree, D = Disagree, NS = Undecided, A = Agree and SA = Strongly Agree. The mean and Standard deviation were based on the item measured on a five-point likert scale indicating the degree on respondents' opinion on social economic wellbeing of members. Thus any mean above 3 indicates agreement of the respondents with the issue before hand while any mean of 3.00 shows that respondents were not sure and any mean below 3 indicates that disagreement of the respondents. Table 4.5 presents evidence on social economic wellbeing of members.

Table 4. 5 Descriptive statistics on financial training (n=241)

Financial training	**SA**	**A**	**NS**	**D**	**SD**	**M**	**Sd**
The credit risks assessed during financial services improves health	81 (33.6%	98 (40.7%)	6 (2.5%)	24 (10%)	32 (13.3%)	3.71	0.13
The financial skills on risk mitigation are necessary for accessing and affording education standards	51 (21.2%)	62 (25.7%)	9 (3.7%)	65 (26.9%)	54 (22.4%)	2.81	0.24
VSLA group trains newly recruited members necessary to access and afford education standards	41 (17%)	95 (39.4%)	5 (2.1%)	52 (21.6%)	48 (19.9%)	3.03	0.19
There is sufficient training of credit risks available for VSLA members to afford food	43 (17.8%)	113 (46.9%)	10 (4.1%)	35 (14.5%)	40 (16.6%)	3.41	0.15
Financial training on VSLA group is committed to access and afford education standards.	69 (39.8%)	104 (43.2%)	1 (0.4%)	30 (12.4%)	37 (15.4%)	3.43	0.17

Source: Primary data (2024)

The results in Table 4.5 show that 32 (13.3%) strongly disagreed, 24 (10%) disagreed, 6 (2.5%) were not sure, 98 (40.7%) agreed and 81 (33.6%) strongly agreed that credit risks assessed during

financial services improves health. The mean of 3.71 and standard deviation of 0.32 implies that average of the respondents agreed. This implies that by assessing credit risks, financial institutions can tailor loan products that are appropriate for the members' financial capacity. This reduces the likelihood of members taking on excessive debt burdens, which can alleviate financial stress. Lower financial stress levels are linked to better mental health and overall well-being.

It was found out that in Table 4.5 shows that 54 (22.4%) strongly disagreed, 65 (26.9%) disagreed, 9 (3.7%) were not sure, 62 (25.7%) agreed and 51 (21.2%) strongly agreed that the financial skills on risk mitigation are necessary for accessing and affording education standards. The mean of 2.81 and standard deviation of 0.24 shows that majority of the respondents disagreed with the statement. This implies that effective financial skills allow individuals to budget their income and expenses, prioritizing education expenses such as tuition fees, textbooks, and school supplies. By planning ahead and managing resources wisely, they can ensure that they have the financial means to meet educational requirements.

The study shows that 48 (19.9%) strongly disagreed, 52 (21.6%) disagreed, 16 (6.6%) were not sure, 95 (39.4%) agreed and 30 (12.4%) strongly agreed that VSLA group trains newly recruited members necessary to access and afford education standards. The mean of 3.03 and standard deviation of 0.19 shows that majority of the respondents agreed with the statement. This implies that VSLAS teach members how to create and manage a budget that allocates funds for education-related expenses such as school fees, uniforms, books, and transportation.

It was found out that 40 (16.6%) strongly disagreed, 35 (14.5%) disagreed, 10 (4.1%) were not sure, 113 (46.9%) agreed and 43 (17.8%) strongly agreed that there is sufficient training of credit risks available for VSLA members to afford food. The mean of 3.41 and standard deviation of 0.15

shows that majority of the respondents agreed with the statement. This implies that understanding credit risks helps members make informed decisions about borrowing. By avoiding excessive debt and managing loans responsibly, members can maintain financial stability. This stability enables them to allocate sufficient funds for essential needs such as food.

With regards to financial training on VSLA group is committed to access and afford education standards. It was found out that 37 (15.4%) strongly disagreed, 30 (12.4%) disagreed, 1 (0.4%) were not sure, 104 (43.2%) agreed and 69 (39.8%) strongly agreed with the findings. The mean of 3.43 and standard deviation of 0.17 implies that majority agreed with the findings. This implies that VSLAs guide members in creating realistic budgets that allocate funds specifically for education expenses. Emphasize the importance of prioritizing these expenses to ensure they are adequately covered.

Qualitatively, the study set out to examine the effect of financial training on social economic wellbeing of members in Mitooma town council, Mitooma district and the following section presents and interprets the opinion of the respondents. As far as effect of financial training is concerned, findings from the analysis revealed the credit risk origin and classification of credit risks are the major themes that affect financial training among VSLA members.

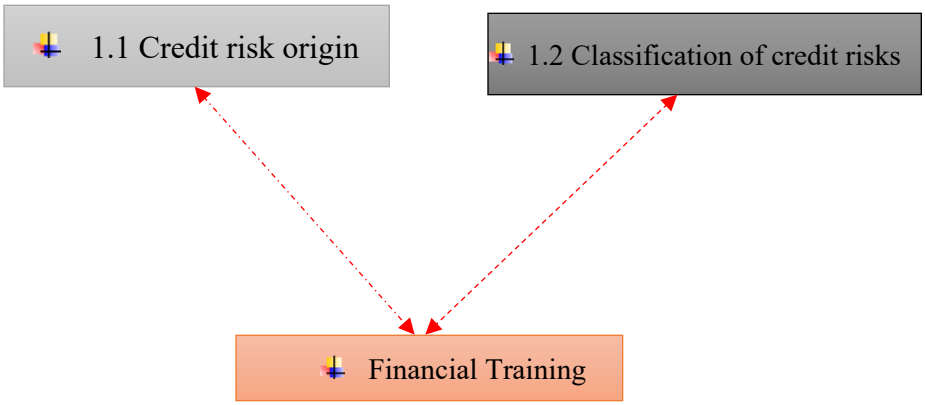


Figure 2: Theme of Financial Training

Sub-Theme 1: Credit risk Origin

The findings reveal that Village Savings and Loan Associations (VSLAs) typically operate with a communal savings and credit model that involves members pooling their resources to create a fund from which loans are disbursed. This is evidenced on the following assertions by different Key informants;

According to Key Informant B male aged 59 noted that;

> *One of the primary credit risks within VSLAs is member default. This occurs when a borrower fails to repay their loan according to the agreed terms. Default can be due to various reasons, including financial hardships, mismanagement of funds, or unforeseen circumstances such as illness or crop failure.*

In relation to Key Informant C Male aged 61;

> *Poor financial management or inadequate savings practices within the VSLA can lead to a situation where the association lacks sufficient funds to cover loan defaults or operational expenses. This can result in insolvency and the inability to fulfill financial obligations to members.*

In similar vein, Key Informant A Female aged 52 assert that;

> *Operational risks, such as inadequate record-keeping, lack of transparency, or ineffective governance structures within the VSLA, can contribute to credit risks. These factors may lead to mismanagement of funds, fraud, or disputes among members, undermining the association's financial stability.*

This implies that by understanding and proactively addressing these credit risk origins, VSLAs can strengthen their financial resilience, improve member outcomes, and sustainably promote economic empowerment within their communities.

