

# The Effects of Saccos of the Performance of Small-Scale Business in Bushenyi-Ishaka Municipality

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## ABSTRACT

The study focused on assessing the role of SACCOs on the growth of small-scale enterprises, in Municipality. The study sought to address all the three specific objectives of the study. The study used both qualitative and quantity research design in descriptive manner. The researcher used 48 respondents who included; 30 owners of the Small-Scale enterprises and SACCO members and 18 workers to SSEs through the use of the questionnaire and interview guide about the research questions. From the study basing on the finding of the first research question statistics reveal that 93.4% of the respondents revealed that SACCOs have significantly contributed to the increase of SSEs in Ishaka Bushenyi. It was further revealed that both the owners and workers of SSEs save part of their money as indicated in table 7 by 72.9% of the respondents. The finding on second research question revealed that revealed that SACCOs have significantly enabled SSEs owners and their workers to acquire assets like land, construct house and purchase home equipments. Lastly on the third research question, that there is interdependence between the SACCOs and SSEs declared by 90.0% of respondents

**Keywords:** SACCOs; Small Scale Enterprises (SSEs); Bushenyi-Ishaka Municipality; Growth; Financial Support

## INTRODUCTION

According to Bhalla [1] saving behavior is fundamental aspect of human survival particularly in rural areas where incomes are unsecured. He further noted that, agricultural production is seasonal because the period of income flows and expenditure are different. In here, the intervals between income and expenditure and funds available to carry over from one period to the next, provides good potential for mobilizations of saving in rural areas [2]. According to World Bank report household country studies in sub-Saharan Africa showed that, rural households in Africa have higher average and marginal propensity to save [3]. Long term financial security starts with a regular savings plan for emergencies, un expected bills, replacement of needed home items and the purchase of special goods and services such as a boat, a vacation home or college education. Once a saving component has been established, additional money saved may be used for investments that offer greater potential returns. In the same endeavor, one scholar observes that, a certain amount of savings must be readily available to meet individual or family needs [4, 5]. The formation of SACCO in Africa grew tremendously to the extent that the African

countries formed a continental association of SACCOs, Africa Confederation of Cooperative Society Savings and Credit Association (ACCOSSCA), in 1965. ACCOSSCA was formed with the principal objective of promoting the SACCO principles, offer SACCO insurance, and educate members on SACCO issues [6]. There are 28 countries in Africa that have established SACCOs [7-9].

In Kenya, the first Co-operative Society was Lumbwa Co-operative Society formed in 1908 by the European Farmers with the main objective of supporting agricultural activities and products to take advantage of economies of scale [10]. Notably, after independence, the Government of Kenya recognized cooperatives as suitable vehicles with appropriate framework to achieve their aspirations and participate in the economic development of the nation. Accordingly, steps were taken by the Government which saw the rapid growth and expansion of the SACCO Society movement in the country [11]. In fact, the SACCO movement is considered by the government as one of the economic pillars of the nation. By the year 2010, Kenya had over 5,000 registered SACCOs with a

membership of about 7 million. These SACCO societies had mobilized savings of over Ksh.200billion [12, 13]

According to National Micro and Small Enterprise (MSE) Baseline Survey [14–16], Kenya has a relatively well developed banking and formal financial sector. This consists of the Central Bank, 43 commercial banks, 16 non-bank financial institutions, 2 mortgage finance companies, 4 building societies, 8 developed financial institutions about 3870 cooperative savings and credit societies, 38 insurance companies, the Nairobi stock exchange and venture capital companies. The survey further indicates that nearly 89.6% of MSEs had never received credit and other financial services.

