

**THE EFFECTS OF SAVING AND CREDIT COOPERATIVE'S ON MEMBERS' SOCIO-ECONOMIC CONDITION IMPROVEMENT: EVIDENCE FROM ENTOTTO SAVING AND CREDIT COOPERATIVES**



**ATHESIS SUBMITTED TO THE DEPARTMENT OF ACCOUNTING AND FINANCE IN PARTIAL FULLFILMENT OF THE REQUIREMENT FOR MASTERS DEGREE IN BUSINESS ADMINISTRATION IN ACCOUNTING AND FINANCE**

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## **Declaration**

Declaration I, the undersigned, declare that this thesis is my own work and has never been presented in any other university. I have carried out the research work independently with the support of research advisor. All sources of materials used for this thesis have been duly acknowledged.


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### **Statement of Certification**


As members of the Examining Board of the final MSc. open Defense, we certify that we have read and evaluated the thesis prepared by Asnakech Shiferaw entitled: The Effects Of Saving And Credit Cooperative's on Members' Socio-Economic Condition Improvement: Evidence from Entotto Saving And Credit Cooperatives recommend that it be accepted as fulfilling the thesis requirements for the degree of Master of Business Administration in Accounting and Finance.

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## **Abbreviation and Acronyms**

SACCO	Saving and credit cooperative
GTP	Growth and transformational plan
CPDS	Cooperative promotion and development plan
FAO	Food and Agricultural Organization
RUSACCOS	Rural Saving and credit cooperative societies
SPSS	Statistical packages for social sciences
CGPA	Consultative group to assist the poor

## **ABSTRACT**

*Saving and credit cooperative societies (SACCOs) are established to encourage saving by mobilizing pooled funds they provide loan service to its members at reasonable rate of interest and other financial -related service to enable members improve economic and social condition. The study has focused on the effect of saving and credit cooperative on socio-economic condition of members' or well-being at Entoto SACCOs district Addis Ababa, Ethiopia,2020.The study used an explanatory research design because it built on the exploratory and descriptive and identified the reasons for the occurrences .It looked for causes and effect of the current statues of the study. The study utilized a sample of 233 out of 560 from saving and credit cooperative members' at Entotto district Addis Ababa. They were selected through systematic random sampling method. Data were collected through open and closed ended questionnaire. Data was analyzed using a multiple linear regression model to test relationship and examine the impact of the independent variables on members socio-economic condition .Correlation coefficient revealed that members' amount borrowed, education access consumption expenditure, family size had a strong positive significance influence on members' socio economic condition and while, year in stay, number of time loan availed, saving amount and asset creation had positive significance influence on members' socio-economic condition at st' peters' saving and credit cooperative. It was therefore concluded that saving and credit cooperative affect members' socio-economic condition. Recommendations the study recommend as a result of major finding and discussion. Saving and credit cooperative should involve all stake holders in the promotion and capacity building should be properly communicate with all saving and credit cooperative to encourage members' to build their financial status, to live better, and improve the socio-economic condition or well-being of the country.*

**KEYWORDS:** *saving and credit cooperative, Members', socio- Economic conditions, Entotto.*

## **CHAPTER ONE**

### **Introduction**

The study focused on the effect of saving and credit cooperative members' on socioeconomic condition in the case of entotto saving and credit cooperative's. This chapter presents the background of the study; statement of the problem, objective of the study, significance of the study, scope of the study, limitation and organization of the study.

#### **1.1. Background of the study**

Like other African countries, the socioeconomic condition of Ethiopia is characterized by low growth rate of income, saving, investment, inadequate social services, high population growth and high unemployment rate. High population growth also causes the natural resources' degradation of the country. Poverty and food insecurity are the main challenge and fundamental issue of economic and social development in Ethiopia (Gebrehiwot,2002).

Although poverty has continued to be at the forefront of Ethiopian concerns, recent history shows great improvements. The incidence of poverty has declined from 45.5% in 1995 /6 to 38.7% in 2004/5 and finally to 29.6% in 2010/11(Ministry of finance and Economic development,2012).Ethiopia embarked on an economic recovery program to put in place condition to improve the incentive structure and the financial status so as to promote saving mobilization and investment (Wolday,2003).Providing financial service to the emerging segment of the population is an important development tool .It helps creating employment and increases the income of the segment, reduce poverty and consumption also contribute to the achievement of Ethiopia transformation plan and development (GTP). It has been observe that worker civil servants relatively face more challenges in obtaining loans due to lack collateral and it is difficult to obtain adequate amount of loan and high rate interest from formal financial institution (CPDs, 2014).Therefore, Saving and credit cooperative societies (SACCOs) are established to encourage saving by mobilizing pooled funds they provide loan service to its members at reasonable rate of interest and other financial -related service to enable members improve economic and social condition (Galor,1995).

The country's economy is unable to create employment opportunity for the fast growing labor force, which is further worsened due to limited availability of financial resources (Wolday, 2003).

Government have drafted and implemented different strategies and programs to back the economy of the country on track. Among these development programs, organizing different classes of people through saving and credit cooperative that enable them to solve their common economic and social problems has assumed as important. The production and productivity can be improved through expansion of saving and credit cooperative sector as a base line for development.

A system of financial intermediation is necessary to channel the flow of funds from suppliers to users. An effective and smoothly function financial system will increase the mobilization of saving, lower transaction costs, disperse risks and direct the allocation of resources to the most productive use(FAO,2001).

According to Munyri(2006),saving and credit cooperative societies(SACCOs),which are started locally, are more attractive to customers thus deeply entrenching themselves in the financial sectors of many countries. In fact they have solid bases of small saving accounts constituting a stable and relatively low -cost source of funding and low administrative cost. SACCOs are able to advance loans at interest rate lower than those charged by other financial providers. In addition, SACCOs have the ability and opportunity to reach clients in areas that are unattractive to banks such as rural or poor areas. The core objective SACCOs is to ensure members empowerments through mobilizations' of saving and disbursements of credit (ofei, 2001).Therefore, the objective of this study to examine the effect of saving and credit cooperative on members' socioeconomic condition improvement at Entoto SACCOs district.

## **1.2. Statement of the Problem**

A mixed perception has arisen, worldwide, concerning the economic effect of saving and credit cooperative facilitating access to financial services for the members(Rabobank,2012).Globally, saving and credit cooperative have straggle, facing severe and basic problems. CGAP(2005) states that the saving and credit cooperative model in most countries has a history of instability. On the contrary, there have been successful financial cooperatives elsewhere around the world.

Empirical evidence on the crucial impact played by saving and credit cooperatives in promoting financial access in Ethiopia is scarcely available. The possibility that saving and credit cooperative may influence increased financial inclusion in Ethiopia through the facilitations of access to credit services that have not been fully explored(Kifle,2012).

In Ethiopia the lack of access to effective formal financial markets may be seen as severe constraints that prevents low-income households from improving their lot and leads to the persistent poverty Kifle (2012). Addisu(2016) found that the impact of RUSACCOs in midaweromo Women has improved their income per annum and improve their household decision maker.Derje(2017) revealed that microfinance, improve the socio economic condition of members'.