Sub Theme 1: Classification of credit risks

Credit risks can be classified into several categories based on different criteria and factors. Here are the main classifications of credit risks as per the respondents;

Basing on Key Informant C Male aged 61;

> *Repayment history involves assessing the track record of members in repaying previous loans within the VSLA. Members who consistently repay on time demonstrate lower credit risk compared to those with a history of late payments or defaults.*

Key Informant A Female aged 52;

> *Members' savings patterns can indicate their ability to handle credit responsibly. Those who regularly contribute to savings and maintain a healthy balance are often lower credit risks since it shows financial discipline and capacity to handle financial obligations.*

This implies that categorizing credit risks along these dimensions, VSLAs can develop tailored strategies to minimize risks and enhance the financial sustainability of their operations. Effective risk management not only protects the savings and investments of members but also strengthens the overall resilience of the VSLA as a community-based financial institution.

4.5 Correlation between financial training on social economic wellbeing

The study was conducted find out whether there was any relationship between financial training on social economic wellbeing. The analysis was done using Pearson correlation coefficient. The elicited response was presented in Table 4.6.

Table 4. 6 Financial training on social economic wellbeing

Correlations			
		Financial Training	Social economic wellbeing
Financial Training	Pearson Correlation	1	.952
	Sig. (2-tailed)		.004
	N	241	241
Social economic wellbeing	Pearson Correlation	.952	1
	Sig. (2-tailed)	.004	
	N	241	241

The results in Table 4.6 shows that financial training had a positive significant contribution with social economic wellbeing since p-value of 0.004 is less than 0.05. The Pearson correlation coefficient (r=.952) shows that there is a strong positive significant contribution of financial training on social wellbeing. This implies that any positive change in financial training results in to a positive change in social wellbeing. This shows that financial training educates individuals on responsible borrowing practices, debt repayment strategies, and risk management. This reduces vulnerability to financial crises, helps manage financial shocks, and promotes resilience against economic downturns hence improving social wellbeing.

4.6 Findings on the effect of credit extension on social economic wellbeing

The second objective of the study sought to effect of credit extension on social economic wellbeing of members in Mitooma town council, Mitooma district. The above items were scaled using the five-point Likert scale where code SD = Strongly Disagree, D = Disagree, NS = Undecided, A = Agree and SA = Strongly Agree. The mean and Standard deviation were based on the item measured on a five-point likert scale indicating the degree on respondents' opinion on social economic wellbeing of members. Thus any mean above 3 indicates agreement of the respondents with the issue before hand while any mean of 3.00 shows that respondents were not sure and any mean below 3 indicates that disagreement of the respondents. Table 4.7 presents evidence on credit extension on social economic wellbeing.

Table 4. 7: Descriptive statistics on credit extension (n=241)

Credit extension	**SA**	**A**	**NS**	**D**	**SD**	**M**	**Sd**
Credit extension acquired supports the accessibility and affordability health service	31 (12.9%)	76 (31.5%)	6 (2.5%)	55 (22.8%)	73 (39.3%)	2.74	0.24
Loan as suitable for acquiring best education standards	6 (2.5%)	29 (12%)	9 (3.7%)	102 (42.3%)	95 (39.4%)	1.96	0.23
Startup capital can be got from loans to support education standards	50 (20.7%)	101 (41.9%)	11 (4.6%)	35 (14.5%)	44 (18.3%)	3.16	0.21
Loans at low interest rate increase accessibility and affordability to have clothes	82 (34%)	96 (39.8%)	4 (1.7%)	34 (14.1%)	25 (10.4%)	3.85	0.18
Micro loans increases health standards	53 (21.9%)	122 (50.6%)	9 (3.7%)	32 (13.3%)	25 (10.4%)	3.44	0.17
Loan boosts income generating activity to buy food	87 (36.1%)	115 (47.7%)	7 (2.9%)	14 (5.8%)	18 (7.5%)	3.83	0.19

Source: Field data (2024)

The study in Table 4.7 shows that 73 (39.3%) strongly disagreed, 55 (22.8%) disagreed, 6 (2.5%) were not sure, 76 (31.5%) agreed and 31 (12.9%) strongly agreed that credit extension acquired supports the accessibility and affordability health service. The mean of 2.74 and standard deviation of 0.24 shows that majority of the respondents disagreed with the statement. This implies that Credit extensions obtained through VSLAs are typically intended for income-generating activities or specific investments, such as agriculture, small businesses, or education. These loans may not be used directly for health-related expenses unless members explicitly allocate them for that purpose.

It was found out that 95 (39.4%) strongly disagreed, 102 (42.3%) disagreed, 9 (3.7%) were not sure, 29 (12%) agreed and 6 (2.5%) strongly agreed that loan is suitable for acquiring best education standards. The mean of 1.96 and standard deviation of 0.23 shows that majority of the respondents disagreed with the statement. This implies that loans from VSLAs often come with specific terms, including interest rates and repayment schedules. These terms may not be conducive to financing long-term education expenses, especially if they require substantial amounts or extended repayment periods.

The results in Table 4.7 shows that 44 (18.3%) strongly disagreed, 35 (14.5%) disagreed, 11 (4.6%) were not sure, 101 (41.9%) agreed and 50 (20.7%) strongly agreed that startup capital can be got from loans to support education standards. The mean of 3.16 and standard deviation of 0.21 shows that majority of the respondents agreed with the statement. This implies that loans can provide immediate funds to cover tuition fees for higher education programs, vocational training, or specialized courses that enhance educational qualifications.

The results in Table 4.7 also shows that 25 (10.4%) strongly disagreed, 4 (1.7%) disagreed, 34 (14.1%) were not sure, 96 (39.8%) agreed and 82 (34%) strongly agreed that loans at low interest

rate increase accessibility and affordability to have clothes. The mean of 3.86 and standard deviation of 0.18 shows that majority of the respondents agreed with the statement. This implies that loans can help members manage seasonal variations in income or expenses related to clothing needs. For example, they can borrow ahead of seasonal changes or special occasions (like festivals or ceremonies) when additional clothing purchases are necessary.

