# EFFECT OF MICROFINANCE INSTITUTION CAPABILITY ON EMPLOYEE SAVINGS IMPROVEMENT: A CASE OF SELECTED SAVINGS AND CREDIT COOPERATIVE SOCIETIES IN BUKOBA

**EUSTAKI DANIEL MASSAY**

A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION

DEPARTMENT OF ACCOUNTING AND FINANCE

THE OPEN UNIVERSITY OF TANZANIA

**2023**

## CERTIFICATION

The undersigned certifies that he has read and hereby recommends for acceptance by the Open University of Tanzania, a dissertation titled: "**Effect of Microfinance Institution Capability on Employee Savings Improvement: A Case of Selected SACCOS in Bukoba"**, in partial fulfilment of the requirements for the award of the degree of Master of Business Administration (MBA) of the Open University of Tanzania.

………………………………….

**Dr. Chacha A. Matoka**

**(Supervisor)**

…………………………………

Date

## COPYRIGHT

No part of this thesis may be replicated, stored or by any means in any retrieval system, or transmitted in any form by any means, electronic, mechanical, photocopying, recording or otherwise without prior written permission of the author or the Open University of Tanzania on that behalf.

## DECLARATION

I, **Eustaki Daniel Massay**, declare that the work presented in this dissertation is original. It has never been presented to any other University or Institution. Where other people's works have been used, references have been provided. It is in this regard that I declare this work as originally mine. It is hereby presented in fulfilment of the requirement for the Award of the degree of Master of Business Administration of the Open University of Tanzania.

………………..……………….

Signature

…………………………………..

Date

# DEDICATION

The work is dedicated to my beloved wife Noreen Emanuel Haje for moral and material support. May God bless her!

# ACKNOWLEDGMENTS

First and foremost, I am very grateful to those who provided me with professional assistance during the writing of my dissertation. Remarkably, I extend my sincere gratitude to my supervisor, Dr. Chacha A. Matoka, for his support and guidance throughout this study. He deserves my appreciation for his encouragement and moral and technical support. May God provide him with all he desires! Similarly, I would like to thank my Master of Business Administration colleagues for their encouragement, comments and constructive criticisms that contributed much to the completion of my study. I will never forget my lovely Children Daniel and Gabriella and my wife for their moral support and encouragement during course work and the dissertation phase. They missed my company.

I am very grateful to express my sincere appreciation to BUKOBA Water Supply and Sanitation Authority and TAN ROAD Saccos beneficiaries for being loyal in responding to my questionnaire and allowing me to use data and information from their Saccos for the conduct of this research.

I indebted my sincere appreciation to the Saccos Managers for their kindness in processing the data collection permission letter and my research assistants who participated in this study; without their valuable contributions, this study could not have been accomplished. It is not possible to mention all who have provided moral and material support in this work, but I thank all.

## ABSTRACT

The research aimed to investigate how the capabilities of microfinance institutions influence the enhancement of employee savings. The study was carried out in chosen Savings and Credit Cooperative Societies (Saccos) in Bukoba. In particular, it focused on assessing the impact of financial inclusion provided by microfinance institutions on the improvement of employee savings, identifying the criteria employees need to fulfil to access services from these institutions, and analyzing the influence of training provided by microfinance institutions on the enhancement of savings. A quantitative research approach was used and a survey research design was used. The study is guided by the pecking order Theory. Questionnaires were used to collect data from 100 respondents from a total of 147 Saccos beneficiaries. Descriptive statistics, correlation and regression analysis were used to analyze data. The study found that financial inclusion is significantly and positively related to employee savings improvement, the condition to be met by employees to access microfinance institution services was statistically and positively correlated to saving improvement. The study concludes that microfinance institutions have to strengthen financial service provision capacities to equip employees with savings improvement. It also concluded that financial training needs to be provided before the commencement of business to increase employee savings capability. Ultimately the study recommends that employees should request Saccos membership and borrow loans with favorable conditions to be invested in business to increase savings capability. There is a need for policy makers to ensure that guiding rules and regulations of microfinance institutions should be promising for loan beneficiaries to provide them with the opportunity to access microfinance financial services.

**Keywords:** *Financial inclusion, training, savings improvement, microfinance institutions*

# TABLE OF CONTENTS

# LIOST OF TABLES

# LIOST OF FIGURES

# LIOST OF ABBREVIATIONS

| | |
|---|---|
| AFDB | African Development Bank |
| AMFIU | Association of Microfinance Institution of Uganda |
| ASA | Association of Social Advancement |
| BRAC | Bangladesh Rural Advancement Committee |
| FGDs | Focus Group Discussions |
| MCBF | Microfinance Capacity Building Fund |
| MFIs | Microfinance Institutions |
| POT | Pecking Order Theory |
| PRIDE | Promotion of Rural Initiatives and Development Enterprises |
| SACCOs | Savings and Credit Cooperative Societies |
| SEDA | Small Enterprise Development Agency |
| SFPI | Financial and Promotion Institution |
| SMEs | Small and Medium Enterprise |
| SPSS | Statistical Package for Social Science |
| SSA | Sub-Saharan Africa |

## CHAPTER ONE

## INTRODUCTION

### 1.1   Overview

This chapter presents the background of the study, statement of the problem, objectives, and research questions, significance of the study and organization of the study.