Based on the above research findings where majority of them were focus on RUSACCOs. Basically the effect of SACCOs existed in rural areas could be different from urban- areas. In addition there has been dearth of research studies about Ethiopia concerning the effect of saving and credit cooperative on members' socio economic condition in the promotion of financial inclusion. Although many organizations and the government of Ethiopia are investing in these SACCOs, The effect of SACCOs in improving socioeconomic condition of members' is still poorly understood. Thus the effect of SACCOs in order to improve socioeconomic condition of members, and increasing members living standards needed to be investigated. This study, attempt to examine the effect of SACCOs on members' socio-economic condition or well-being improvement using evidence from Enttoto SACCOs members.

### **1.3. Research Questions**

- How SACCO does affects members' asset creation?
- What is the effect SACCOs on changing the saving culture of members?
- How SACCO does affect members' consumption expenditure?
- How SACCO does affect members' educational accesses?
- What effect does credit facility have on members 'income generating activities?

## **1.4. Objective of the study**

### **1.4.1. General objective**

The main objective of this study to investigate the effect of saving and credit cooperatives on member's socio economic condition or well-being on the Enttoto SACCOs district.

#### **1.4.2.1. Specific objective**

- To examine the effect of SACCOs on changing saving culture of member's
- To investigate the effect of SACCOs on member's asset creation
- To examine the effect of SACCOs on members' educational access.
- To investigate the effect of credit facility on members' income generating activities
- To examine the effect of SACCOs on members consumption expenditure

## **1.5. Significance of the study**

This study will be importance through providing enough information for saving and credit user to improve saving culture, reduce poverty, to prompt and build saving and credit cooperation's, on the member's socio economic condition or well-being. Information about the effect of saving and credit service on the member's socio economic or well-being has important for concerned body. In this regard, the study's finding regarding to the impact of SACCOs on member's socio economic or well-being, will have significant contributions to revealed members' living condition and SACCOs promotion. In addition, the study will be evaluated how to develop members 'saving and credit. Furthermore, the study may also help to identify the direction for latter research work on the effect of Entotto SACCO member's socio economic or well-being on the district.

## **1.6. Scope of the study**

This study were geographically limit to in Addis Ababa in the case of entotto employee based saving and credit cooperation's member's socioeconomic condition. In addition, the study focuses on members socio-economic condition or well-being.

### **1.7. Limitation of the study**

This study was limited number of SACCOs for this study due to the limited time frame to reveal the study results which is considered as a limitation of the study to represent the population at large. In addition, lack of sufficient time and financial constraint were also another limitation of the study. Problem associated with the external environment forced the researcher to limit the sample size and the scope of the paper and also to manage the research within the given time and limited budget, a total of 233 samples were selected using systematic random sampling.

### **1.8. Organization of the study**

The rest of this research chapters are organized as follows, Chapter two reviews what other research done on their study and include theoretical part and empirical literatures related to the research. The third chapter presents methodology used in the research. Chapter four presents the result, discussion and interpretation of the study. Finally, the conclusion and recommendation of the study presented in the chapter five.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1. INTRODUCTION**

This chapter identifies what other researchers' and writers have written about the effect of saving and credit cooperative (SACCOs) of members' socio-economic condition. The detail description about the effect of SACCOs membership on saving and credit cooperative, review the effect of members' saving habit, asset creation, consumption expenditure of members', educational access of members, effect of saving and credit cooperative on improving the living standards of members' and income generate activities and other related concern on this chapter.

#### **2.2 . Overview of saving and Credit corporative.**

Savings and credit Cooperatives are non - profit making organizations but must make reasonable surplus to satisfy payments of dividends, interests and bonuses to members. The contribution from members in form of savings and deposits are the major source of funds for cooperatives (kifle, 2012). Savings and credit Cooperatives have traditionally relied on member funding in meeting loan demands and withdrawal of savings. Members' contributions in form of savings and deposits are the conventional avenues of financing used to fund SACCO operations. Member capitalization, financing or funding of Cooperatives (Addisu, 2016). The internal sources are membership and service fees, member shares, retention of surplus and creation of institutional capital, accounts payable to members for part or all of their produce and member deposits while external sources obtained through borrowing and donation(Derje,2016).

The researchers' stated that saving and credit cooperative sources are members' generate funds on gathering their saving from membership and withdrawal of saving based loan to their members'. The institution of saving and credit create their capital based on rule and regulation of the organization sale share at the time members' joining membership of SACCOs.

#### **2.3 History Development of saving and credit cooperative in Ethiopia**

Saving and credit is the living conditions in Ethiopia and has long year of experience as traditionally. This cooperation's may be assisted by cultural or religious association that makes



the people get together. for example, Iddir (focuses on funeral celebration ), Ikuib , (which helps for saving money and self help to the members ), which Debo, which is focused on the cooperation on labor peak times, in the rural area at the time harvesting, wedding ,when emergency happened (zerfeshewa,2010)

Modern cooperative in Ethiopia was started at the time of emperor Haile –selaie first in 1961 by decree number 44/1961.and later on proclamation were pass on 1966.With all shortcomings, this legal ground gave contribution for co-operative development in the Ethiopia were pass on 1966 With all shortcomings, this legal ground gave inputs for co-p-operative development in the Ethiopia. During the dergeue regime, tremendous effort was exerted to organize different types of co- operatives in line with proclamations No 138/1983.During this time, co- operatives were mainly organized to transform rural economy to the socialist style rather than benefiting their members. In this process, internationally accepted cooperative principles were violated which consequently led to the dissolution of co-operations and devastations of their properties during the transitions period(Adisu, 2016).

However, the recent enactment of cooperative society proclamations no.85/1994 and 147/1998 created fertile grounded for restructuring the previous cooperatives and organizing new ones, in line with the mew market oriented economic policy of the government, EPRDF (kifle, 2012)

#### **2.4. Saving and credit cooperatives and members' socioeconomic conditions**

Income, asset, welfare and consumption expenditure can be used as indicators of effect of SACCOs. Impact indicators used to measure impact at the household, enterprise, individual and community levels. At the household level, Income, assets, Consumption expenditure and basic service are indicators of impact assessment. At the enterprise level, Five domain of development include the resource base, production process, management, market and financial performance. At the individual level, three domains of well-being include independent control of resources, leverage in house hold 'decision-making units and community participation. At the community level, Four domains of development include net changes employment and income, forward and back ward linkages social net works and civil participation Derje(2017).

The researchers' stated that saving and credit cooperative sources are members' generate funds on gathering their saving from membership and withdrawal of saving based loan to their members'.

The institution of saving and credit create their capital based on rule and regulation of the organization sale share at the time members' joining membership of SACCOs.

## **2.5. Empirical Literatures**

Effect of SACCOs play an vital role in the development countries especially in Ethiopia by providing financial service (credit and saving mobilization) for the members in SACCOs societies to substantiate their livings, although members' socio-economic condition of SACCOs. The empirical studies on SACCOs of members' socio-economic condition point of view were assessed and presented in the following sub-section of research question. Those research have been conducted their studies to identify what members improve their socio economic condition, of SACCOs were reviewed at global and country level was presented as follows.