The unmet credit needs portrayed by the statistics in the table 1.2 in the background section above signifies a wealth of opportunities untapped by all the financial institutions. The proof of the existence of market implies that a lot needs to be done to raise what it takes to serve a market. The most basic need is the finance to lend in a discipline way. Voluntary savings from members is therefore imperative. SACCOs abilities to improve their members wealth is determined by a number of factors, among them is the funding levels due to members marginal propensity to save, contributions; remittance by the employers, legal and regulatory framework, internal management principles and practices (e.g. customer service, marketing, dividend / interest payment etc.) amongst other factors. These factors' level of influence on SACCOs ability to perform captured the attention of the researcher. It was the intention of the researcher to examine them and possibly recommend on the best way to mitigate the underlying challenges and take advantage of the available opportunities by exploiting existing strengths [17, 18]. However, in developing countries like Uganda, there are low levels of saving culture owing to poor underdeveloped stock markets, dominance of urban based commercial banks, Micro Deposit Taking Institutions (MDIs) and non-regulated Micro finance institutions in the financial markets as vehicles for savings. Hence Savings and Credit Cooperatives (SACCOs) are intended to offer an alternative to improve the above undesirable situation in low-income countries. Savings and Credit Co-operatives (SACCOs) are community membership-based financial institutions that are formed and owned by their members in promotion of their economic interests. These institutions mobilize and intermediate savings exclusively within their membership under the co-operative statute 1991. The culture of saving in Uganda in the recent past and currently has not gained any popularity

although some institutions have emphasized it. Apparently, of the nearly sixty thousand savings accounts opened, only a quarter are operated as typical savings accounts [19].

Coupled with the above, Ugandas domestic savings rates are among the lowest in the world. It has declined over time to the extent that, it was about 8% of disposable income in 1989 and has now declined further to lower than 4.5% which is below the required sub-Saharan average. As result of this decline, growth in private investment is also low- which is only 13% of the GDP and this leaves a compelling need to raise it to the sub-Saharan average of 20% Ministry of Finance, Planning & Economic Development Report, (2000-2005). According to Bhalla [1] saving behavior is fundamental aspect of human survival particularly in rural areas where incomes are unsecured. He further noted that, agricultural production is seasonal because the period of income flows and expenditure are different. In here, the intervals between income and expenditure and funds available to carry over from one period to the next, provides good potential for mobilization of saving in rural areas.

SACCO's as micro credit institutions are significantly important because their role through Savings mobilization, services for lifetime asset growth, mixed outreach, and full services array of loan products. Saving is a key component in any development Endeavour as it is believed to be the surest way of increasing income and boosting productivity in an attempt to break through the vicious cycle of poverty. [1]. Currently, almost every sub county in Bushenyi Ishaka Municipality has at least one SACCO, with special concern in Ishaka the numbers of SACCOs are many compared to other areas of the Municipality. And the rate at which Small Scale Enterprises emerging up is higher compared to other areas. This gives a basis for the researcher to find out the Role of SACCOs to the growth small Scale Enterprises in Bushenyi Ishaka Municipality. The study provides background information to research organizations and scholars who would want to carry out further research in this area. The study will also facilitate individual researchers to identify gaps in the current research. The study is especially significant because it adds onto more information about saving culture in the country. The study is particularly significant at this time because there is a strong push by the government through Rural Financial Services Programmed (RFSP) to deliver financial services through community based and locally owned organizations A key objective is to support communities to establish a nationwide infrastructure of SACCOs to enable communities to access financial

services, like savings, credit, money transfers and so forth. The study provides a guide to policy makers and the government in general to spearhead the

formation, restructuring, strengthening and development of SACCOs from an informed view point.

## METHODOLOGY

### Research Design

The researcher used descriptive research to collect data using interviews and questionnaires to enable the researcher describe the phenomenon under study. This was fits researcher's intention to find out the contribution of SACCOs to SSBs. Both quantitative and qualitative approaches were adopted in the study. This is because the quantitative approach enabled the researcher to solicit information that can be quantified while the qualitative approach enabled the researcher to solicit information that cannot be quantified [20, 21]. The qualitative research design was descriptive in nature and this enabled the researcher to meet the objectives of the study. The quantitative research design was used in form of mathematical numbers and statistics assigned to variables that may not be easily be measured using statements or theme.

Qualitative research was used and data collection methods such as interviews and, closed and open-ended questioners, and finally the findings were conveyed subjectively through descriptions using words rather than numbers. Qualitative research approach provided more realistic interpretation that was experienced in the numerical data and statistical analysis.

### Locale of the study

The research study was carried out in Bushenyi Ishaka Municipality. Majority of inhabitants

(population) carry out a variety of economic activities. All these gives a better basis for Small Scale enterprises and a number of SACCOs emerging up because of the existing business people who gain from SACCOs services.

### Population of the study

The research was conducted in Nyabubare sub-county SACCO and Small-Scale Business from Bushenyi Ishaka with population of 70 that was comprised both male and female respondents.