### 1.2   Background of the Study

A rapidly expanding category of financial initiatives, microfinance institutions, seek to alleviate poverty, foster economic growth, and promote future development by facilitating financial inclusion (Odoom *et al*., 2019). Microfinance establishments range from formal industrial establishments in lots of ways: First, from the task, the purpose of microfinance establishments isn't always the profitability as a whole lot because the social- primarily based task to aid low-income and unemployed populations to get a small loan to start a business, pay for school fees, procure housing or receive health care (Merra *et al,* 2019). Microfinance is seen as a feasible option for conventional services in both developed and developing nations because it plays a significant role in increasing financial inclusion for disadvantaged individuals (Kumar, 2021).

It has also been proven to help overlooked and underprivileged demographics such as women, the elderly, the unemployed, and the poor (Hansen et al. 2020). In Bangladesh for example Grameen Bank, BRAC, and the Association of Social Advancement

(ASA) are well-known microfinance institutions (MFIs) that offer financial assistance to disadvantaged individuals both in urban and rural (Al-Amin &Mamun, 2022).

Like other developed countries African Development Bank (AfDB), in collaboration with the Government of Spain, established the Microfinance Capacity Building Fund (MCBF) with the primary objective of scaling-up potential constructing efforts to the monetary area for the advantage of terrible and low-earnings humans in Africa, with a unique emphasis on women and rural areas. In Sub-Saharan Africa (SSA) regions MFIs offer low earnings with loans, cash transfers, servings, coverage and different economic services (Mushtaq *et al,* 2016). MFIs position them to be among the most productive in the world in terms of the number of servings and borrowing, helping people get out of poverty (Remer and Katilakoski, 2021). Yet, more than 90 per cent of the people in developing countries lack access to financial institutions which restricts the ability of entrepreneurs to start up new business ventures, inhibiting, socio-economic development and their overall sustainability (Mushtaq *et al,* 2016).

In East Africa, micro financing institutions are praised for their contribution. In Kenya, for instance, microfinance is looked at as a key development strategy for promoting poverty reduction and empowerment of people economically. The Association of Microfinance Institutions of Uganda (AMFIU) started in 1996 to strengthen the capacity of MFIs to deliver appropriate and sustainable microfinance services to the economically active poor (Nalukenge et al,2017).

Besides, the Tanzania Government like other East Africa countries adopted MFIs and embarked on financial sector reforms in 1991 to create an effective and efficiency

financial system (Danga & Yusuph, 2019). The Government, in collaboration with the donor community, acted to facilitate the development of the microfinance industry through the formulation of the microfinance policy in 1996 and continued to refine the National Microfinance Policy as implemented in 2000. Several micro finances including FINCA, PRIDE, and SEDA established to generate funds that reduce poverty in Tanzania. The Tanzania Government in its strategies for promoting financial sector reforms, 1991 endorsed the Cooperative Societies Act of 1991, which provides the basis for the development of Savings and Credit Cooperative Societies (SACCOS) as privately owned and organized equity-based institutions. It was formulated primarily to provide savings and small credits (loans) to its members to release financial restrictions and help the poor to lessen if not alleviate poverty (Danga & Yusuph, 2019). A study by Halima et al (2021) on the impact of Meli NNE Saccos on the social welfare development of women members in Zanzibar revealed that SACCOS plays an important role in mobilizing and creating different changes in mobilizing saving individuals and the group.

MIFs adopted several approaches based on financial services and non-financial services. Eriksson (2017) identified two approaches the Minimalist and Credit-plus approaches in the provision of financial and non-financial services to low-income earners. In a minimalist approach, the MFIs offer only financial services in the form of credit. On the other hand, MFIs that follow the Credit-plus Approach provide other services in addition to financial services. These services are marketing assistance, consultancy, and training. The study gets insight into examining the effect of microfinance institutions on employee savings improvement in Bukoba Saccos'

focusing on its capacity for the provision of financial assistance to employees in terms of credit, marketing assistance, training and savings. In this scenario, the Pecking Order theory will be used to establish a relationship between microfinance institution capability and employee savings improvements.

## 1.3    Statement of the Problem

Tanzania has experienced tremendous growth of MFIs due to the increased number of firms engaging in microfinance services including BRAC, PRIDE, SACCOS as well and FINCA. The rapid growth of MFIs associated with the high demand for financial services as more than half of the country's population is still excluded from financial services offered by commercial banks and other profit-oriented firms (Matare, 2018). Recently, Microfinance Institutions in Tanzania have been improved financially as more than half of them are self-financed and capable in terms of costs and operations (Simei, 2020).

MFIs are the best alternative source of financial services for low-income earners within the country as a means to raise their income, hence reducing their poverty level. A study by Tumaini (2020) on the Effect of Micro-Financing Services on Poverty Alleviation in Tanzania found that the microfinance service provided by MFIs to the farmers' group has an outstanding effect on poverty alleviation. It has been found that MFIs enabled them to increase their incomes in turn contribute to improvements in other aspects of their lives such as the provision of better educational opportunities for their children and health care services. Similarly, Muyongo (2018) on the Contribution of Microfinance Institutions in Poverty Alleviation in Tanzania revealed that MFIs

have been a viable and workable strategy for poverty alleviation. The study further indicated that MFIs have brought about positive impacts on poor households since most of the people's lives and living standards were improved.