## **2.6. Empirical studies in other countries**

The study done in Tanzania, on the effect of SACCO to socio economic improvement of its members income. The researcher revealed that exceptional of few limitation facing Sacco are doing recommendable work on improvement of its members' income. It was found that all interviewed persons were growing at a good rate in terms of business' level and household level. In addition Sacco's members has improved their socioeconomic status this is due from the 70.70% of the respondents. The researcher used the research design was case study and the collection method used were documentary review Mwanaid(2013)

Tumwine, Mababzi,&Jaya(2015) had studied Saving and credit cooperative (SACCOs) services terms and members' socio-economic development in Rwanda. According to the researchers 'members' socio-economic development, Nature of services' terms at Zigma, saving services, opening and running of Saving account, interest rate on saving and members economic development. In addition, the researcher have raveled strong positive and significant relationship between credit services terms and members' economic development, while interest rate on loans was negatively and significantly related to members economic development. The researcher using linear regression analysis from SPSS data base, number of saving services terms in regard

to opening and running account were regressed to find out how they impacted on members' economic development.

According to Mecbo(2016), the study done on South Africa on the topic of the role of saving and credit cooperative in promoting access to credit in Swaziland found out SACCOS in Swaziland shows that SACCOS have made significant contributions in promoting access to financial services in Swaziland, and it appears that there are smaller and more occupational oriented. They have managed to provide a large amount of saving and credit services to their members at an affordable price. However, SACCOS in Swaziland have a low level of penetration, at 3.09 percent. In addition, they have struggled with the amount of outstanding loans which they have accumulated annually, as they are above the amount of loans issued and saving mobilized. Moreover, the result shows that SACCOS in Swaziland have not yet reached financial sustainability, as they underperformed for the four years from 2011 to 2014, as measured by using the international financial cooperative standard.

A study conducted in Kenya, on the effect of saving and credit co-operative societies strategies on members' saving mobilization, that obtained results shows that the effect of financial services has a minimal impact on saving mobilization. These mean that financial service only affected 3.2% of the change in saving mobilization in SACCOS. In addition, the study explored that cooperative strategies have significant positive effect level of statistical significance on members' saving mobilization (Thomas, Catherine & Susan, 2012).

## **2.7. Empirical Studies in Ethiopia**

In Ethiopia saving and credit cooperation can be enhanced through having another source of income. This effect on improving the economic condition of membership such as improving their economic and social capabilities, and contribute to the wellbeing of their families' and communities (Kifle, 2012).

The study done by Derje(2017) revealed that on the effect of micro finance on poverty reduction in the case of Oromiya credit and saving share company. The study found that most of the respondents' from the active clients were found to register an increasing trend in their income for the last two years in comparison with new(incoming) clients, from all sample

respondants, 190% (90.91) of active clients, and 14 (42.42%) of new (incoming) clients replied that their income has increased.

The study revealed on the client savings shows that active clients reported that they have saved monthly an average of 65.75 compulsory and 57.43 birr and 57.43 birr voluntary, where as new (incoming) clients saved only an average of 10 birr per month. The living conditions of clients survey results on diet condition indicated that more clients have enjoyed diet improvement than new (incoming) clients, 203 (97.13%) of active clients and 16 (48.48) of new (incoming) clients reported that their household diet during the last twelve month has improved. The study also indicated that positive effect of the micro finance on the improvement of medical facilities of program participants, 155 (95.68) of active clients and only 3 (16.67) of incoming clients reported that their overall access to medical facilities in the last 12 month were improved.

Concerning impact on the educational facilities of the household the findings of the study revealed that microfinance intervention didn't improve access to education facilities, because 184 (94.83) of sample active clients and 23 (95.83) of sample new (coming) clients reported that the numbers of their family members attending school increased for the last two years.

### **2.7.1. Members' asset creation**

The study done by Dessalew (2014), revealed that economic value of saving and credit towards members' asset creation in Addis Ababa. The researcher identified that several economic values of SACCO towards members' asset creation like income generate activities; saving, credit, aid dividend, health insurance and basic business skill training to start their own small business were the economic values cooperative towards members. The provision of such service helps members, after membership was sitting sofa, Refrigerators, Bed, Chair and tables, small kitchen house, Oven and Stove as a house commodity. Economic values of cooperative play crucial role for asset creation even though their level of influence has variation. Patronage, dividend was found as significance variables for asset creation. Members' 'who have got patronage dividend have two times better in asset creation than those who didn't have patronage dividend. To sum up it, Community based saving and credit cooperative create economic values and asset for members. In deposit account versus investment, where in risk is a lot higher, in economic more broadly (Kifle, 2012).

Saving differs from savings, the former refers to the act of increasing one's asset ,whereas the latter refers to one part of one's asset ,usually deposit in saving account ,or to all of one's asset .saving refers to an activity occurring over time ,flow variable ,whereas saving refers to something that exists at any one time, stock variable. Saving is an asset to members, and liability to the SACCOs society. Saving is collected from members to lend to members. Saving is source of income to the SACCOs society because it lends to members with interest .This loan interest is the main source of income of the SACCOs society (kifle, 2012)

### **2.7.2. Members 'saving habit**

According to Tomas, Catherine & Susan (2012) training on saving mobilization in totally is vital strategy to improve saving mobilization of SACCOs members. Equally important acknowledgment of regular and best saver in form of certificates and other rewards development of new saving products, compulsory saving and rising of saving to loan ration vital for developing of SACCOs. When SACCOs members are guided and encouraged through groups and given reason why it may be necessary for them to save was revealed in the study that training has high multiplier effect on members saving mobilization. The study stated that developing saving habit done by adjusting the focus and change of habit because saving is culture, habit and away life this mean that when culture is developed wealth starts to grow.

Saving can be holding something for future from today's consumptions. Saving means holding something valuable for future use .saving is income not spent, or deferred consumption. Methods of saving include putting money aside in, for example, deposit account, and pension explanation, an investment fund ,or as cash .saving also involves reducing expenditure ,such as recurring costs, in terms of personal finance ,saving generally specifies low risk preservations of money ,as in deposit account versus investment ,where in risk is a lot higher ,in economic more broadly(kifle,2012).Saving differs from savings. the former refers to the act of increasing one's asset ,whereas the latter refers to one part of one's asset ,usually deposit in saving account ,or to all of one's asset .saving refers to an activity occurring over time ,flow variable ,whereas saving refers to something that exists at any one time, stock variable. Saving is an asset to members, and liability to the SACCOs society. Saving is collected from members to lend to members. Saving is source of income to the SACCOs society because it lends to members with interest .this loan interest is the main source of income of the SACCOs society (Adissu,2016).

### **2.7.3. Members' on income generate activities**

The study done by Addisu (2016) shows that the impact of SACCOs on members 'before and after compared to their life income ,the majority,77% had been better after they joined on SACCOs. The study observation explore that the contribution of saving and credit has significant impact on reduce poverty. However, saving and credit cooperative are considered as vehicle to cultivate a culture of saving and credit of saving for low-income earners that lack access to formal financial institution services (Mcebo, 2016).Another study identify that the impact of saving and credit on members are satisfied with the product in the market. It found out that 48% satisfied. The mean score was 3.23 that mean the respond at agreed that the impact of SACCOs satisfied (Tomas, Catherine & Susan, 2012).However, the authors' stated that SACCOs has the significant effect on the improvement of members 'socio-economic condition.