The target population of 55 will consist of; workers of SSEs and members of the SACCO. The key informants were workers Nyabubare sub-county SACCO.

### Sample size

Participants for the study comprised a representative sample of 48 respondents. These representative samples were included: workers of SSEs, members of the SACCO and the key informants under the area of the study. The following formula of Njeri et al [22] was used to calculate the sample size:

$$n = N / 1 + N(e)^2$$

Where n = sample size

N = population. (55)

e= marginal error (0.05)

Calculation of the sample size

$$n = 55 / 1 + 55(0.05)^2$$

$$= 55 / 1.1575$$

$$= 48$$

**Table 1a: Sample size and determination table**

Category of respondent	Target pop.	Sample size	Sampling techniques
Workers to SSEs	20	18	Random sampling
Key informants	6	5	Purposive sampling
SACCO members	29	25	Random sampling
TOTAL	55	48	

Source: *primary data*, 2013.

### Sampling procedures

The study used both random and purposive sampling methods. Random sampling method that involved selecting respondents from the study population by chance. In this way every respondent had an equal chance of being included in the sample. This method was used to select SACCO members and owners of SSEs from the area under study. Purposive sampling was involved selecting a certain number of respondents based on the nature of the office/work (key informants). This method was appropriate because it enabled the selection of informed persons who possess vital data that was: comprehensive enough to allow gaining a better insight into problem/challenge. In the study,

respondents were contacted in person or the questionnaire was left behind for filling, as the researcher to get firsthand information from them. This was in accordance to Njeri et al [22], sampling enables the researcher to study a relatively small part of the target population and yet obtain data that are representative of the whole. Therefore researcher was used simple random sampling technique to select the SACCO members and the owners to SSEs.

### Research instrument

In this study, the instruments of data collection that was employed in collecting data include; Questionnaires and Interview guide.

### Questionnaire

This instrument was significant to the study because it enabled the researcher with a lot of information which was collected within a short period of time and it was believed to offer less opportunity for bias or errors caused by the presence or attitude of the interviewer. It was also considered an objective view for the issue under study since some respondents (SACCO members and owners) was consulted and their files and this was an appropriate method of collecting information from busy officers, who had no time to be interviewed. The researcher was used both close ended and open ended questionnaires that were enabled the respondents to express their views and opinions about the research study. They were used because of being the best instrument and easiest way of obtaining data from respondents who knows how to read and write. Open ended questions are to yield in-depth responses about respondents experiences, opinions, feelings, and knowledge about the topic under study. This enabled the respondents to express their views and opinions on the problem under consideration.

### Interview guide

It was defined as a person-to-person verbal communication, in which one person asks predesigned questions from the interview schedule (interviewer) and another person answers questions (interviewee) giving information to interviewer. The interview schedule/guide enabled extracting elicits information. The interview was conducted in places where the respondents do not have the ability to read and write. The researcher was moving with an interview schedule and asked questions as well as compiling the data on the sheet of paper. The researcher was to clarify on any question that proves to be unclear.

### Validity

Law & Kelton (1991:23 suggests that if a questionnaire model is valid, then the decisions made

with the questionnaire model should be similar to those that would be made by physically experimenting with the system. A questionnaire model is said to be credible when its results are accepted by respondents as being valid, and used as an aid (tool) in collecting data. Validity of the questionnaire was obtained by presenting it to at least six (6) independent professionals including the researcher's supervisors which were 11, 10, 9, 12, 12 and 13 respectively that totaled to 67 and on average 11.2 questions rated valid. According to Amin (2005), content and construct validity is determined by expert judgment. The validity of the questionnaire was calculated by using the Content Validity Index. Leung [23], states that building valid and credible questionnaire is an important aspect of a researcher's representation of the actual system being studied.

Content Validity Index (CVI) was computed using the following formula:

$$\text{CVI} = \frac{\text{No of items rated valid/n}}{\text{All items in the questionnaires}}$$
$$\frac{67/6}{13}$$
$$=0.86$$

### Reliability of the instrument

According to Leung [23], test-retest or stability test provides evidence that scores obtained on a test at one time (test) are the same or close to the same when the test was re-administered some other time (re-test). The researcher was using Cronbach Coefficient alpha method to determine reliability of the instruments. A pilot study was conducted on 10 members of Nyabubare sub-county SACCO Bushenyi Ishaka Municipality that was not part of the sample. The collected data was coded and entered into the computer using SPSS program. Reliability was thereafter be computed. It was considered reliable since it measured 0.75 (75%).