The results in Table 4.7 shows that 25 (10.4%) strongly disagreed, 32 (13.3%) disagreed, 9 (3.7%) were not sure, 122 (50.6%) agreed and 53 (21.9%) strongly agreed that micro loans increases health standards. The mean of 3.44 and standard deviation of 0.17 shows that majority of the respondents agreed with the statement. This implies that VSLAs have different loan dockets such as microloans can be used to cover healthcare expenses such as medical consultations, treatments, medications, and preventive care. This access to financial resources enables individuals to seek timely medical attention and maintain better overall health.

In line with Table 4.7, 18 (7.5%) strongly disagreed, 14 (5.8%) disagreed, 7 (2.9%) were not sure, 115 (47.7%) agreed and 87 (36.1%) strongly agreed that loan boosts income generating activity to buy food. The mean of 3.83 and standard deviation of 0.19 shows that majority of the respondents agreed with the statement. This implies that as more individuals access microloans and invest in income-generating activities, there is a collective improvement in the community's economic well-being. This can lead to broader social benefits, including improved food security and nutrition for all community members.

Qualitatively, Credit extension in the context of VSLAs (Village Savings and Loan Associations) involves the process of providing loans or credit facilities to members of the group. Here are some key aspects and considerations related to credit extension in VSLAs from different Key Informants.

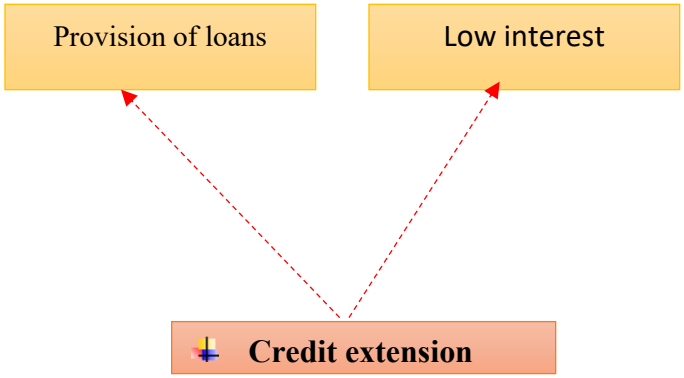


Figure 3: Credit extension of VSLAs

Sub-theme 1: Provision of loans

The provision of loans in Village Savings and Loan Associations (VSLAs) is a fundamental aspect of their operation, aimed at empowering members economically. Here's a detailed overview of how loans are typically provided in VSLAs with information from Key Informants:

According to Key Informant C Male aged 61;

> *VSLAs in Mitooma county start by mobilizing savings from their members. Each member contributes a regular amount to the group's savings pool during meetings, which usually occur on a weekly or bi-weekly basis. These savings form the basis for the loans that the VSLA can provide to its member.*

Basing on Key Informant B male aged 59

> *Members interested in obtaining a loan submit loan applications to the VSLA. The application process typically involves specifying the purpose of the loan and the amount*

requested. Loan officers or committees within the VSLA review these applications and assess the creditworthiness of applicants based on criteria such as savings history, repayment behavior, and the ability to generate income from the loan.

This implies that providing access to loans in a structured and supportive environment, VSLAs enable their members to invest in income-generating activities, cope with emergencies, and improve their standard of living. This approach not only fosters economic empowerment at the community level but also strengthens social cohesion and financial inclusion among members.

Sub-theme 2: Low Interest

If VSLA members have a low or high interest in participating or engaging fully in the activities of the Village Savings and Loan Association (VSLA), several factors could be influencing this as purported by different Key Informants;

According to Key Informant B male aged 59;

Key VSLAs often lend to members without requiring traditional collateral. Instead, loans are secured through group guarantees or social collateral, where the entire group is responsible for ensuring loan repayment. Interest rates are set to compensate for the risk of default and to ensure the sustainability of the VSLA's loan fund.

Key Informant C Male aged 61 asserted that;

Interest rates on VSLA loans are generally lower than those offered by informal moneylenders but may be higher than rates offered by formal financial institutions. This reflects the balance between affordability for members and the need for the VSLA to cover its operational costs.

This implies that the interest rates on loans provided by VSLAs are structured to balance the financial sustainability of the organization with the affordability and accessibility of credit for

members. By charging interest rates that reflect the local economic context and operational realities, VSLAs aim to support sustainable economic development and financial inclusion within their communities.

4.7 Correlation between credit extension on social economic wellbeing

The study was conducted find out whether there was any relationship between credit extension on social economic wellbeing. The analysis was done using Pearson correlation coefficient. The elicited response was presented in Table 4.8.

Table 4. 8 Correlation between credit extension on social economic wellbeing

Correlations			
		Credit extension	Social economic wellbeing
Credit extension	Pearson Correlation	1	.647
	Sig. (2-tailed)		.030
	N	241	241
Social economic wellbeing	Pearson Correlation	.647	1
	Sig. (2-tailed)	.030	
	N	241	241

The results in Table 4.8 shows that credit extension had a positive significant contribution with social economic wellbeing since p-value of 0.020 is greater than 0.05. The Pearson correlation coefficient (r=.647) shows that there is moderate significant contribution of credit extension on social wellbeing. This implies that any positive change in credit extension results in to a positive change in social wellbeing. This implies that credit extension in VSLAs contributes significantly to enhancing the social and economic wellbeing of members and their communities. By promoting financial inclusion, empowering individuals, and fostering local economic development, VSLAs play a vital role in building resilient and sustainable communities.

4.8 Findings on the effect of saving services on social economic wellbeing of members

The third objective of the study sought to effect of saving services on social economic wellbeing of members in Mitooma town council, Mitooma district. The above items were scaled using the five-point Likert scale where code SD = Strongly Disagree, D = Disagree, NS = Undecided, A = Agree and SA = Strongly Agree. The mean and Standard deviation were based on the item measured on a five-point likert scale indicating the degree on respondents' opinion of saving services on social economic wellbeing of members. Thus any mean above 3 indicates agreement of the respondents with the issue before hand while any mean of 3.00 shows that respondents were not sure and any mean below 3 indicates that disagreement of the respondents.