### **2.7.4. Members consumption expenditure**

The study done by kifle (2012) stated that the impact of saving and credit cooperative in olfa weredaTigray region of Ethiopia. The study revealed that consumption expenditure on the members in the family that 52.98% of the respondents" income is spent on the important in living standards, like on nutrition, health and education. Results of the study show that expense which have increased are food, health and appliances. Expense which grew that least are clothing and celebration. It seems that certain expense cannot be reduced and there level is stable(fuel and transportation).

The study confirm that growth it felt more for prime necessity goods than for other items. It shows that there is significant difference in the number of times member households expenditure for the purchase of food, health and appliances after affiliation as compared to before affiliation per year, The member respondents said that even though their income improved, they did not want to express it interns of frequency of eating rather; they focused on improving the quality of food consumed and cloth purchased.

### **2.7.5. Members' access to education**

Improving access to education of the borrow and the borrowers' family in general is one important successful impact indictor of SACCO. The rise in income through income generating activities could enable the member to send their children/and dependents to school or the

capacity to pay for tuition fees would increase. kifle(2012) revealed that 53% of respondents' reported that expense for education increased after joining SACCO; where as 47% of the respondents' said that educational spending did not increases even after joining SACCO. From this it is inferred that SACCO has led to better access for education for the household, because lack of money for living cost is the major cause of non-enrollment and school dropouts in high school education.

## **2.8. Research Gap**

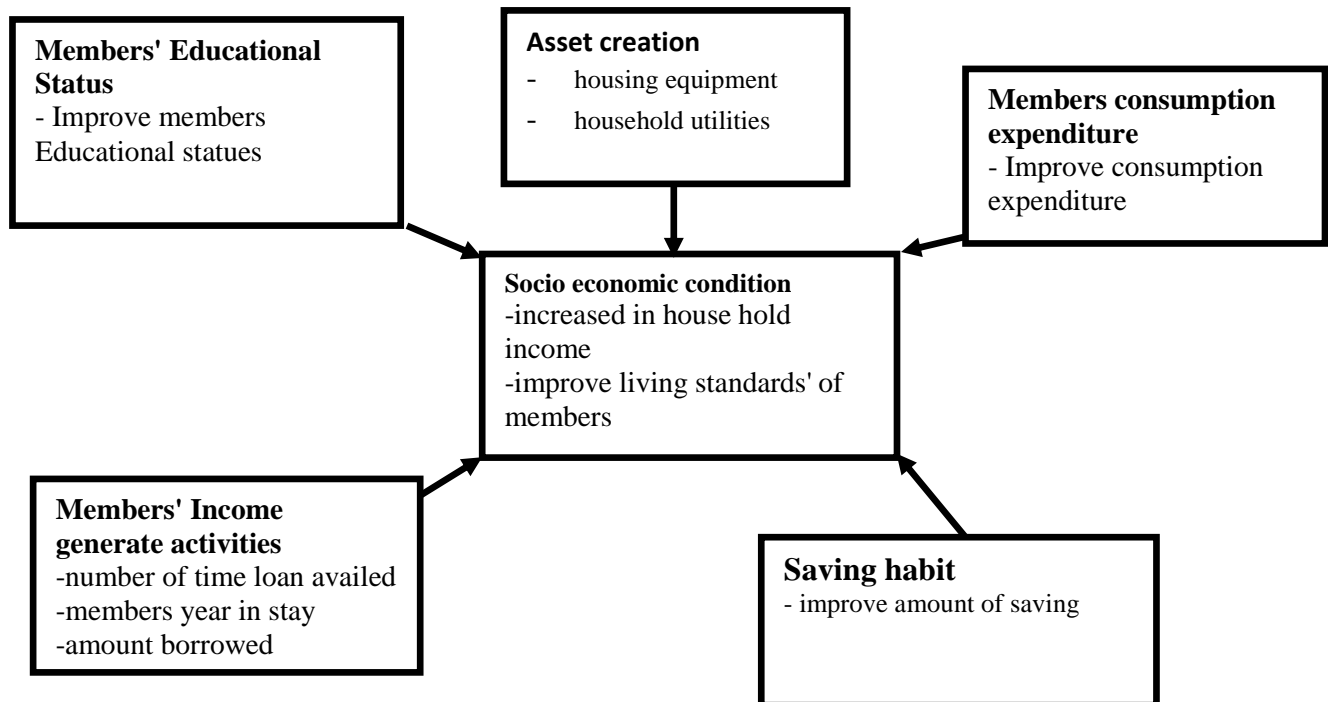
In general, all the above studies have basically focused on investigation of the saving and credit cooperation in general. However, conducting further evaluate of impact of SACCOs on members' socio economic condition may provide an additional evidence of the gap for the SACCOs promotion and development to improve their strategies. As discussed in empirical study above in Ethiopian also several studies have been conducted on the impact of different SACCO organization, Addisu(2016 in Amhara state North shewa Zone in Mida weremo SACCO district, Kifle(2012) in Tigray region Olfa wereda SACCO and Dereje(2017) in Oromiya state Burayu Town, But studies of overseas on the effect of the SACCO in improving the living standard of the socio-economic condition are not exhaustive and also some of the papers have lack of methodological Gap. In Entotto SACCO the program started 1971. Though the program has been in place for the last forty one years. To the researcher's knowledge there was no effect assessment has been undertaken on the improvement of SACCOs members and its contribution to improve the living standard of members socio-economic condition of the district. Thus this study is initiated to fill the effect that assessment has been under taken on the SACCO members improvement and contribute some information to the existing body of knowledge on the assessment of the effect of SACCO on the Socio-economic condition of selected members.

## 2.9. Conceptual framework

The figures show that the independent variable in the study are asset creation conceptualized as members housing equipment, like TV,SOFA,REFREGTER,OVUN. Members saving habit more conceptualized in terms of improved members income (Dereje, 2017). Income generate activities more conceptualized interims of members year in stay and members amount borrowed, number of time loan availed kifle (2012). Members Educational improvement are conceptualized interims of members improved their Educational statue and consumption expenditure more conceptualize in terms of increased socio economic condition. Adisu(2017)

The dependant variable members' socioeconomic condition measured interims of increased house hold income and living condition of members kifle (2012)

**Figure 1: Conceptual frame work relating to the effect of members' socioeconomic condition of SACCO's**





# CHAPTER THREE

## RESEARCH METHDLOGY

### 3.1. Introduction

This chapter presents the research methodology and instruments that were used in the study .It covers, the research design, study population, sampling design and size, Data sources, data collection method, data analysis and ethical consideration of the study.

### 3.2. Research Design

Orodho(2003), defines research design as the scheme, outline plan that is used to generate answer to the research problem. The study used an explanatory research design because it built on the exploratory and descriptive and identified the reasons for the occurrences. It looked for causes and effect of the current statues of the study. Explanatory research design explained the effect of members' socio-economic condition at Entotto SACCOs district.

### 3.3. Research approach

The study used mixed research approach because it considered as the best method to answer the research question in an efficient and effective manner to analyze questionnaire and interprets the findings. The quantitative approach used for data collected from sample respondents through questionnaires. The qualitative approach used data gathered through questionnaire that are not counting the respondents response to analyze qualitatively (Adugna,2016)

### 3.4. Target population

Population is the group of potential participants, objects, or events to whom or which research want to generalize the results of the study derived from a sample drawn from the population (martelaa, 1990).Therefore the target population of the study were members of Entotto SACCO at saint peters' hospital. Currently there are 1230 employees in saint peters' hospital year 2020.Among these 560 are members' of Entotto saving and credit cooperative.