Victor, (2019) on the Role of Saving and Credit Cooperative Societies in Improving Household Welfare in Tanzania revealed that the microfinance program implemented by SACCOS played a major role in the improvement of household welfare. This is linked with decent work, economic growth, and quality education which in turn lead to building up a nation with a broad economic base. Despite these achievements, high-interest rates, repayment time, loan deposit (loan security), and credit history have been limiting factors for poor people to access MFI services. This is linked to low savings among poor people. Therefore, to improve savings among poor people MFIs should strengthen their capability in the provision of financial services with favourable conditions and affordable interest rates. However, there is little knowledge on the effect of microfinance institution capability on employee savings improvement as most of the studies focused on the effect and contribution of MFIs on poverty reduction as well as improvements of social welfare. In light of this, the study intends to fill the existing knowledge gap by evaluating the effect of microfinance institution capability on employee savings improvement from the selected SACCOS in Bukoba and establish its relationships with employees' savings improvement.

## 1.4   General Objective

General the study evaluated the effect of microfinance institution capability on employee savings improvement from the selected SACCOS.

## 1.5 Specific Objective

i) To determine the effect of financial inclusion from microfinance institutions on employee savings improvement.

ii) To determine conditions to be met by employees to access microfinance institutions services.

iii) To examine the effect of training from microfinance institutions on savings improvement.

## 1.6 Research Questions

i) How do financial inclusions from microfinance institutions affect employee savings improvement?

ii) What is the condition to be met by employees to access microfinance institution services?

iii) How do microfinance institutions offer employees training on savings improvements?

## 1.7 Significance of the Study

The study findings may be useful in raising awareness among employees on the contribution of microfinance institutions on employees' savings improvements. The study findings also may enable Saccos members and non-members on the potentiality of Saccos in enabling employees to improve savings impacted by the raise in standard of living. The study findings may also provide a stock of data that could be used for further studies related to microfinance institutions' capability to enhance savings improvement.

## 1.8    Organization of the Study

The study was organized into five chapters. Chapter one presents the background of the study, statement of the problem, research objectives, research questions, significance of the study and organization of the study. Chapter two illustrates the literature review, theoretical review, empirical review, knowledge gap and conceptual framework. Chapter three describes the research methodology comprised of the philosophy of the study, research approach, research design, study area, target population, sample and sampling technique, data collection methods, measurement of variability, data analysis, validity and reliability of the research tools. Chapter describes the findings and discussion of the study and chapter five demonstrates a summary of the major findings and patient conclusion.

# CHAPTER TWO

# LITERATURE REVIEW

## 2.1 Overview

The chapter describes the definition of key terms and concepts, theoretical review, empirical studies and knowledge gap.

## 2.2 Definition of Key Terms and Concepts

### 2.2.1 Microfinance Institution

Microfinance is a type of banking service provided to unemployed or low-income individuals or groups who otherwise would have no other access to financial services (Somer, 2022). URT (2017) define Microfinance Institution as an entity engaged in the business of banking, but limited to size, location served, or permitted activities, as prescribed by the Bank of Tanzania or required by the terms and conditions of its license. Microfinance institutions are financial organizations whereby their products and services are designed to provide low-income people with tools to meet credit and saving needs as well as handle risk and proficiently carry out transactions (Danga & Yusuhp, 2019).

### 2.2.2 Microfinance Capability

Capability is defined as an attribute of an organization such as financial, physical and individual or organizational capital that enables it to exploit resources in implementing strategies.

### 2.2.3 SACCOS

SACCOS is a microfinance institution formed by community members to promote members' economic interests by allowing members to borrow money at a small interest with a soft condition (Danga & Yusuph, 2019). In this study, SACCOS defined as the capacity to provide members with financial assistance to run their business with affordable interest and soft conditions, unlike microfinance institutions like banks.

### 2.2.4 Financial Inclusion

Financial inclusion is defined as the ability of individuals and businesses to access useful and affordable financial products and services that meet their needs, transactions, payments, savings, credit and insurance delivered responsibly and sustainably (Sapre, 2021). In this study financial inclusion is defined as a situation in which an individual access to financial services from Saccos impacted savings improvement.

### 2.2.5 Condition

Condition refers to a situation that must exist before something else is possible or permitted (Oxford Dictionary, 2016). Kazimiri (2013) argued that for an individual to access microfinance institution services required to meet a minimum amount of savings for 6 months, have reasonable cash flow and financial capability, and comply with interest rates charged of loan, collateral and repayment schedule.

### 2.2.6 Training

Training is defined as a planned process to modify attitude, knowledge, skills or behaviour through learning experience to achieve effective performance in an activity

or range of activities (Wajdi& Khalil, 2014). It is also defined as a form of specialized education aimed at giving the trainee a particular or specialized knowledge, skill and attitude which he must possess to effectively perform in a given position (Aroge, 2012).

## 2.2.7 Employee Saving

Saving represents a net surplus of funds for an individual or household after all expenses and obligations have been paid (Howard, 2022). Employee saving is useful in determining the financial capability of an individual to save for various life goals or aspirations such as a child's college education, and the down payment for a home or vacation.

## 2.3 Theoretical Review

The study was guided by the pecking order theory propounded by Myers & Majful (1984). The theory states that managers follow a hierarchy when considering sources of financing. The theory premises lie on three assumptions of retained earnings, followed by debts and choosing equity financing as a last resort. Retained earnings are accumulated portions of a business's profits that are not distributed as dividends to shareholders but instead are reserved for reinvestment back into the business. These funds are used as working capital and fixed assets purchases (capital expenditure) and allotted for paying off debt obligations. Debts funding is where a company or an organization raises the required amount through loan-either by selling bonds or by pledging assets if the company wants to raise loans through the banking system. Tenekeu (2022) reported that debt funding in an organization is negatively and

positively significant on the sustainability of MFIs. Equity financing is the process of the sale of an ownership interest to various investors to raise funds for business objectives. Money that has been raised from the market does not have to be repaid, unlike debt financing. Sidney (2018) found out that equity financing plays a significant role in microfinance institution performance in Sub-Saharan Africa. On the other hand, debt and micro-savings are negatively affecting MFI's financial performance in the Sub-Saharan African region. Alberto (2019) reported that in Colombia, firms could be equity-constrained given that capital markets are in developing stages. Therefore, if internal funding is not enough to support ventures, firms have to access bank debt, and in lower proportions, other types of funding like public grants. The theory, however, is used in evaluating the effect of microfinance institutions' capability in providing employees with services in terms of loans, conditions to access MFIs services and training related to the condition of MIFs in the direction of employee saving improvements.