Table 4. 9 Descriptive data on savings services (n=241)

Saving services	SA	A	NS	D	SD	M	Sd
Saving increases household income to afford health services	22 (9.1%)	47 (19.5%)	10 (4.1%)	78 (32.4%)	84 (34.9%)	2.36	0.31
People are willing to save with VSLA in order to afford education standard	48 (19.9%)	93 (38.6%)	7 (2.9%)	46 (19.1%)	47 (19.5%)	3.08	0.52
Savings provides financial security to afford food	63 (26.1%)	95 (39.4%)	8 (3.3%)	36 (14.9%)	39 (16.2%)	3.52	0.13
Saving leads to investment in education	45 (18.7%)	114 (47.3%	_	42 (17.4%)	40 (16.6%)	3.17	0.18
Saving increases working capital to afford clothes	84 (34.9%)	105 (43.6%)	8 (3.3%)	19 (7.9%)	25 (10.4%)	4.05	0.02

Source: Field data (2024)

The study in Table 4.9 shows that 84 (34.9%) strongly disagreed, 78 (32.4%) disagreed, 10 (4.1%) were not sure, 47 (19.5%) agreed and 22 (9.1%) strongly agreed that saving increases household income to afford health services. The mean of 2.36 shows that majority of the respondents

disagreed with the statement. This implies that when households prioritize saving, they may have less disposable income available for immediate needs like healthcare expenses. This could create a temporary strain if unexpected medical costs arise before sufficient savings have been accumulated.

The results in Table 4.9 also shows that 47 (19.5%) strongly disagreed, 46 (19.1%) disagreed, 22 (9.1%) were not sure, 93 (38.6%) agreed and 33 (13.7%) strongly agreed that people are willing to save with VSLA in order to afford education standard. The mean of 3.08 shows that majority of the respondents agreed with the statement. This indicates that membership in a VSLA often involves a sense of community and mutual support. Members encourage each other to save and achieve their financial goals, including funding education for themselves or their children.

Table 4.9 indicate that 39 (16.2%) strongly disagreed, 36 (14.9%) disagreed, 8 (3.3%) were not sure, 95 (39.4%) agreed and 63 (26.1%) strongly agreed that savings provides financial security to afford food. The mean of 3.52 shows that majority of the respondents agreed with the statement. This shows that savings serve as an emergency fund that can be used to cover unexpected expenses, including food shortages due to unforeseen circumstances such as job loss, illness, or natural disasters. Having savings set aside specifically for emergencies ensures that households can continue to purchase food during difficult times.

The results in Table 4.9 shows that 40 (16.6%) strongly disagreed, 42 (17.4%) disagreed, 21 (8.7%) were not sure, 114 (47.3%) agreed and 24 (10%) strongly agreed that saving leads to investment in education. The mean of 3.17 shows that majority of the respondents agreed with the statement. This implies that saving allows individuals to set aside money for various educational expenses, including school fees, textbooks, uniforms, supplies, and additional educational activities. This financial preparation ensures that necessary resources are available when needed,

Table 4.9 indicates 7 (2.9%) strongly disagreed, 7 (2.9%) disagreed, 38 (15.8%) were not sure, 105 (43.6%) agreed and 84 (34.9%) strongly agreed that saving increases working capital to afford clothes. The mean of 4.05 shows that majority of the respondents agreed with the statement. This implies that adequate working capital from savings allows individuals to invest in clothes that enhance their personal and professional appearance. This can positively impact self-confidence and presentation in various social and work settings.

Qualitatively; saving services provided by Village Savings and Loan Associations (VSLAs) are foundational to their mission of financial inclusion and community development. Here are the key aspects of saving services offered by VSLAs.

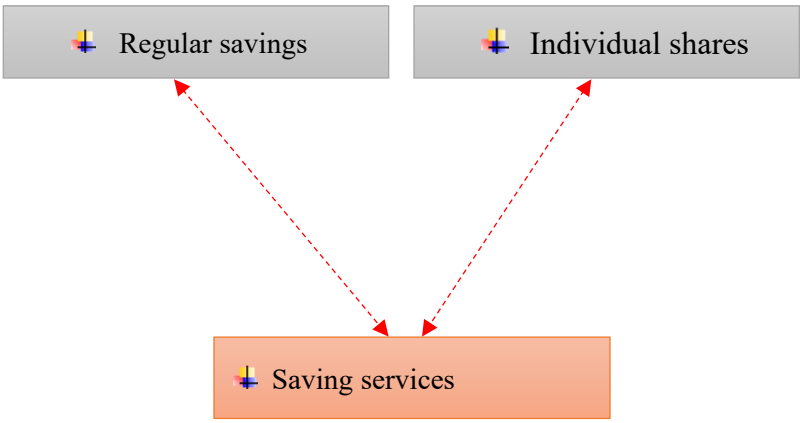


Figure 4: Savings services

Saving services provided by Village Savings and Loan Associations (VSLAs) are foundational to their mission of financial inclusion and community development. Here are the key aspects of saving services offered by VSLAs as reported by different Key Informant;

Sub theme 1: Regular savings

According to Key Informant C Male aged 61;

VSLAs promote regular savings as a means to include individuals who may not have access to formal banking services. By providing a safe and accessible platform for savings, VSLAs empower members to manage their finances effectively.

Basing on Key Informant B male aged 59;

Savings are managed transparently within the VSLA. Members contribute to a communal lockbox or secure storage during meetings, ensuring the safety and integrity of their funds. Savings mobilized through regular contributions form the basis for the VSLA's loan fund. This collective capital allows members to access credit for income-generating activities and personal needs.

This indicates that regular savings in VSLAs play a crucial role in promoting financial inclusion, building financial resilience, and fostering community development. By encouraging consistent saving habits and providing access to financial services, VSLAs empower individuals to improve their livelihoods and achieve sustainable economic progress.

Sub theme 2: Individual shares

According to Key Informant A Female aged 52;

Each member of a VSLA holds a certain number of shares based on their contributions to the savings and/or loan fund. The number of shares a member holds typically reflects their financial stake or participation in the VSLA.

Basing on Key Informant B male aged 59;

The number of shares a member holds can effect their voting rights in VSLA meetings. Important decisions, such as loan approvals, interest rates, and rules governing the

operation of the VSLA, may be decided based on a voting system where each member's voting power correlates with their shareholding.

This implies that individual shares within VSLAs represent a form of ownership and participation in the collective savings and lending activities of the association, aimed at improving financial inclusion and empowerment at the community level.

4.9 Correlation between saving services on social economic wellbeing of members

The study was conducted find out whether there was any relationship between saving services on social economic wellbeing of members. The analysis was done using Pearson correlation coefficient. The elicited response was presented in Table 4.10.