### **3.5. Sample size and sampling Technique**

#### **3.5.1. Sample size**

In order to collect reliable and representative sample out of the target population the sample size was determined by applying the scientific formula (Yemane,1967) as shown below.

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

Where

n = sample size

N= the number of population in the SACCOs

e = level of precision which is equal to 0.05

The researcher has decided to take the true margin of error 5% with confidence level 95%.

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

$$n=560/1+560(0.05)^2$$

$$n=233$$

Based on this, the researcher considered all the sample size 233 was utilized. According to Hussey and Hussey(2006) no survey can ever be deemed to be free from error or provide 100% surety and error limits of less than 100% and confidence level of other than 90% can be regarded acceptable.

#### **3.5.2. Sampling technique**

In this study members were the basic sampling unit in order to get quantitative and qualitative data on the effect of saving and credit cooperative members' socio-economic condition of the study area. Accordingly 233 members were selected through systematic random sampling technique. The first member was selected randomly from a list or from sequential sample unit, and then every<sup>n</sup><sup>th</sup> members is selected from member's entry documents of the cooperative society.

### **3.6. Data sources and collection instrument**

#### **3.6.1 Data sources**

This study used combination of both primary and secondary data. According to Kothari(2004) primary data defined as "those data which are collected afresh and for the first time and thus happen to be original in character". The primary data were derived from the answers given by Secondary data refer to the data which have already been collected and analyzed by someone else and which have already been passed through the statistical process (Kothari, 2009). Therefore; apart from the primary data, this study also included secondary data sources mainly through secondary sources included information sought from documents and report from St' peters hospital SACCOs district.

#### **3.6.2 Data collection instrument**

The researcher used questionnaires' data collection instrument for primary data using research questions concerned on the effect of SACCO members' on socio-economic condition at Entotto saving and credit cooperative. The investigator has not encountered any structured questionnaire. The data was collected using questionnaire prepared by the principal investigator some variable were also adopted from literature reviews (Kifle, 2012). The researcher used both open-ended and close-ended questioner.

### **3.7. Data Analysis**

Two types of data were collected in this study: Qualitative and quantitative, and two types of statistical analysis were used. The quantitative data analyzed the descriptive statistics such as a mean, standard deviation and frequency ; While the qualitative data analyzed the content analysis. The analyzed data presented using tables, frequency. In addition the study used multiple regression model to analyze the research between variables.

In multiple regression problem certain test of response about the model parameter are useful in measuring model adequacy. The tests for significance of regression is to determine if there is a linear relationship between the response  $Y$  and any of the regressed variables  $x_1, x_2, x_3, \dots, x_8$  Separatetests of non response that individual coefficient are zero can be computing t- tests of the multiple linear regression model (Gujarati,1988).The research used SPSS (version 20) to analyze independent variable.

The study using the positive square root of  $R^2$  is the multiple correlation coefficient between  $Y$  and the set of regressed variable  $x_1, x_2, \dots, x_8$ . That is  $R$  is a measure of the linear association between  $Y$  and  $x_1, x_2, \dots, x_8$ .

### **Model specification:-**

In multiple regression problem certain test of response about the model parameter are useful in measuring model adequacy (Kifle, 2012).

The study used multiple linear regression equation. According to Zhang et al.,(2011),linearity is valid if the significance value for the linear component is less than 0.05.

$$Y = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + B_5X_5 + B_6X_6 + B_7X_7 + B_8X_8 + e$$

where  $Y$ = dependant variable, socio-economic condition of members which is measured increased in income/living condition of membership.

Independent variable

$X_1$ =Asset creation,  $X_2$ = Saving habit, $X_3$ = Consumption Expenditure, $X_4$ = Educational Access

$X_5$ =Amount Borrowed, $X_6$ =year stay of membership, $X_7$ =Family size, $X_8$ =Number of time loan availed

$e$ =error

$B_1$ --- $B_8$ =regression coefficient

The regression analysis is applied for analyzing the factors influencing the socio-economic condition changed by saving and credit cooperative among members' and the Pearson test was used to determine correlation on members' socio-economic condition and the variables such as, asset creation, saving habit, amount borrowed, consumption expenditure, number of time loan availed, access to education, year in stay, family size. The regression analysis all the quantifiable continuous variables were check by multi- collinearlytest(kifle,2012).

### **3.8. Data quality control**

**3.8.1 Validity:**-To ensure validity of the instrument the researcher clarifies the bias happened to the study. The supervisor greatly contributing to the designing of the study instrument in line with the topic under the study; objective; research questions, and literature so that the instrument was measure what was suppose on measuring the case of SACCOs in Entotoo district on members' socio-economic condition.

**3.8.2 Reliability:**-The use of multiple methods of data collection instrument will be the goal on measuring the degree of consistence in response as a result rendering the instrument reliable

### **3.9 Ethical consideration**

To ensure the safety; the people and psychological wellbeing of respond ant and others;

The research got to start a letter from the saint Mary's university introducing entotto SACCOs and asking them to permit the study.

The researcher sought an agreement of the respond ant.

The researcher to ensure that the information given will treat with confidentiality

The researcher will be presented the finding in a generalize form.

## CHAPTER FOUR

### DATA ANALYSIS AND INTERPRETATION

The presentation and analysis of results are carried out in this chapter based on the data collected from both the members' SACCOs in entotto District. The chapters present the empirical finding of the study and followed by the interpretation and discussion about the finding. The questionnaire response rate based on the sample size determination, the researcher distributed 233 questionnaires in order to collect primary data from sample respondents of the district. Even if maximum effort was exerted to make all the distributed questionnaires' are returned back .But, some questionnaires' were not submitted due to various reasons. From the total of 233 questionnaires' distributed 198 of them were successfully filled and returned back, that is 35 of them were not returned back and thus not used in the research. Therefore, the response rate of the questionnaire was 85% percent. Accordingly, the research data presentation, analysis, and conclusion were based on this response.

#### **4.1. Descriptive statics result.**

##### **4.1.1. Family size of Respondents**

The study tried to find out how many family members' each respondent have, the result shows that more than 60(30.3%) the respondent have less than 2 family size. The rest result are 52(26.3%),36(18.20%),34(17.7%),9(4.5%),1(0.05%) are large family size have higher expense than a smaller family size. This shows that large family size influence law improvement on socio economic condition of respondents Addisu (2016).House hold size has two opposing implications: on one hand, larger household size implies more consumption hence can affect a household's socio economic condition negatively. On the other hand, rural household depend primarily on family labor. Consequently households with larger members tend to have higher productivity, particularly in peak times such as weeding(Sefiager,2013).

**Table 1: Family size of Respondents**

Family size	Frequency	Percent
1	5	2.5
2	60	30.3
3	36	18.2
4	35	17.7
5	52	26.3
6	9	4.5
7	1	5
Total	198	100.0

Source: questionnaire result 2020

#### **4.1.2 Members Educational access**

The education access of respondents' was improved by 75.8percent. This indicated that members' can be improve their education access of them. Whereas, 24.2percent of the respondents reported that their education access did not improve even after affiliation to the cooperative. The rise in income through income generating activities could enable the member to send their children/and dependents to school or the capacity to pay for tuition fees would increase Addis (2016).