## 2.3.1 Strength of Pecking Order Theory

The theory provides valuable direction on how to rise funding for a new project. The theory is also useful in explaining how information can change the cost of financing Yu et al (2021). POT is useful guidance to verify how information asymmetry shapes the cost of financing. The major weakness of the theory is that it does not provide any quantitative measure of how information flow affects the cost of financing (Ibid).

## 2.4   Empirical Review

The empirical literature review in this section has been presented following three

research objectives: financial inclusion, conditions to be met by employees to access microfinance institutions' services as well and the effect of training from microfinance institutions on savings improvement. These objectives provide a detailed description based on the global context, Africa and Tanzania in particular.

### 2.4.1 Global Context

Nasrin et al (2017) did a study about the impact of MFIs on the savings of the poor in Bangladesh. The sample comprises 719 MFIs with data over the period, 2007–2012. Descriptive statistics used in data analysis. The results show that MFI numbers and the number of branches are positively associated with saving in the sector, which supports the institutional savings theory that posits that the availability of financial institutions shapes the saving behaviour of people. Also, several employees and several borrowers positively affect savings. Ultimately, the study recommends that MFIs should provide financial services with favourable conditions. The author contributes to the existing body of knowledge as the collected data provide detailed information related to MFIs' contribution to saving. On the other hand, the study did not specify whether employees are from government or private organizations. This study therefore involved all employees regardless they meet the criteria of being Saccos members.

Das (2021) did a study entitled the impact of MFIs on women empowerment in the Indian context. A survey research design coupled with a quantitative research approach was used. A total of 200 respondents were involved in data collection. A structured questionnaire was used to collect data. Regression and correlation are used in data analysis. The study findings suggest that access to credit has a significant impact on

five different aspects of women's empowerment. The study highlights that MFI has a positive impact on employment generating activating, income, savings and living standards. MFI guided an improvement in decision-making, self-confidence, social attitude and political participation among women borrowers. The study is geographically limited to India without acknowledging another part of the continent. Nothing reflects what MFIs enhance employee savings improvement in Tanzania. This study fills the observed gap by examining the extent to which MFI's financial services and credit contribute to the improvement of employee savings.

Study by Getachew, (2020), entitled Assessment of Microfinance Institution Services in Improving the Livelihoods of Beneficiaries in Addis Ababa. Quantitative and qualitative approaches were used. The total population of 150 respondents was involved in data collection through questionnaires and focus group discussions. The descriptive analysis method is used to analyze quantitative while qualitative data is analyzed thematically. The study found that Specialized Financial and Promotion Institutions (SFPI) provide satisfactory services in terms of credit loans, savings and insurance services. It also delivers limited non-financial training support and the company is perceived by clients as a vital firm since it provides them with the much-needed funds that enhance their living. However, inadequate supply of loans, high-interest rate, and lack of conducive as well as productive working area was among the major challenges standing in the way of promoting livelihood enhancement. The study findings cannot be generalised across the continent because they are based on Addis Ababa and the investigator concentrated on how MFIs improve the livelihood of lower-income earners. The study also did not specify the types of microfinance

institutions including Saccos. This study therefore will provide data on MFI's capability on employee savings focused on two selected SACCOS of Tan road and Bukoba urban water supply and sanitation authority.

## 2.4.2 Africa Context

Study by Geoffrey and Emenike, (2018), on Microfinance Institutions 'Support and Growth of Small and Medium Enterprises. The target population was 450 registered SMEs though a 212-sample size was drawn through the use of stratified random technique. Interview and self-administered questionnaires were used in data gathering. Pearson coefficient correlation analysis was used. The study revealed that managerial skills training provided by MFIs ensures the sustainability of SME growth in Nimule South Sudan, with a mean and standard deviation response of 3.34 and 0.58 respectively. The study also revealed that managerial skills training helps run their business and that the MFIs normally follow up on managerial training skills implementation by small and medium enterprises, which has contributed to their application of the skills acquired from the training. The study was not able to state how training contributes to employee savings improvement. The author's data focused on how MFIs play a significant role in the growth of SMEs. This study will determine how MFI's capability paves the way for employee savings improvement concerning selected two Saccos in Bukoba, Tanzania.

Getachew, (2020), carry out an investigation on the Assessment of Microfinance Institution Services in Improving the Livelihoods of Beneficiaries in Addis Ababa. Data was collected from a sample of 150 Specialized Financial and Promotion

Institutions in Addis Ababa through the use of questionnaires and focus group discussions for qualitative data. The systematic sampling technique was used to select the sample population. The descriptive analysis method was successfully used. Percentile, frequency distributions and mean were used in analyzing data collected through the use of questionnaires while narration was used in analyzing qualitative data. The results revealed that the Specialized Financial and Promotional Institution in Addis Ababa provides a range of micro financial services to its customers that improve the livelihoods of its beneficiaries through credit services, savings recruitment, insurance services, and some training supports.