Table 4. 10: Correlation between saving services on social economic wellbeing of members

Correlations			
		Saving services	Social economic wellbeing
Saving services	Pearson Correlation	1	.546**
	Sig. (2-tailed)		.000
	N	241	241
Social economic wellbeing	Pearson Correlation	.546**	1
	Sig. (2-tailed)	.000	
	N	241	241
**. Correlation is significant at the 0.01 level (2-tailed).			

The results in Table 4.10 shows that saving services had a positive significant contribution with Social economic wellbeing since p-value of 0.0000 is less than 0.05. The Pearson correlation coefficient (r=.546) shows that there is a positive significant contribution of saving services on social economic wellbeing. This implies that any positive change in saving services results in to a positive change in social economic wellbeing. Therefore, saving services such as access to savings

accounts, micro-savings programs, and community-based savings groups (like VSLAs), promote financial inclusion. They provide individuals, particularly those in underserved or rural areas, with access to formal financial services, allowing them to save money securely and build assets over time.

4.10 Verification of the hypothesis testing

The study conducted Analysis of Variance (ANOVA) to examine whether the multiple regression model was fit for the data.

Table 4. 11 Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.548[a]	.521	.501	.77580
a. Predictors: (Constant), saving services, credit extension, Financial training				

The coefficient of determination R^2 value was 0.501. This shows how much of the total variation in the social economic wellbeing was explained by the VSLA services. Therefore, the study results revealed that VSLA services contributes 50.1% to social economic wellbeing in Mitooma county, Mitooma district. This helped to find out if the social economic wellbeing can be predicted without relying on the independent variables.

The results of Analysis of Variance (ANOVA) are shown in Table 4.12.

Table 4. 12 ANOVA

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	61.124	3	20.375	33.852	.000[b]
	Residual	142.642	237	.602		
	Total	203.765	240			
a. Dependent Variable: Social Economic wellbeing						
b. Predictors: (Constant), Savings, Credit extension, Financial training						

The study findings in Table 4.12 shows an overall test of significance of the fitted regression model. The F value indicates that all the variables in the equation were significant hence the overall regression model is significant. From the findings in the Table 4.11, the results show that P-value was 0.000<0.05, implying that the P-value was statistically significant, therefore the overall regression model for training was statistically significant and can be used for prediction purposes at 5% significance level, this further indicate that the variables used in this study are statistically significant.

Table 4. 13: Regression analysis coefficients

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.702	.416		1.688	.000
	Financial training	.037	.065	.032	.578	.000
	Credit extension	-.024	.077	.017	.308	.758
	Saving services	.668	.066	.548	10.063	.000
a. Dependent Variable: Social Economic wellbeing						

The results from Table 4.13 also show that β = 0.032 implying that a unit increase in financial training will lead to 0.0.32 increases in social economic wellbeing in Mitooma district. This is also statistically significant at 95% confidence levels since P-value= 0.00<0.05. The first hypothesis "there is a significant effect between financial training and social economic wellbeing is accepted.

The results from Table 4.13 also show that β = 0.017 implying that a unit decrease in credit extension will lead to 0.017 increases in social economic wellbeing in Mitooma district. This is statistically insignificant at 95% confidence levels P-value = 0.758>0.05. Therefore, the second hypothesis "credit extension has a significant positive effect on the social economic wellbeing*"* is rejected thus credit extension doesn't effect the social economic wellbeing.

The results from Table 4.13 also show that β = 0.548 implying that a unit increase in saving services will lead to 0.548 increases social economic wellbeing. This is also statistically significant at 95% confidence levels since P-value = 0.000<0.05. The third hypothesis "saving services significantly positively effect the social economic wellbeing" is accepted implying saving services effects on social economic wellbeing.

CHAPTER FIVE

SUMMARY OF FINDINGS, DISCUSSION, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter presents the discussion of key data findings, conclusion drawn from the findings highlighted and recommendation made there-to. The conclusions and recommendations drawn are in quest of addressing the purpose of this study which was to examine the effect of village savings and loan association services on social economic wellbeing of members in Mitooma town council, Mitooma district.

5.2 Summary of the findings

5.2.1 Effect of financial training on social economic wellbeing of members

The study shows that financial training had a positive significant contribution with social economic wellbeing since p-value of 0.004 is less than 0.05. The Pearson correlation coefficient (r=.952) shows that there is a strong positive significant contribution of financial training on social wellbeing. The results also show that from that $\beta = 0.032$ implying that a unit increase in financial traiings will lead to 0.0.32 increases in social economic wellbeing in Mitooma district. This is also statistically significant at 95% confidence levels since P-value= 0.00<0.05. The first hypothesis "there is a significant effect between financial training and social economic wellbeing is accepted.

The findings reveal that VSLAs operate on a communal savings and credit model, but are exposed to various credit risks. Key informants highlighted that member default, often due to financial hardships, mismanagement, or unforeseen events, is a primary risk. Poor financial management and inadequate savings practices can leave VSLAs unable to cover defaults or operational costs, risking insolvency. Operational risks such as weak record-keeping, lack of transparency, and ineffective governance further exacerbate financial vulnerabilities. Credit risks can be classified

based on repayment history and savings behavior, with members who consistently repay loans and maintain regular savings considered lower risks. Understanding and addressing these risks enables VSLAs to improve financial resilience, safeguard members' funds, and promote sustainable economic empowerment within their communities.

5.2.2 Effect of credit extension on social economic wellbeing of members

The results show that credit extension had a positive significant contribution with social economic wellbeing since p-value of 0.030 is greater than 0.05. The Pearson correlation coefficient (r=.647) shows that there is moderate significant contribution of credit extension on social wellbeing. The results further show that that $\beta = 0.017$ implying that a unit decrease in credit extension will lead to 0.017 decreases in social economic wellbeing in Mitooma district. This is statistically insignificant at 95% confidence levels P-value = 0.758>0.05. Therefore, the second hypothesis "credit extension has a significant positive effect on the social economic wellbeing*"* is rejected thus credit extension doesn't effect the social economic wellbeing.

Qualitatively, the provision of loans is central to VSLA operations, enabling members to invest in income-generating activities and address emergencies. Loans are funded from members' pooled savings, with applications assessed based on savings history, repayment behavior, and income potential. VSLA loans are typically secured through group guarantees rather than traditional collateral, and interest rates are set to balance affordability for members with the sustainability of the loan fund. While lower than informal moneylender rates, these rates reflect the operational costs and risks borne by the VSLA, promoting both financial inclusion and community-level economic empowerment.