**Table 2: Educational access**

Members educational access	Frequency	percent
Yes	150	75.8
No	48	24.2
Total	198	100.0

Source: questionnaire result 2020

#### **4.1.3: Asset creation on the basic need of membership**

Majority 54% of the borrower had the asset worth more than between 15001-20,000 Birr respectively. Access to property is one important aspect of empowerment for members. It is further found that 33.8%, 8.6%, 3% and .05% had asset created between 5000-10000 and above

20,000 made additional asset creation in the form of TV, Sofa, Refrigerators, Bed, Chair and tables, small kitchen had the effect of SACCO in the district(Table).

**Table 3: Asset creation on the basic need of membership**

Additional asset creation of members	Frequency	percent
Up to -- 5000	6	3.0
5001- -10,000	67	33.8
10,000--15000	107	54.0
15001---20,000	17	8.6
Above 20,000	1	.5
Total		100

Source: questionnaire result 2020

#### **4.1.4: Number of times loan availed on membership**

The number of times loan availed by the sample respondents' in the study found that 48.5% percent of the respondents has at least one time availed loan. Besides, 22.7% of respondents' have availed loan two times after joined to the cooperative, 8.10% who have availed loans three times after joined to the cooperative. whereas, the percentage of respondents' who availed loans for four times was 7.6%, respondents' who availed loans 5.6 times 6.1 percent, respondents' who availed loan 7 times only 1.5 percent. By availing repeated loan, members 'can make start new business and improve the living standard of the membership(Table)

Table 4: Number of times loan availed

Members' number of time loan availed	Frequency	percent
1	96	48.5
2	45	22.7
3	16	8.10
4	15	7.6
5	11	5.6
6	12	6.1
7	3	1.5
Total	198	100.0

Source: questionnaire result 2020



#### 4.1.5: Year in stay on membership

Members year of stay in the saving and credit are largely related with credit availed year in stay of membership the majority 30% of the respondents said that they had been members for 2 years.27% of them replied that they are members 4 year. 25% of them replied that they are members' 1year.15% of them replied that they are members 8 year.14% them replied that they are members 5 year. 14%them replied that they are members 7 year .14% of them replied that they are members 3 year.9% them replied that they are members 6 year.9% them replied that they are members 10 year.7% them replied that they are members 15 year.5 %them replied that they are members 15 year .4% them replied that they are members 12,13,16 year.3% them replied that they are members 18year.2% them replied that they are members 9, 11, 20, year.1% them replied that they are members 18,23,24,27,30year.year in stay of membership had improve the economic condition of members(Kifle,2012).

**Table 5:Members year in stay**

Members' year in stay	Frequency	percent
1	25	12.6
2	30	15.2
3	14	7.1
4	27	13.6
5	14	7.1
6	9	4.5
7	14	7.1
8	15	7.6
9	2	1.0
10	9	4.5
11	2	1.0
12	4	2.0
13	4	2.0
14	3	1.5
15	7	3.5
16	4	2.0

17	5	2.5
18	3	1.5
19	1	.5
20	2	1.0
23	1	.5
23	1	.5
24	1	.5
27	1	.5
30	1	.5
Total	198	100.0

Source: questionnaire result 2020

#### 4.1.6: Consumption Expenditure

The consumption expenditure of respondents' was improved by 72.7%. This indicated that members' can improve their consumption expenditure. Whereas, 27.3% of the respondents reported that their consumption expenditure did not improve even after affiliation to the saving and credit cooperative(Table).

**Table 6: Consumption Expenditure**

Members consumption expenditure	Frequency	percent
Yes	144	72.7
No	54	27.3
Total	198	100.0

Source: questionnaire result 2020

#### 4.1.7: The Effect of Credit Facility Members' Saving Habit

All members' must have share or deposit account in SACCO as part of a membership requirement. Also all respondents have compulsory saving account. Result show that sample household which use the saving service of SACCO. The deposit size of respondents in the study 27.3% between 15001-20000. The rest between 25.80% had 100-500 others saving services between 25.3% 1001-1500 and the least saving 21.7% 501-1000 respectively. Saving is the most

important indicator of income generates activities in the members of SACCO Dereje (2017).  
(Table)

**Table 7: Saving behavior of membership**

Monthly Saving in Birr	Frequency	Percent
1-500	51	25.80
501-1000	43	21.7
1001-1500	50	25.3
Above 1500	54	27.3
Total	198	100.0

Source: questionnaire result 2020

#### **4.1.8: Amount borrowed of membership**

The finding of the study indicated that loan size enough for the intended purpose 149 %are and enough for their intended purpose. Whereas 49 % of the respondents' result did not enough for them (Table)

**Table 8: Amount borrowed of membership**

Members amount borrowed	Frequency	percent
Yes	149	75.3
No	49	24.7
Total	198	100.0

Source: questionnaire result 2020

#### **4.1.9. Members' socioeconomic condition**

The socioeconomic condition of respondents' was improved by 81.3%. This indicated that members' can be improve their socioeconomic condition of them. Whereas, 18.7% of the respondents reported that their socioeconomic condition did not improve even after affiliation to the cooperative.

**Table 9: Members' socioeconomic condition**

Improved household income	Frequency	percent
Yes	161	81.3
No	37	18.7
Total	198	100.0

Source: questionnaire result 2020

#### 4.1.10. Description of dependents variable: members' socioeconomic condition

In each case the respondents' was asked to do self-rating in objects of numbers of times loans availed and asset creation using a scale ranging from a minimum of one not improved economic condition to a maximum of eight improved economic condition .Thus a continues dependents 'variable was generated on the members' economic conditions. For purpose of correlating members' economic conditions, the research aggregated all the five independent variables in to one index, the members economic conditions index (using the transform/compute=mean (variable list command in SPSS) with this variable taking values ranging from a minimum of one to a maximum of six.(Table)

**Table 10: Descriptive statistics on members' socio- economic development**

Improved members household income	No	Minimum	Maximum	mean	S.d	Rank
Members additional asset creation	198	1	4	2.70	.690	5
The contribution of SACCO on saving culture members	198	1	3	2.54	1.147	4
Members consumption expenditure	198	1	1	1.27	.446	3
Members amount borrowed	198	1	1	1.25	.433	2
Members 'educational access	198	1		1.24	.430	1

Source: questionnaire result 2020

From table 10, improved asset creation members socio-economic conditions rated highly (mean=2.70) and was ranked first, members' saving culture ability to improve members' socio-economic economic conditions also rated minimum (mean= 2.54) and was ranked second, to improve members socio-economic conditions rated. Amount borrowed, consumption expenditure, educational access ability to improve members' socio-economic conditions also enough for the intended purpose (mean=1.27, mean=1.25,mean=1.24)was range three, fourth, and fifth, respectively. The result revealed that saving and credit cooperative had create income among members and thereby improve living standards', empowerment and improve socio-economic condition of members'. The increase or decrease in the level of income may have an implication on the life standard of the individuals. An increase income, for instance, can pave the opportunity to open business, access to health service, education access and asset creation (Addisu, 2016).Evidence shows that social capital can have significant effect on improvement processes and outcome, in helping building human capital and contribution to house hold income Zigiju(2008).