**Table 1b: Reliability statistics**

Cronbach's coefficient alpha	No. of items
751	14

### Data analysis

After data collection, editing for errors and omissions was done. Manual coding was also done to ensure that the right codes were used. This helped to normalize the work to make meaningful relationships. Data analysis was carried out by descriptive analysis. Descriptive analysis was involved the use of frequency tables and graphs (Bar graphs and pie charts). Data was entered into a computer and analyzed with the use of tables using statistical package like SPSS, which helped to summarize the coded data and this facilitated quick

interpretation. The researcher analyzed data using both qualitative and quantitative methods which made the findings easily comprehended and conclusions were made.

### Qualitative analysis

Here the data that was collected by interviewing and was analyzed in relation to the related literature reviews to gather relevant findings. Notes were written. Data was presented in accordance to the objective of the study by use of simple frequency distribution tables and percentage tables.

### Quantitative analysis

This involved figures, and the data that was collected to ensure uniformity, consistence, legibility and completeness; correlation methods of complied

data were used to ensure the validity of the findings. Quantitatively the researcher was to analyze all the data concerning contributions of SACCOs to small scale enterprises.

## RESULTS

The overall objective of the study was to assess the impact of SACCOs on small scale Enterprises in Bushenyi Ishaka Municipality. And the research questions of the study were as follows;

1. What SACCO contributions are extended to Small Scale Enterprises in Bushenyi Ishaka Municipality?
2. Do SACCOs increase capital accumulation of people in Bushenyi Ishaka Municipality?
3. What is the relationship between the contributions of SACCOs and the

increasing number of SSEs in Bushenyi Ishaka Municipality?

From table 2, statistics indicate that out of sample size of 48 that were interviewed; 26.0% of the respondents in the range of 18-29 years, followed by 64.4% of the respondents were in age range | of 30-41 years and lastly 14.6% of the respondents in the age range of 42 and above. Thus, statistics in table 2 indicate that the majority of the respondents who participated in the research study were the age range of 18 to 41 years Table 3, showing the sex of the respondent

### Bio data

**Table 2: Shows the age of the respondents**

Age (in years)	Frequency	Percent
18-29	10	20.8%
30-41	31	64.6%
42 and above	7	14.6%
<b>Total</b>	<b>48</b>	<b>100%</b>

Source: Primary data

From table 2, statistics indicate that out of sample size of 48 that were interviewed; 20.8.0% of the respondents in the range of 18-29 years, followed by 64.6% of the respondents were in age range of 30-41 years and lastly 14.6% of the respondents in the age

range of 42 and above. Thus statistics in table 2 indicate that the majority of the respondents who participated in the research study were the age range of 18 to 41 years.

**Table 3: Showing the sex of the respondents**

Sex	Frequency	Percent
Male	18	37.5%
Female	30	62.5%
<b>Total</b>	<b>48</b>	<b>100%</b>

Source: Primary data

From table 3, out of sample size of 48 that were interviewed; 37.5% of the respondents were males and the remaining percentage 62.5% of the

respondents was female. Therefore, statistics indicate that the majority of the respondents that participated in the study were female.

**Table 4: Showing the education level of the respondents**

Level of education	Frequency	Percent
Primary	8	16.7%
Secondary	27	56.3%
Advanced level	7	14.6%
Tertiary	2	4.2%
None	4	8.3%
<b>Total</b>	<b>48</b>	<b>100%</b>

Source: Primary data

Table 4 illustrates level of education of 48 respondents who represented the population; 16.7% of the respondents had attained up to primary level of education, followed by 56.3% of the respondents had attained up to secondary level, advanced level

was 14.6%, 4.2% and 8.3% of the respondent's tertiary and no any level of education. Therefore, it is clearly revealed that the majority of the respondent who participated in the research study had attained secondary level of education.