5.2.3 Effect of saving services on social economic wellbeing of members

The results indicate that that saving services had a positive significant contribution with Social economic wellbeing since p-value of 0.0000 is less than 0.05. The Pearson correlation coefficient (r=.546) shows that there is a positive significant contribution of saving services on social economic wellbeing. The results also show that $\beta = 0.548$ implying that a unit increase in saving services will lead to 0.548 increases social economic wellbeing. This is also statistically significant at 95% confidence levels since P-value = 0.000<0.05. The third hypothesis "saving services significantly positively effect the social economic wellbeing" is accepted implying saving services effects on social economic wellbeing.

Qualitatively; saving services are central to VSLAs' mission of financial inclusion and community development. Regular savings allow members, especially those without access to formal banking, to contribute to a communal fund managed transparently, which forms the basis for loans and promotes financial resilience. Additionally, individual shares reflect each member's financial stake and effect within the VSLA, including voting rights on key decisions such as loan approvals and interest rates. Together, these saving services empower members to improve livelihoods, participate actively in decision-making, and foster sustainable economic progress at the community level.

5.3 Discussion

5.3.1 Effect of financial training on social economic wellbeing of members

The study shows that financial training had a positive significant contribution with social economic wellbeing since p-value of 0.004 is less than 0.05. The Pearson correlation coefficient (r=.952) shows that there is a strong positive significant contribution of financial training on social wellbeing. The results also show that from that $\beta = 0.032$ implying that a unit increase in financial

trainings will lead to 0.0.32 increases in social economic wellbeing in Mitooma district. This is also statistically significant at 95% confidence levels since P-value= 0.00<0.05. The first hypothesis “there is a significant effect between financial training and social economic wellbeing is accepted.

This is in agreement with Priyadharshini (2015) who assert that financial literacy is an essential component of financial stability since it effects financial knowledge, which in turn drives decision-making. Financially aware people will make reasoned financial decisions which will boost their confidence or financial self-efficacy and eventually feel more satisfied that is higher level of financial well-being (Khan 2015; Priyadharshini, 2015). Singh and Singh (2023) state that individuals that lack financial awareness limits financial knowledge related to financial products and services which ultimately effects decision-making and investment in financial markets.

The results are in line with Priyadharshini (2015) who state that financial skills enables individuals’ ability to make information-based decisions to minimize the chances of entrapping themselves in financial complications. Further, people possessing financial skills help them to avail services like internet and mobile banking which eventually aid in the management of personal finances (Nejad and Javid 2018). Also, individuals relying on financial skills are less likely to contact customer services to resolve their issues (Nejad and Javid 2018). This indicates that financially literate people in terms of possessing necessary financial skills, make informed and effective financial decisions (Starcek and Trunk 2013; Lusardi and Mitchell 2017).

The results are in agreement with Frijins et al. (2014) who pointed out that financial skill is seen to have a higher effect than financial experience vis-à-vis financial self-efficacy, which points to the fact that more skillful people feel more confident compared to those who only have financial experience. However, developing skills out of such experience is more important because it is a

financial skill that ultimately facilitates one's sail into increased confidence (Nejad and Javed 2018). Therefore, individuals with greater financial skills are more likely to make effective financial decisions (Starcek and Trunk 2013; Lusardi and Mitchell 2017). This indicates that business school faculties that possess higher financial knowledge in terms of financial awareness, financial experience and financial skill are more likely to feel confident about that and, as such, achieve higher financial self-efficacy.

The results are in agreement with Chu et al. (2017) who shows that higher financial literacy contributes to more prudential investment, especially with financial intermediaries. Stated differently, the presence of savings serves as a motivating factor for individuals to enhance their financial literacy and develop their personal financial management abilities. The opposite view is presented in Beckmann (2013) and Namate (2020) showing that financial literacy positively impacts savings. The results are in line with Babiarz and Robb (2014) who showed that individuals with a higher level of financial literacy are more likely to have some emergency funds. However, the authors highlighted that research results should not be considered concerning such interrelationships as knowledge improvement emergency funds growth.

5.3.2 Effect of credit extension on social economic wellbeing of members

The results show that credit extension had a positive significant contribution with social economic wellbeing since p-value of 0.647 is greater than 0.05. The Pearson correlation coefficient (r=.647) shows that there is very weak insignificant contribution of credit extension on social wellbeing. The results further show that that $\beta = -0.017$ implying that a unit decrease in credit extension will lead to 0.017 decreases in social economic wellbeing in Mitooma district. This is statistically insignificant at 95% confidence levels P-value = 0.758>0.05. Therefore, the second hypothesis

"credit extension has a significant positive effect on the social economic wellbeing*"* is rejected thus credit extension doesn't effect the social economic wellbeing.

These findings are in line with Aktaruzzaman and Farooq (2016) who reported that VSLA loan improves borrowers' household consumption in Bangladesh but not improve the durable goods and health care. In contrast, many studies confirm that microcredit has significant positive impact on household wellbeing. These findings are in line Islam, Nguyen, and Smyth (2015), indicates that access to microcredit is associated with increasing the household consumption and developing new business, especially those who are less poor. These findings suggests that the effect of microcredit differs from rural where the agricultural and craft activities are the main source of income for most rural poor to urban areas where the main source of low-income households are micro and small businesses that are easily operated and not require a large investment or advanced skills (Al-Shami, Razali, Majid, Ahmed Rozelan, & Rashid, 2016).

The findings are in line Ksoll et al., (2016) whereby loans are provided at every fourth meeting. If the funds requested by members exceed the amount of saved funds, the group decides who gets the loan by following a predetermined list of criteria written in the group's constitution. The interest rate on loans is set by the group. The findings are also in line with Ekici and Dunn (2010) who noted that when VSLA's find out that households are not creditworthy, they impose credit constraints that deter households from borrowing. Although lack of credit collateral prevents households from getting access to credit, other reasons why a household will not borrow is when it has lost trust or confidence in the banking system because of imperfect credit system or high transaction cost governed by asymmetric information. Also, when the interest rates on loans increase, households will reduce their consumption and will rather re-allocate funds to repaying their debts.

The findings are in agreement with Pradhan (2012) who assert that VSLA institution has an objective of providing loans for poor individuals or households constrained by borrowing from VSLAs. It helps improves the well-being of poor households. Although its aim is to provide credit by the rural poor, any household or individual can access micro-credit from the VSLA institution. Credit from VSLA source helps to reduce the extent of poverty in a country by enabling poor households to smoothen their consumption if not to increase it and also to venture into profitable businesses which will provide them with income.