#### 4.1.11. Qualitative analysis of independent variable

On qualitative analysis, family size members SACCOs had a mean score of 3.49 showing that a family size was could make use of power on house hold access for credit and insufficient for economy. Since this might lead to greater loan diversion. Loan may be diverted because household expenditures could be higher with larger family size. Members' year of stay in the SACCO are largely improve income generate activities of members' had a mean score of 6.6.Number of time loan availed as an indicator minimum to improve house hold income generate activities had a mean score of 2.24 respectively(Table).

**Table 11: Qualitative analysis on members' socio-economic condition**

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Members family size	198	1	7	3.51	1.370
Members year in stay	198	1	30	6.67	5.645
Number of time loan availed	198	1	7	2.23	1.636

From the above table, on improved members' year in stay socio-economic conditions rated highly (mean=6.67) and was ranked first, family size ability to improve members' socio-economic economic conditions also rated minimum (mean= 3.51) and was ranked second. Number of time loan availed improve members income generate activities rated a minimum (mean=2.23) was ranked third.

#### **4.1.12: Relationship between independent variable and member's socio-economic condition**

The results of the measures of correlation presented as in the table below. The Pearson test is used to determine correlation between members socio-economic condition and independent variable. The variable family size negative Person correlation, ( $r=-206$ ) and strong significance influence ( $=0.000$ ) between members' socio-economic condition. Year in stay on membership negative Pearson correlation ( $=-.098$ ) and weak positive significance ( $=.169$ ) between members socio economic condition. Number of time loan availed negative person correlation ( $=-.092$ ) and weak positive significance ( $=.192$ ) between members' socio-economic condition. Asset creation positive Pearson correlation ( $=.042$ ) and weak positive significances ( $=.560$ ) between members' socio-economic condition. Saving habit negative Pearson correlation ( $=-.023$ ) and weak positive significance ( $=.752$ ) between members' socio economic condition. Consumption expenditure strong positive Pearson correlation ( $=.637$ ) and strong significances influence ( $=0.000$ ) between members' socio- economic condition. Amount borrowed positive Pearson correlation ( $=.637$ ) and strong significance influence ( $=0.000$ ) between members' socio- economic condition. Educational access strong Pearson correlation ( $=.667$ ) and strong significances influence ( $=0.000$ ) between members socio-economic condition.

**Table 12: Correlation association of independent variables**

Correlations										
		Family size	Year in stay	Number of time loan availed	asset creation	saving habit	Consumption expenditure	Amount borrowed	Educational access	Socio economic condition
Family size	Pearson Correlation	1	.217*	.002*	.194	-.085**	-.075	-.037	-.037	-.206
	Sig.(2-tailed)		.002	.982	.006	.232	.294	.294	.609	.004
	N	198	198	198	198	198	198	198	198	198
Year in stay	Pearson Correlation	.174*	1	.652**	-.021	.012	-.133	-.128	-.090	-.098*
	Sig. (2-tailed)	.014		.000	.771	.864	.062	.072	.207	.169
	N	198	198	198	198	198	198	198	198	198
Number of time Loan availed	Pearson Correlation	.217	.652	1	.009	.087	-.115	-.096	-.081	-.092
	Sig. (2-tailed)	.002	.000		.903	.223	.107	.179	.259	.192
	N	198	198	198	198	198	198	198	198	198
Asset creation	Pearson Correlation	.002	-.021	.009	1	.022	.055	.048	.026	.042
	Sig. (2-tailed)	.982	.771	.903		.759	.438	.498	.711	.560

	N	198	198	198	198	198	198	198	198	198
Savin g habit	Pearson Correlatio n	.194	.012	.087	.022	1	-.022	-.046	.001	-.023
	Sig. (2- tailed)	.006	.864	.223	.759		.762	.521	.993	.752
	N	198	198	198	198	198	198	198	198	198
Consu mptio n expen diture	Pearson Correlatio n	-.085	-.133	-.115	.055	-.022	1	.700	.712	.637
	Sig. (2- tailed)	.232	.062	.107	.438	.762		.000	.000	.000
	N	198	198	198	198	198	198	198	198	198
Amou nt borro wed	Pearson Correlatio n	-.075	-.128	-.096	.048	-.046	.700	1	.659	.626
	Sig. (2- tailed)	.294	.072	.179	.498	.521	.000		.000	.000
	N	198	198	198	198	198	198	198	198	198
Educa tional access	Pearson Correlatio n	-.037	-.090	-.081	-.026	.001	.712	.659	1	.666
	Sig. (2- tailed)	.609	.207	.259	.711	.993	.000	.000		.000
	N	198	198	198	198	198	198	198	198	198
Socio- Econo mic	Pearson Correlatio n	-.206	-.098	-.092	.042	-.023	.637	.626	.666	1



condit ion	Sig. (2- tailed)	.004	.169	.197	.560	.753	.000	.000	.000	
	N	198	198	198	198	198	198	198	198	198

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\*. Correlation is significant at the 0.01 level (2-tailed).

#### 4.2: Model summary

The squared shows the variation in the dependent variable that can be explained by the independent variable (Amount borrowed, asset creation, saving habit, family size, no time loan availed, consumption expenditure, Education access, year )The R-square=.550 indicates that the independent variable explain up to 55% of the variance in members socio-economic condition among the SACCOs study. Further, the adjusted R-square=.531 shows that, the factors accounted for 53% of the variance in members socio-economic condition. The standard error of the estimated for the model was .268.

Dependant variable (socio-economic condition of members.)

**Table 13: Model summary**

Model	R	R square	Adjusted R	Std. error of the estimate
1	.742	.550	.530	.268

Source: questionnaire result 202

#### 4.2.1. ANOVA results on member socio economic condition.

ANOVA results established the regression model had indicated that a significance level of 0.000 which is an independent variable amount borrowed, saving habit, asset creation, number of time loan availed, and year in stay, educational access consumption expenditure and family size significantly influence socio-economic condition of the membership.

**Table 14: ANOVA results on member socio- economic condition**

Model	Sum of system	Df	Mean square	F	Sig
Regression	16.547	8	2.068	28.873	.000 <sup>b</sup>
Residual	13.539	189	.72		
Total	30.086	197			

Source: questionnaire result 2020

#### 4.2.2. Regression result and discussion

The regression analysis was done with members socio-economic condition as the dependent variable and the rest of variables as the independent variables. Overall, the study found a strong positive relationship between members' socio economic condition, such as amount borrowed, family size, education access, consumption expenditure. The coefficients are shown in table 14. These results indicate the coefficients for each of the variables as well as their significance level in the model. As shown amount borrowed, educational access, consumption expenditure and family size significantly affected socioeconomic condition of members' in the SACCOs ( $p=0.001, 0.000, 0.009$  and  $0.001$  respectively). Asset creation, saving habit, year in stay and number of time loan availed did not have a significant impact on members socio-economic condition ( $p$  value =  $0.848, 0.637, 0.803$  and  $0.921$  respectively). The impact of the SACCO participation on members empowerment through extra asset creation is not significant as compared to Kifle (2012). Saving habit of members were sometimes forced to save with SACCO through monthly Compulsory saving product and minimum balance was considered high withdraw on saving amount not favorable to members. Members year in stay in the saving and credit cooperative are largely related with credit availed but, the regression result on improving the income generate activities did not influence the socio economic condition of members. Number of time loan availed has many implication for both saving and credit cooperative as well

as to the members' due to the continued access to loans, members can reduce dependence on other source of borrowing in excessive interest charge and as they get timely and usually a higher repeat loan; They can seize the emerging business opportunities in a better way. The study result number of time loan availed did not influence the socio economic condition, contrary to what was expected.