**Table 5: Showing the marital status of the respondents**

Responses	Frequency	Percent
Single	9	18.8%
Married	35	72.9%
Separated	4	8.3%
<b>Total</b>	<b>48</b>	<b>100%</b>

Source: primary data

From table 5, out of the sample size of 48 who represented the population of Bushenyi Ishaka Municipality. District local government, 18.8% and 72.9% of the respondent were single and married respectively and 8.3% of the respondents had separated. Statistics indicate that the majority of the

respondents who participated in the research study were married.

#### **Results for the first research question.**

What SACCO contributions are extended to Small Scale Enterprises in Bushenyi Ishaka Municipality?

**Table 6: Responses on whether SACCOs increase SSEs**

Responses	Frequency	Percent
Strongly agree	15	31.3%
Agree	25	52.1%
Disagree	4	8.3%
Strongly disagree	4	8.3%
<b>Total</b>	<b>48</b>	<b>100%</b>

Source: Primary data

From table 6, 83.4% of the respondents (of whom 31.3% and 52.1% of the respondents strongly agree and agree respectively) agreed that SACCOs leads to SSEs to increase and the remaining percentage of 16.6% of the respondents (of whom 8.3% and 8.3% of the respondents strongly disagree and disagree

respectively) rejected the statement, since the majority of the respondents agreed, the researcher concludes that SACCOs have significantly contributed to the increase of SSEs in Bushenyi IshakaMunicipality.

**Table 7: Showing responses on saving**

Responses	Frequency	Percent
Yes	35	72.9%
No	13	27.1%
<b>Total</b>	<b>48</b>	<b>100%</b>

Source: primary data

From the table 7, out of the sample size of 48, 72.9% of the respondents declared that they save part of the income they earn and remaining percentage of 27.1% of the respondents rejected the statement.

Since the majority accepted the researcher concludes that both the owners and workers to SSEs save in different SACCOs that exist in Bushenyi Ishaka Municipality.

**Table 8: Showing responses on benefits of saving**

Responses	Frequency	Percent
Enables in paying school fees	6	17.1%
Boosting up business	6	17.1%
Invested in other economic activities	3	8.6%
Interest on the saving	12	34.3%
Enables one to secure a loan	5	14.3%
Acquisition of capital	3	8.6%
<b>Total</b>	<b>35</b>	<b>100%</b>

Source: primary data

From table 8, out of the 35 respondents who were part of the sample size of 48 that accepted saving in different SACCOs, 17.1% and 17.1% of the respondents that they have benefited out of their

savings that is to say; enabling them to pay school fees and boosting up their business respectively, 34.3% and 14.3% of the respondents revealed that the benefits of their savings is realized through

interests on their savings and enabling them to secure loans from the SACCO and lastly 8.6% of the respondents said savings enable them to acquire assets.

From the finding it was revealed that there are increased economic activities that a being supporting by mostly Nyabubare sub-county SACCO and other SACCOs exist in Bushenyi Ishaka Municipality. SACCOs have significantly important due to the

training they offer to the members among which includes: on model of saving and the benefits, record keeping and accountability, developing on hand skills like craft and other entrepreneurship training.

#### **Results for the second research question.**

Do SACCOs increase capital accumulation of people in Bushenyi Ishaka Municipality?

**Table 9: Responses on whether SSEs are being supported by SACCOs**

Responses	Frequency	Percent
Strongly agree	10	20.8%
Agree	20	41.7%
Disagree	8	16.7%
Strongly disagree	10	20.8%
<b>Total</b>	<b>48</b>	<b>100%</b>

Source: Primary data

From table 9, 62.5% of the respondents (of whom 20.8% and 41.7% of the respondents strongly agree and agree respectively) agreed that SSEs are supported by SACCOs and the remaining 37.5% of the respondents (of whom 20.8% and 16.7% of the

respondents strongly disagree and disagree respectively) rejected the statement. Since the majority accepted, the researcher concludes that SSEs are being supported by SACCOs in Bushenyi Ishaka Municipality.

**Table 10: Responses on assets owned as result of savings and the credit from SACCOs**

Responses	Frequency	Percent
Strongly agree	14	29.2%
Agree	17	35.4%
Disagree	8	16.7%
Strongly disagree	6	12.5%
Not sure	3	6.2%
<b>Total</b>	<b>48</b>	<b>100%</b>

Source: primary data

From table 9, 64.6% of the respondents (of whom 29.2% and 35.4% of the respondents strongly agree and agree respectively) agreed that assets owned by members is a result of their savings and the loan given out by SACCOs, 35.4% of the respondents (of whom 12.5% and 16.7% of the respondents strongly disagree and disagree respectively) rejected the statement and lastly 6.2% of the respondents were not sure. Since the majority accepted, the

researcher concludes that assets owned by people mostly the owners and workers of SSEs is a result of their savings and the loan given out by SACCOs in Bushenyi Ishaka Municipality.