Esther, (2019), conducts a study on Microfinance institutions and the performance of small and medium enterprises in the Ncora district. A cross section survey design was used and data was collected from a sample of 50 respondents chosen randomly. Statistical package for social sciences used to analyze quantitative data collected through questionnaire. The findings of the study revealed that training services improve the performance of small and medium enterprises. The study further found that saving services improve the performance of small and medium enterprises. The study recommends that SME owners should endeavour to take part in the training offered by microfinance institutions as it greatly enhances the business performance of SMEs. The researcher intended to examine the contribution of MFIs and the performance of SMEs neglecting their capacity for employee savings improvement. The author uses a few respondents that may not provide a clear understanding of the respondents from the population. The study will go beyond and provide data on how

MFIs improve employee savings specifically the two Saccos of Bukoba Urban waters supply and sanitation authority and Tan road.

Anokye-Wusu and Owusu-Ansah (2021) did as study on microfinance institutions and financial inclusion in Ghana employing a survey design coupled with a quantitative approach. The questionnaire was used in capturing quantitative data from a total sample of 400 trade group customers of renowned MFIs Descriptive analysis assisted with the assistance of computer software tool SPSS used in data analysis. The study found that Microfinance service(s) have high implications on financial inclusion. Some of the conclusions from the study are that MFIs need to take a second look at interests in loans, must continually lead innovations, and also appoint good representatives.

Ngovenda et al (2020) did a study on the Effect of Microfinance Institutions' Services on the Performance of Women-owned Small and Medium Scale Enterprises in Benue State, Nigeria. The survey design was used for this study. A sample size of 214 respondents was derived from a population of 457 women entrepreneurs in Makurdi using Taro Yamene's formula. The study employed a questionnaire as the instrument of data collection. Regression analysis was used as a technique of data analysis. Study findings revealed that saving services, loan services and training services of microfinance institutions all significantly affect the growth of women-owned SMEs in Makurdi metropolis in Benue State. The study recommends that Women entrepreneurs should join more groups to benefit from larger loans for business expansion and also learn from one another and reap the overall benefit of synergy. The study focused on

women's savings associated with loans obtained from Microfinance institutions. The study is not focused on Microfinance institution capability for savings improvement. The study will close the gap with consideration to both men and women from the selected SACCOS.

### 2.4.3 Tanzania Context

Matimbwa & Kipilimba (2018) did a study on the Contribution of Micro-Finance Institutions to Households Welfare: A Case of Finca and Pride in Iringa Tanzania. The study adopted a Cross-sectional research design coupled with mixed research approaches. Questionnaires, interviews, and FGDs methods were used in data collection from a total sample of 91 respondents. Descriptive statistics were used in analyzing Quantitative data, while the content analysis technique was successfully used in analyzing qualitative data. The study found that some conditions placed by MFIs such as interest rates and the requirement of collateral were some of the impediments experienced in the process of securing MFI loans. It was further revealed that the loan repayment capacity of beneficiaries is greatly challenged by the monthly and weekly instalment duration. The duration appears to be too short for them to meet the terms. The study concluded that some MFIs conditions are the major barrier to the loan acquisition process thus; it is recommended that MFIs should consider revising some of the conditions observed as the most limiting to clients. The researchers however was not able to specify the extent to which limiting condition deter members from accessing loan offered by microfinance institution. Therefore, this study will bridge the observed gap by examining the specific conditions which prohibit SACCO members from getting loans to run their businesses.

Hamad (2017) did a study on the Impact of Microfinance Institutions on Poverty Reduction. A Case of Microfinance Beneficiaries in Urban West Region, Zanzibar, Tanzania. A descriptive and exploratory research design was used in selecting the study area and population of 120. Descriptive and multiple linear regression methods were used in data analysis of the sample size of 92 beneficiaries of microfinance services. The findings show that MFI provide entrepreneurial skills although at a very small rate and the training provided means to create member's awareness of terms and conditions of loans and savings and creating business skills. It was recommended that the microfinance services provision be expanded to include a large number of clients, introduce entrepreneurial training and ensure the simultaneous provision of microfinance services and entrepreneurial skills for effective poverty reduction. The study provides insight into how MFIs significantly offer training skills to a good number of beneficiaries. However, the study did not provide evidence on how training may enable employees to improve savings.

A study by Issangu (2020) entitled Analysis of Factors affecting Financial Performance of Microfinance Institutions in Tanzania. The study adopted a descriptive research design. A total of 50 respondents participated in the study. The researcher adopted purposive in responding to the questionnaire. Data collected were analyzed qualitatively and quantitatively through using SPSS. The findings reveal that saving mobilization and outreach factors affect the financial performance of microfinance such as the level of savings, the number of borrowers' long-term debt financing, and the amount of non-repaid loans. The study concludes that for microfinance institutions to maintain an uprising financial performance they should

recognize the importance of the mentioned factors and supervise their variations repeatedly. The study recommends that organizations need to consider these three very useful and if possible be reviewed together whenever loans are given out to applicants to reduce the risk of poor loan.

Kumburu & Pande (2020) investigated Rural Transformation through Savings and Credit Cooperative Societies (SACCOS) in Moshi District. The study involved 150 respondents composed of management and ordinary members of SACCOS. Questionnaire and documentary review methods used in data gathering. The study found that SACCOS play an important role in facilitating rural transformation by providing financial services in rural Tanzania where most people were not served by formal financial institutions. The study found that there is a positive significant relationship between SACCOS and rural customer size, direct rural investments, rural income generation programs and savings improvements. The study recommends that more campaigns and strengthening education to rural people on the purpose and benefits of SACCOS could attract them to join SACCOS.