**Table 15: Coefficient un-standardized and Standardize**

Model	Unstandardized Coefficient		Standardize coefficient		
	<b>B</b>	<b>Std. error</b>	<b>Beta</b>	<b>t</b>	<b>Sig</b>
(constant)	.406	.117		3.460	.001
Family size x1	-.047	.015	-.166	3.259	.001
Year in stay x2	.001	.004	.016	.250	.803
Number time loan availed x3	.002	.016	.006	.099	.921
Asset creation x4	.005	.028	.009	.192	.848
Saving habit x5	.008	.017	.024	.473	.637
Consumption expenditure x6	.178	.068	.204	2.623	.009
Borrowed Amount x7	.213	.065	.236	3.266	.001
Education access x8	.328	.067	.361	4.912	.000

Source: questionnaire result 2020

## **CHAPTER FIVE**

### **5.1. SUMMARY, CONCLUSION AND RECOMMENDATION**

The chapter summarized the overall findings and conclusions of the study with drawing the possible recommendation to be addresses by the concerned bodies. Accordingly the summary report will be presented below and followed with the conclusion and recommendation for concerned user of members' saving and credit cooperative promotion and other stake holder decision makings.

### **5.2. Summary of major findings**

The purpose of the study the contribution of SACCOs' on members' socio- economic conditions in Entotto district the first question in this study, How does SACCO affect asset creation? The finding of the study revealed that members basic need improved by additional assets creations in the form of houses hold equipment, like TV, SOFA, and improved their living standards and positive correlation have been observed between member's basic need and living standard of membership. The second question How does SACCO contribution affect on changing the saving culture of members?. The finding revealed that members' rise in income through income generation activities could be able improve members house hold income? SACCO as part of a membership, also all members' have monthly compulsory saving account.. The third question of the study How does SACCO improve members' consumption expenditure? The finding of the study show that strong significance influence on the analysis regression result. The fourth question of the study, How does SACCO improve members' educational access?.The finding of the study show that strong significance influence on improvement of members education based on the regression result. The fifth question of the study, What contribution does credit facility play on members' income generate activities? .The finding of the study show that effect of saving and credit improve their income on the analysis of the regression result.

Overall, the saving and credit cooperative were moderate, all dimension saving and credit cooperative had a significant influence on considering multiple regression analysis on members' socio- economic condition.

### **5.3. Conclusion**

From the finding and corresponding discussion, the study, concludes that saving and credit cooperative at Entotto have got a significant effect on members' socio- economic condition. This study examined the person correlation test to determine correlation between members' socio-economic condition as well as the independent variables, Correlation coefficient revealed that members' amount borrowed, education access, consumption expenditure and family size, had a strong positive significance influence on members' socio economic condition and while, year in stay, number of time loan availed, saving amount and asset creation had positive significance influence on members' socio-economic condition at st' peters' saving and credit cooperative.

Overall, saving and credit operation in Ethiopia has brought about positive changes in the standard living of members' who access their services. Although most of the members have benefited. Some saving and credit members in the study area have not benefited positively. Besides, most of the members agreed that the amount of borrowed is enough for their intended purpose.

### **5.4. Recommendations**

The study recommend as a result of major finding and discussion. Saving and credit cooperative should involve all stake holders in the promotion and capacity building should be properly communicate with all saving and credit cooperative to encourage members' to build their financial status, to live better, and improve the socio-economic condition or well-being of the country.

- The study found that amount borrowed, consumption expenditure, education access and family size had a strong significant significance influence on the socio- economic conditions of membership. Therefore, SACCOs should improve revise their financial strategy to improve the living standard of membership.
- The study found that members' asset creation, number of time loan availed; year in stay and saving habit had improved positively. So that, the researcher recommends that saving and credit improve the socio economic condition of members' accordingly.

- Authorities and concerned body should initiate and implement programmes that will enhance the multiplication and growth of SACCOs as it has been dominant in ensuring socio-economic conditions among the people in the area.
- The study information also helps the management committee of saving and credit cooperative in creating appropriate financial strategies for attaining the required planned financial performance.

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# Saint Mary's University

## Annex 1

### Questioners for Members

Dear.....,

I am AsnakechShiferaw a master degree student at saint marys university in business administration accounting and finance. As part of the requirement for graduation, I am conducting a research entitled effect of saving and credit cooperative members' on their members socio-economic condition.

This study will help to the development of education theory.

The purpose of this questionnaire is to collect data for the research to be carried out by M.A students/researchers from the school of Saint Mary's university we would like to state that you genuine and accurate responses will have a greater contribution to the dependability of the research finding. Therefore, we kindly request you to provide your genuine answers to the questions that appear below. We would like to remind you that the answers you will provide us are solely used for research purpose and kept confidential.

We would like to thank you in advance for your cooperation

**PART I-RESPONDAN BACK GROUND-** please encircle or write your responses for the following personal information based on the type of questions provided here under.

A) Please encircle your responses for the following personal information

1. Sex \_\_\_\_\_

1), Male 2) Female

2. Age \_\_\_\_\_

3. **Education level**

1) Grade 11 and less

2) Grade 12 complete 3) Diploma 4) BA/BSc/Bed/GP/

5) MA/MSc Mph, PhD, specialists.

4. **How many family members do you have?**

\_\_\_\_\_

**5. How many years of stay on membership?**

\_\_\_\_\_

**6. How many times loan availed?**

\_\_\_\_\_

**7. Are saving and credit improving your asset creation in please identify ETB Birr?**

1)Up to 5000

2)5001-10,000

3)10001-15000

4)15001-20,000

5) Above 20,000

If , yes what type of asset-----

If, No why-----

**8. How much saving and credit improve your saving amount in terms of monthly compulsory saving amount in ETB?**

1) up to 500

2) 500-1000

3)1000-1500

4) Above 1500

**9. Do you think your saving culture improves?**

1) Yes      2) No

**10. Are you satisfied on your monthly salary saving?**

1) Yes      2) No

**11. What is your purpose of saving?**

1) Lack of medical fee

2) Nearness to my work place

3) Lack of housing conditions

- 4) Lack of access of education your/family fee
- 5) Proximity of SACCOs activated
- 6) Others'

**12. Does saving and credit improve your income generate acclivities income?**

- 1)Yes
- 2)No

**13. Which type of business you have created? please specify\_\_\_\_\_?**

**14. Does saving and credit improve your educational access?**

- 1) Yes
- 2) No

**15. Does saving and credit improve your consumption expenditure?**

- 1) Yes
- 2) No

**16. Does saving and credit improve your socio-economic condition?**

- 1) Yes
- 2) No