The findings are in agreement with Pradhan (2012) who observed that because men own assets that are used as collateral when applying for loans, they are more likely to demand credit than their female counterparts who do not have access to these assets. However, on the part of Akudugu (2019) most of the credit institutions have been set up with women as their focus by providing credit to them and based on that most women take advantage of these credit systems and demand credit more than men with the view that they are vulnerable and disadvantaged as compared to men.

The findings are in agreement with Barslund and Tarp (2016) who argued that, since productive assets give more opportunities for investment and increasing household income, they increase the probability of demand for credit in the formal institutions. The findings are in agreement with Awunyo-Vitor and Abankwah (2012) who also found that since assets are needed as collateral when demanding for credit, farmers with more assets are more likely to demand credit. Furthermore, the duration of the loan is an important factor that effects access to credit. When the loan takes a long period to mature, more households will demand it. Households prefer credits that have longer maturity periods, not short ones that lenders choose in other to minimize costs.

The findings are in agreement with Giang, Wang and Chien (2015) who noted that access to finance increases the severity of poverty. There has been an improvement in household wellbeing through expansion of rural financial services, VSLA is an essential instrument for increasing household income and consumption levels, decreasing the severity of income inequality and improving well-being. Therefore, there is a positive relationship between household characteristics, borrowing patterns and household wellbeing.

The findings are in agreement with Salia (2014) who studied the effect of microcredit on the wellbeing of women borrowers in Tanzanian households and found out that households who borrow are able to acquire living houses than those who do not borrow. It was also revealed that those who borrow are able to acquire more households' assets compared to those who do not borrow. The loans were used for financing children education, medical treatments and financing pressing needs like paying the previous debt of the households. The findings are in agreement with Al-Shami, Majid, Mohamad and Rashid (2017) who investigated the impact of microloans on household wellbeing and found out that, VSLA services has no significant impact on the wellbeing of households but rather found out educational level, household assets and being in paid employment in the public/private sector to affect household wellbeing positively and significantly. Al-shami, Razali and Rashid (2018) concluded that VSLA services to have no significant effect on household wellbeing.

5.3.3 Effect of saving services on social economic wellbeing of members

The results indicate that that saving services had a positive significant contribution with Social economic wellbeing since p-value of 0.0000 is less than 0.05. The Pearson correlation coefficient (r=.546) shows that there is a positive significant contribution of saving services on social economic wellbeing. The results also show that $\beta = 0.548$ implying that a unit increase in saving

services will lead to 0.548 increases social economic wellbeing. This is also statistically significant at 95% confidence levels since P-value = 0.000<0.05. The third hypothesis "saving services significantly positively effect the social economic wellbeing" is accepted implying saving services effects on social economic wellbeing

The findings are in agreement with Okuna, Acanga and Mwesigwa (2023) who revealed that saving group members allow their savings to accumulate when the members or non-members borrow. Shumye (2023) revealed that savings from members in village saving groups is used in many ways such as onward lending to members that creates interest income that is used to improve members' livelihoods (Beaman et al., 2014). Similarly, a study conducted on saving groups regarding their deviation from the lessons learned by group members indicates that shared money was given to the members and other people outside the group as loans (Maliti, 2017).

The findings are in line with Chomen (2021) who suggests that saving groups have led to better incomes among households, easier accessibility to loans, financial security and decent standards of living among the members. In the same study, the effect of saving groups in enhancing educational standards of the members' children was reported by 67% of the respondents. They noted that upon undertaking the loan, they could afford scholastic materials for their school-going children unlike prior to their involvement in the saving groups. Additionally, Mbagga (2013) reveals that saving groups contribute to poverty reduction among the general population. This was majorly observed through low-interest loans, skill acquisition, improved access to clean and safe water, quality agricultural produce as well as ability to afford quality education for their children.

The findings are in agreement with Lukwa et al. (2022) who noted saving groups play critical roles in advancing socio-economic and health transformation especially among women in Sub-Saharan Africa. Also, saving groups play important roles in enhancing food security and improving the

dietary intake besides access to healthy foodstuffs among households (Ogwal, Amot & Mwesigwa, 2020, Mwesigwa & Mubangizi, 2019). A related study regarding the role of saving groups in nutrition and economic well-being of the households revealed that saving groups help in raising the nutritional status of the family members, increasing access to household assets, education as well as a reducing the likelihood of households falling below the national poverty line and improving the quality of financial management (Lukwa et al., 2022).

The findings are in agreement with Bwalya and Zulu (2021) who examined that the implication of saving money on nutrition and economic well-being of the households established that financial institutions face a myriad of risks and challenges associated with agricultural production and lending including seasonality, irregular cash flows high transaction costs as well as the systemic risks such as floods, droughts and plant diseases (Akeny & Mwesigwa, 2021). Similarly, Ssewamala (2015) identified low level of education as one of the factors hindering the success of saving groups. Illiteracy has been reported in numerous literature and the facts remain that training uneducated leaders in the saving groups proves to be very problematic hence affecting group success.

The findings are in agreement with Chomen (2021) who suggests that saving groups have led to better incomes among households, easier accessibility to loans, financial security and decent standards of living among the members. In the same study, the contribution of saving groups in enhancing educational standards of the members' children was reported by 67% of the respondents. They noted that upon undertaking the loan, they could afford scholastic materials for their school-going children unlike prior to their involvement in the saving groups.

5.4 Conclusion

Basing on the findings, the study concluded that;

5.4.1 Effect of financial training on social economic wellbeing of members

The study concluded that financial training had a positive significant contribution with social economic wellbeing. The Pearson correlation coefficient indicated that there is a strong positive significant contribution of financial training on social wellbeing. The results also show that from that a unit increase in financial trainings will lead to 0.0.32 increases in social economic wellbeing in Mitooma district.

5.4.2 Effect of credit extension on social economic wellbeing of members

The study concluded that credit extension had a positive significant contribution with social economic wellbeing. The Pearson correlation coefficient indicated that there is moderate significant contribution of credit extension on social wellbeing. The results further concluded that a unit decrease in credit extension increases in social economic wellbeing in Mitooma district.

5.4.3 Effect of saving services on social economic wellbeing of members

The study concluded that saving services had a positive significant contribution with Social economic wellbeing. The Pearson correlation coefficient indicated that there is a positive significant contribution of saving services on social economic wellbeing. The results further concluded that that a unit increase in saving services increases social economic wellbeing in Mitooma district.

5.5 Recommendation

5.5.1 Effect of financial training on social economic wellbeing of members

The study recommends that VSLAs should offer training on starting and managing small businesses, including business planning, marketing, and financial management. Encourage income-generating activities that align with local market opportunities.