Mshana (2020) conducted a study on the contribution of savings and credit cooperative societies in improving the livelihood of their members in Dar es Salaam, Tanzania. The study adopts a case study research design tied with a qualitative approach. A total sample of 68 respondents was drawn through random and purposive sampling techniques involved in data collection. The study employed successful interview and focus group discussion data collection methods. A qualitative approach was used in analyzing data captured through FGD and interviews. The study revealed that

SACCOS members are bound by conditions such as being a member of the Tandale and WAT SACCOS and having a reliable valuable asset that in case an applicant for a loan has failed to pay back the loan the SACCOS can replace the amount taken by a member, for example, a house or a car. The study further found that to get credit or other services at the SACCOS, the applicant must have some saved amount of money in his account at the SACCOS. The study recommends that there is a need to review some loan conditions to comply with low-income earners.

Kimaro (2023) did a study entitled the role of Microfinance Institution on women's socio-economic empowerment in Moshi Municipality, Kilimanjaro Region, Tanzania. The study used a cross-sectional research design to collect information from 190 women obtained through the use of systematic techniques. The study makes the use of quantitative and qualitative approaches together with questionnaire and interview methods in data collection. Then, content analysis, descriptive statistics and Chi-square were applied to analyze the data. The findings revealed that women who access BRAC microfinance loans can improve business capital, savings ability and business investment thus contributing to business growth. The study recommends that education should be provided to women on the importance of effective loan repayment and that financial institutions should accept personal assets to be used as collateral during loan acquisition. The study contributes to raising awareness among women regarding the benefits of microfinance institutions that could enable them to bridge a gap between men and women which they can both contribute development of the country. The weakness of the study is that the researcher used only BRAC to obtain data on the contribution of MFIs on women socio socio-economic empowerment and

did not provide a clear linkage between microfinance capability and employee saving improvement.

## 2.5    Research Gap

Microfinance institution plays a significant role including financial services such as loans, payment services, money transfers, and insurance to poor and low income-household, improving service saving mobilization and their micro enterprises. However, microfinance institution capability varies across the global. Studies on microfinance programs by SACCOS done in Tanzania by Kumburu & Pande (2020) and Halima et al (2021) established that SACCOS' is usefulness in increasing the material welfare of its members and enhancing mobilization of savings in individuals and groups.   The study anticipates that if three variables of, financial inclusion, conditions and training are observed employee savings will be improved. The study therefore closes the observed knowledge gap by assessing the effect of microfinance institutions' capability on employee saving improvement focused on financial inclusion, conditions to be met and training from microfinance institutions in the direction of establishing a relationship between microfinance institutions' capability and employee savings improvement concerning selected SACCOS in Bukoba.

## 2.6    Conceptual framework

Is a structure which the researcher believes can best explain the natural progression of the phenomenon to be studied (Camp,  2001). A conceptual framework is a structure which the researcher believes can explain the natural progression of the phenomenon to be studied (Camp 2001). It is linked with the concepts, empirical research and

important theories used in promoting and systematizing knowledge adopted by researchers.

**Independent Variable**                    **Dependent Variable**
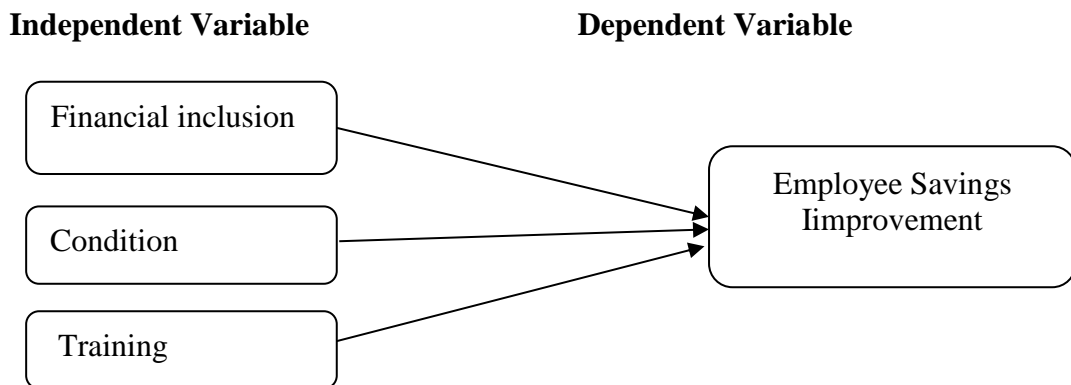


**Figure 2.1:** **Conceptual framework for microfinance capability on employee savings improvement**

Figure 2.1 above describes the relationship between independent and dependent variables. Independent variable includes; financial inclusion, conditions in accessing microfinance services, and employee training. The dependent variable is employee savings improvement. The study revealed that savings improvement among employees from the selected Saccos linked with financial inclusion, conditions to be met and training. Thus, the study examines financial inclusion, conditions to be met by employees to access microfinance institutions' services and the effect of training on savings improvement in the direction of establishing a relationship between MFIs capability and savings improvements.

Camp, W. G. (2001). Formulating and Evaluating Theoretical Frameworks for Career and Technical Education Research. Journal of Vocational Educational Research, 2

# CHAPTER THREE

# RESEARCH METHODOLOGY

## 3.1 Overview

Research methodology is a way to systematically solve the research problem with the logic behind it or a science of studying how research is done scientifically (Kothari, 2004). This chapter describes research design, data collection methods and analysis procedures.