#### **Results for the third research question.**

What is the relationship between the contributions of SACCOs and the increasing number of SSEs in Bushenyi Ishaka Municipality?

**Table 11: Responses on whether SACCOs enable the increasing number of SSEs**

Responses	Frequency	Percent
Strongly agree	13	43.3%
Agree	15	50.0%
Disagree	1	3.3%
Strongly disagree	1	3.3%
<b>Total</b>	<b>30</b>	<b>100%</b>

Source: primary data

From table 11, out of 30 respondents (the owners of SSEs and SACCO members) part of sample size of 48, statistics indicate that 93.3% of the respondents (of whom 43.3% and 50.0% of the respondents strongly agree and agree respectively) agreed that SACCOs have enabled the increasing number of SSEs and the remaining percentage 6.6% of the

respondents (of whom 3.3% and 3.3% of the respondents strongly disagree and disagree respectively) disagreed with the statement. Since the majority agreed, the researcher therefore concludes that SACCOs due to the services they offer to SSEs which has enabled them to increase in Bushenyi Ishaka Municipality.

**Table 12: Responses on entrepreneurship training offered by SACCOs**

Responses	Frequency	Percent
Strongly agree	8	26.7%
Agree	20	66.7%
Disagree	2	6.7%
Total	30	100%

Source: primary source

From table 12, out of 30 respondents (the owners of SSEs and SACCO members) part of sample size of 48, statistics indicate that 93.4% of the respondents (of whom 26.7% and 66.7% of the respondents strongly agree and agree respectively) agreed that entrepreneurship training by SACCOs enable the number of SSEs to increase and 6.7% of the

respondents disagreed with the statement. Thus statistics in table 13 indicate that the majority of the respondents accepted, the researcher therefore concludes that entrepreneurship training is one of the major ways that has enabled more SSEs to emerge in Bushenyi Ishaka Municipality.

**Table 13: Responses on loans given out to the clients**

Responses	Frequency	Percent
Strongly agree	9	30.0%
Agree	17	56.7%
Disagree	2	6.7%
Not sure	2	6.7%
Total	30	100%

Source: Primary data

From table 13, out of 30 respondents (the owners of SSEs and SACCO members) part of sample age of 48, it revealed by 86.7% of the respondents (of whom 30.0% and 56.7% of the respondents strongly agree and agree respectively) agreed that loan given out by SACCOs enable the growth of SSEs and

remaining percentage 13.4% of the respondents of whom 6.7% and 6.7% of the respondents disagree and not sure of the impact of loan respectively. Since the agreed, the researcher concludes that the loans given out to SSEs owners have enabled their expansion in Bushenyi Ishaka Municipality.

**Table 14: Responses on whether there is interdependence between SACCOs and SSEs**

Responses	Frequency	Percent
Strongly agree	10	33.3%
Agree	17	56.7%
Disagree	2	6.7%
Strongly disagree	1	3.3%
Total	30	100%

Source: Primary data

From table 14, out of 30 respondents (the owners of SSEs and SACCO members) part of sample size of 48, 90% of the respondents (of whom 33.3% and 56.7% of the respondents strongly agree and agree respectively) agreed that there is interdependence between SACCOs and SSEs in Bushenyi Ishaka Municipality and remaining percentage 10% of the

respondents (of whom 3.3% and 6.7% of the respondents strongly disagree and disagree respectively) rejected the statement. Since the majority agreed the researcher concludes that there is interdependence between the SACCOs and SSEs in Bushenyi Ishaka Municipality.



## DISCUSSION

The research study established that the majority of respondents who were involved in the exercise; were in the range of 18 to 42 years of age; were female compared to their male counter parts; and had attained from primary to advanced level of education and most of the respondents were married. The first research question stated that, what SACCO contributions are extended to Small Scale Enterprises in Bushenyi Ishaka Municipality?