5.5.2 Effect of credit extension on social economic wellbeing of members

The study recommends that VSLAs should establish clear and transparent credit terms, including interest rates, repayment schedules, and consequences of default. Ensure that terms are fair and manageable within members' financial capacities.

5.5.3 Effect of saving services on social economic wellbeing of members

The study recommends that VSLA should educate members on the importance of saving regularly and setting financial goals. Introduce different savings strategies and tools, such as savings accounts, emergency funds, and long-term savings plans.

5.6 Areas for further research

i. Financial management on sustainability of VSLA.

ii. Factors affecting accessibility of micro loans among VSLA members.

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APPENDICES

Appendix A: Questionnaire

Dear sir/ madam

I am a student of Bishop Stuart University carrying out a survey on the effect of village savings and loan association services on social economic wellbeing of members in Mitooma town council, Mitooma district in partial fulfillment of the requirements for the award of a Master's degree in social economics and community management of Bishop Stuart University. It is against this background that you have been selected to participate in the research by completing the questionnaire. The information sought is required only for academic purpose, so it will be treated with maximum confidentiality.

Section A: Background Variables: Classification of Respondents

In this Section, you are kindly requested to provide factual information about yourself. Kindly tick (✓) the best alternative that fits your opinion.

1. Age of respondent

1. 18-30 years ☐
2. 31-40 years ☐
3. 41-50 years ☐
4. Above 50 years. ☐

2. Sex of respondent

1. Male ☐
2. Female ☐

3. Marital status

1. Married ☐
2. Single ☐
3. Divorced ☐
4. Widow/widowed ☐

4. Academic qualification

1. No education ☐
2. Primary education ☐
3. Secondary education ☐
4. Bachelor's degree ☐
5. Post graduate diploma ☐
6. Masters ☐
7. Others (specify)…….

5. Time of being with VSLA

1. Below five years ☐
2. Between five and ten years ☐
3. Over ten years ☐

SECTION B: Importance of financial training on social economic wellbeing

Kindly indicate how much do you agree or disagree with the following statements at your place of work. Tick one space for each question. Use the following scales to indicate an option of your choice: SD- Strongly agree, A- Agree, NS- Not Sure D- Disagree, SD- Strongly Disagree.

Financial training	SA	A	NS	D	SD
The credit risks assessed during financial services improves physical health					
The financial skills on risk mitigation are necessary for accessing and affording education standards					
VSLA group trains newly recruited members necessary to access and afford education needs					
There is sufficient training of credit risks available for VSLA members to afford food					
Financial training on VSLA group is committed to access and afford education needs					

SECTION C: Importance of credit extension on social economic wellbeing

Kindly indicate how much do you agree or disagree with the following statements at your place of work. Tick one space for each question. Use the following scales to indicate an option of your choice: SA- Strongly agree D- Agree NS- Not Sure D-disagree SD- strongly disagree.

Credit extension	SA	A	NS	SD	D
Credit extension acquired supports the accessibility and affordability health services					
Loan as suitable for acquiring best education standards					
Startup capital can be got from loans to support education standards					
Loans at low interest rate increase accessibility and affordability to have clothes					
Micro loans increases health standards					
Loan boosts income generating activity to buy food					

SECTION D: Importance of saving services on social economic wellbeing

Kindly indicate how much do you agree or disagree with the following statements at your place of work. Tick one space for each question. Use the following scales to indicate an option of your choice: SA- Strongly Agree A- Agree NS- not sure 2-Disgree SD- strongly disagree.

Saving services	**SA**	**A**	**NS**	**SD**	**D**
Saving increases household income to afford health services					
People are willing to save with VSLA in order to afford education standard					
Savings provides financial security to afford food					
Saving leads to investment in education					
Saving increases working capital to afford clothes					

SECTION E: Social Economic wellbeing

Kindly indicate how much do you agree or disagree with the following statements at your place of work. Tick one space for each question. Use the following scales to indicate an option of your choice: SA- Strongly Agree A- Agree NS- Not sure D-Disagree SD- Strongly Disagree.

Social Economic wellbeing	**SA**	**A**	**NS**	**SD**	**D**
The quality of healthcare services in my area is satisfactory					
The education system in my area needs improvement					
I believe there is enough variety in food choices available in among community					
There is a variety of clothing options that meet VSLA needs					

Thank you for participation

Appendix B: Interview guide

Dear sir/ madam

I am a student of Bishop Stuart University carrying out a survey on the effect of village savings and loan association services on social economic wellbeing of members in Mitooma town council, Mitooma district in partial fulfillment of the requirements for the award of a Master's degree in ocial economics and community management of Bishop Stuart University. It is against this background that you have been selected to participate in the research by completing the questionnaire. The information sought is required only for academic purpose, so it will be treated with maximum confidentiality.

Thank you for

Should you have any queries please do not hesitate to request for clarification.

a) How have savings effectd the social economic wellbeing of members in this district? (Probe the conditions for saving, how much is saved and how the often save).
b) How do shares effect the household social economic wellbeing in this district?
c) How has credit services effectd the social economic wellbeing of community members in this district?
d) What are the micro loans offered by VSLA?
e) What are the conditions for accessing the loans?
f) Are these groups formed by you? What makes these groups and how are they formed up? Probe
g) How do people cooperate with others in the community (*Probe how it affects the household wellbeing*)?

h) How has credit extension effect the social economic wellbeing of the community members involved in Village Savings and Loan Associations in this camp

i) What challenges have you encountered in the management of the Village Savings and Loan Associations?

j) What do you think should be done to improve on the social economic wellbeing of the community members?

Thank you for your time

Appendix D: Krejcie and Morgan Table

Table 3.1

Table for Determining Sample Size of a Known Population

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	1000000	384

Note: N is Population Size; S is Sample Size *Source: Krejcie & Morgan, 1970*

Appendix E: Budget

Description	**Unit**	**Cost/Unit**	**Total Cost**
Flash Disks	1	18000	18,000
Printing Paper	5	20,000	100,000
Pens	5	15,000	75,000
Airtime	1	30,000	90,000
Transport during data collection	5	100,000	500,000
Subsistence and accommodation	5	50,000	250,000
Research Assistants	3	300,000	900,000
Draft Report printing	2	30,000	60,000
Final report	5	30,000	150000
Total		**643,000**	**2,293,000**

Appendix F: Work plan

	2024							
Activities	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**
Concept development								
Proposal writing								
Proposal approval								
Data collection								
Data analysis and draft report writing								
Report writing and submission								