## 3.2 Philosophy of the Study

The philosophical underpinning of the study was positivism as data from this study was collected using a questionnaire tool and analyzed quantitatively. Positivism claims that true knowledge means authentic knowledge and that such forms of knowledge are derived from positive affirmation of theories framed by strictly scientific methods (based on gathering empirical, observable and measurable evidence), related to the specific aim of reasoning (David, 2001).

## 3.3 Research Approach

This study was guided by a quantitative research approach in collecting data on the financial inclusion of microfinance institution programs by Saccos on employee saving improvement, conditions to access microfinance services and employee training attained from microfinance on savings. According to Bloomfield & Fisher (2019), quantitative research identifies a research problem based on trends in the field or on the need to explain why something occurs.

## 3.4 Research Design

A research design is the structure of the research procedures describing the approach and strategy of exploration designed to attain relevant data, which fulfil the research objectives and the research questions (Bakker, 2018). The study makes the use of explanatory research deign. Explanatory deign is a method to figure out what exactly a researcher wants to study (Runi *et al*, 2019). Explanatory was considered appropriate because it enabled the researcher to assess the relationship between microfinance institution capability and employee savings improvement using statistical tools including regression and correlation coefficient.

## 3.5 Study Area

The study on the influence of microfinance on employee socio-economic development has been conducted in Bukoba Water Authority SACCOS and Tan-road. Bukoba is the capital of Kagera Region situated in the northwest of Tanzania on the shore of Lake Victoria. The choice of Bukoba Saccos based on two factors: respondents' accessibility and detailed information about SACCOS' capability for employee savings improvement. It is acknowledged that microfinance savings services contribute to the improvement of income distribution and household savings as 80% of members get loans from the SACCOS (URT, 2000).

## 3.6 The Target Population

Ogula (2013) defines a population as any group of institutions, people or objects that have at least one characteristic in common. For the present study, the population from which the researcher concluded comprises a total of 147 SACCOS members.

**Table 3.1: Total population of Bukoba SACCOS**

| Respondents from selected Saccos | Number of beneficiaries | Sample size |
|---|---|---|
| Bukoba Water Supply and Sanitation Authority | 50 | 34 |
| Tan road Saccos | 97 | 66 |
| **Total** | **147** | **100** |

**Source:** Bukoba Saccos office, 2023

### 3.7    Sample and Sampling Techniques

### 3.7.1 Sample of the Study

The sample is the set of units selected to represent the population of interest (Gravetter & Wallnau, 2017). For possible access and manageability, a total sample of 100 respondents was involved in data gathering. These comprise management and ordinary Saccos members of Tan road and Bukoba Urban Water Supply and Sanitation Authority. Yamne (1967) provided a simplified formula that was used to determine sample size as follows:

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

N- Total population

n- Sample size

e- Acceptance error (precision level 10%).

For example, Bukoba Water Supply and Sanitation Authority $n = 50/1 + 147 (10\%)^2$

$50/1 + 147 (10\%)^2$

$50/1 + 147 * 0.01$

$50/1 + 1.47$

$50/1.48 = 34$

Tan-road $n = 97/1 + 147 (10\%)^2$

$97/1.1.47 * 0.01$

97/1.48=66

## 3.7.2 Sampling Techniques

The sampling technique is a procedure used to select some elements of a population in such a way that it represents the actual characteristics of the total population (Etikan & Bala, 2017). In this study, simple random was successfully used to draw a sample size of 100 out of 147 respondents.

## 3.7.2.1 Random Sampling

Probability sampling through random sampling was used to select respondents from the selected SACCOS of Bukoba Tan road and Bukoba Water Supply and Sanitation Authority involved in data gathering. The technique provided every respondent with an equal chance of being selected (Thomas. 2022). The technique has been chosen as respondents are homogenous (that is only SACCOS members). The required number of respondents was obtained through the use of random sampling without replacement procedures in which a researcher prepared pieces of paper with written numbers and other letters. Then the pieces of paper were placed in a container and mixed thoroughly while folded each participant picked one piece of paper without replacement one at a time until the sample of 100 out of 147 respondents was obtained.

## 3.7.3 Sampling Frame

The sampling frame is the actual list of individuals that the sample was drawn from. The study involved all SACCOs' members of Bukoba Urban water supply and sanitation authority and Tan road. The sample is drawn through random sampling where the list of beneficiaries is used to select the required sample for data collection.

### 3.8    Data Collection Method

Data from this study were obtained from primary sources. Primary data are original data collected for a specific research goal (Rahi, 2017). In this study, primary data were collected by using a questionnaire. The questionnaire was self-administered to 100 SACCO's members. The questionnaire is a method of data collection which involves a range of question formats that can be completed in print or oral (Sadan, 2017).

### 3.9    Measurement of Variables

All items of independent variables including financial inclusion, conditions to access microfinance services and training were measured in five-point Likert scales. These variables were drawn from literature and data has been collected to represent each variable. For each of the variables, a set of questions was formulated, and transcribed to form a merged index for each construct.

**Table 3. 2: Variables and measurement procedures**

| Variable | Nature | Indicator | Sources |
|----------|--------|-----------|---------|
| MFIs Condition | Independent variable | • Interest rate<br>• Loan payment capacity<br>• Service satisfaction | Matimbwa & Kipilimba (2018) Getachew (2020) |
| Effect of training | Independent variable | • Managerial skills<br>• Savings training | Godffrey & Emanike (2018) |
| Financial Inclusion | Independent variable | • Credit savings<br>• Saving recruitment | Das (2021) |
| Employee savings | Dependent variable | • Loans with any balance remain unpaid<br>• Average savings per employee | Mersland et al (2019) |

## 3.10  Data Analysis

Computer software Statistical Package for the Social Science (SPSS) was successfully used. Quantitative tools within the IBM SPSS 20 version were used in analyzing descriptive statistics.  Pearson correlation and regression analysis were adopted to establish the relationship between Microfinance institution financial inclusion and savings improvement, the effect of training in the direction of microfinance institution capability and employee savings improvement as the dependent variable.