From the research study, Statistics in table 6 indicates that 93.4% of the respondents revealed that SACCOs have significantly contributed to the increase of SSEs in Ishaka division. It was revealed by 72.9% of the respondents that both the owners and workers to SSEs save in different SACCOs that exist in Bushenyi Ishaka Municipality as indicated by table 7 and these savings have enable them to pay school fees and boosting up their business respectively and they have benefited by getting interests on their savings and the savings enable the clients to secure loans from the SACCOs.

This is in conformity with Branch & Cora (1999), who asserts that SACCO's as micro credit institutions helps members through savings mobilization, services for lifetime asset growth, mixed outreach, and full services array of loan products. What distinguishes cooperatives from her non-bank financial entities involved in SACCO's is the ability of mass number mobilization of small, voluntary, savings account. These deposits can then be invested in rural production, housing, small scale enterprises and small business. The second research question stated that, do SACCOs increase capital accumulation of people in Bushenyi Ishaka Municipality? From the research that was conducted in Bushenyi Ishaka Municipality statistics indicate that 62.5% of the respondents that SSEs are being supported by SACCOs and 64.6% of the respondents indicated in table 10 revealed that assets owned by

The study was set to assess the impact of SACCOs on small scale Enterprises in Bushenyi Ishaka Municipality. Basing on the findings from the research study, since the sample size that participated in the exercise were a representation of the whole population in Bushenyi Ishaka Municipality, the researcher concludes that SACCOs have significantly contributed to the increase of SSEs in Bushenyi Ishaka Municipality. From the findings it was clearly revealed that SACCOs have significantly enabled SSEs owners and their workers to acquire assets like land, construct house and purchase home equipments. Basing on the findings

people mostly the owners and workers of SSEs is a result of their savings and the loan given out by SACCOs in Bushenyi Ishaka Municipality.

This is in conformity with Karoki et al [24] who asserts that SACCO play an important role in lower income groups through increasing their assets via establishing a credit relationship, establishing an enterprise, accessing working capital, increasing income through business expansion, meeting housing credit needs and increasing wealth through savings. The third research question stated that, what is the relationship between the contributions of SACCOs and the increasing number of SSEs in Bushenyi Ishaka Municipality?

From the finding, it was revealed by 93.3% of the respondents who were the SSEs owners and SACCO members that SACCOs due to the services they offer to SSEs and the same time the willingness of people to save part of the income earned, that can be invested in the future and members acquire loans from this SACCOs basically explain why the number of SSEs and the SACCOs keep increasing because of linkage between each other. It was further revealed that in table 15 by 90.0% of the respondents that there is interdependence between the SACCOs and SSEs.

This was in conformity with McCormick and Kimuyu 2004 who asserts that, Small Scale Enterprises find it advantageous to join together into associations like SACCOs and among others which are formed for the joint benefit of the members. Associations' help members benefit through collective influence and accessing specific services. Through collective influence, associations lobby for policies that benefit its members, while they also respond to members individual needs for services. Since all businesses need capital either for startup of operating capital, financial institutions asymmetry.

## CONCLUSION

that it was revealed that there is interdependence between the SACCOs and SSEs

### Recommendations

From the research study that was conducted on Small Scale Enterprises in the Bushenyi Ishaka Municipality on their contribution on SSEs. According to the study it revealed that SACCOs contribute economically to both the owners of SSEs and workers, to individuals in Bushenyi Ishaka Municipality. There is a need by the government to gain a better understanding of SACCOs requirements is fundamental in the development of strategies that can promote the sector growth. Therefore, the Government should review the policy

of micro credit institution on lending that is to say government should support SACCOs so as to enable them have enough loanable funds and this will enlarge their capacity to give out loans. It was revealed from the findings that to SACCOs have enabled individual in Bushenyi Ishaka Municipality to acquisition of assets, however given the amount paid to them it is not worth to enable them acquire a variety of assets. The researcher recommends that the government should to reduce the taxes imposed

on SACCOs which leads to the increase in interest rate charge on clients and when the interest is higher, few clients for them and reduces the amount of money that will enable one to acquire assets. It was further revealed that SACCOs and Small-Scale Enterprises inter-depend on each other, the researcher recommends that sanitize SSEs owners on the benefits SACCOs and at the same time the government should allocated more funds to SACCOs to enable the smooth running of both businesses.

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