## 3.11  Regression Model

Regression measurement model analysis illustrating independent variables including Financial inclusion, Conditions of MFIs, Effect of training and employee savings as the dependent variables was used in testing if these variables may predict the occurrence of linear or normality assumptions. The regression model equation that was used in establishing a relationship between independent and dependent variables is presented here.

$Y_1 = \beta_o + \beta_1 FI + \beta_2\, CO + \beta_3 ET + \varepsilon$

Y1 = Dependent Variable (Employee Savings Improvement)

$\beta_o$ = Y intercept

B1-$\beta$3 = Slope of the line

FI = Financial Inclusion

CO-Condition

ET = Effect of training

$\varepsilon$ = Error term

### 3.11.1 Regression Assumptions

For the success of regression analysis objectives, linearity, normality, outlier and homoscedasticity assumptions were used to establish the relationship between independent and dependent variables. It is also important to check for outliers since linear regression is sensitive to outlier effects. Thus, scatter plots have been used to test the linearity assumption.

### 3.11.1.1 Linearity Assumption

This assumption states a linear relationship exists between the dependent and independent variables. In regression analysis, the assumption was checked through the use of scatterplots on how they lie along the sloping line. In regression analysis, we found that there statistically significant correlation between the independent and dependent variables with a P value of .005.

### 3.11.1.2 Normality Assumption

Linear regression assumes that residuals of regression follow a normal distribution with a mean of zero. Thus, the normality of errors was assessed using a histogram. Thus, there is a t bell-shaped, symmetric histogram indicating that question items are normally distributed. On the other hand, cronbachs' analysis revealed that questionnaire items distribution is normal and effective in data collection.

### 3.11.1.3 Outlier Assumption

Outlier is an observation that deviates significantly from the general pattern of the data in linear regression models (Bar *et al,* 2018). In examining an outlier scatter plot

and best fit-line will be used. Thus, from the scatter plot of any data points that are outside established extra pair of lines which are two standard deviations above and below the best-fit line flagged as potential outliers. Therefore, to correct biased case value deleted.

### 3.11.1.4 Homoscedasticity Assumption

In regression analysis, this assumption guarantees that the model's predictions have consistent precision across different values (that is the residuals' spread should be similar for all values of the independent variables). Thus, the p-value was successfully used to measure constant variance across different values. However, the descriptive analysis indicated that the mean score of questionnaire items is rectangular across all values of the independent variables. To control it, a heteroscedasticity robust standard error using SPSS is used.

### 3.11.2 Validity

Validity is defined as the extent to which a concept is accurately measured in a quantitative study (Heale & Wycross, 2015). Validity is useful in obtaining data that is appropriate for the intended use of the measuring instruments. The validity of the study was secured through appropriate recognition of the research problem and the use of a questionnaire instrument in data collection.

### 3.11.3 Reliability

Reliability refers to the stability of the measuring instrument used and its consistency over time (Sürücü&Maslakçı, 2020). It is also defined as the ability to measure

instruments to give similar results when applied at different times (Ibid). The alpha reliability coefficient was used to test the internal consistency of the questionnaire instrument and the consistency of the data.

## 3.12  Ethical Consideration

Ethical clearance was requested from the Open University of Tanzania and was provided with a research permit letter. The researcher was also seeking permission to do research from Bukoba Urban Water Supply and Sanitation Authority and Tan road before data collection. To add employees' consent has been maintained by eliminating identification and making clear explanations to the respondents that the collected data were mainly for academic purposes and not otherwise. Ethics is the norms or standards of behaviour that guide moral choices about our behaviour and our relationships with others (Saunders et al, 2009).

# CHAPTER FOUR

# FINDINGS AND DISCUSSION

## 4.1    Introduction

The chapter analyzes, present and discusses findings obtained from the study area. Findings are presented in four parts: the demographic of the study area, financial inclusion from microfinance institutions on employee savings improvement, conditions to be met by employees to access microfinance services as well as the effect of training from microfinance institutions and savings improvement.

## 4.2    Demographic Characteristics of the Study Area

Demographic characteristics of respondents' analysis have been summarized in terms of sex, age, level of education and duration of Saccos members.

### 4.2.1 Respondents Distribution by Sex

The study considers gender balance as an important aspect in avoiding biases in data collection. It is important to collect data from both genders. The result shows that 58 out of 100 are male, which is equivalent to 58% while 42 are female (Table 4.1). The findings imply that male is more actively involved in Saccos, unlike female counter part.

**Table 4.1: Respondents sex**

| Variable | Frequency | Per cent |
|----------|-----------|----------|
| Male     | 58        | 58       |
| Female   | 42        | 42       |
| **Total** | **100**  | **100**  |

Source: Field data, 2023

## 4.2.2 Respondents Age

Respondents' age is considered to be an important factor in examining the effect of microfinance institution capability on employee savings improvement. The result from table 4.2 below indicates that 40% of respondents fall in the age category of 35-45, 31% are between 25-35 years, 18% are in the age of 45-55 years, 6% fall in the age category of 55 and above, while 5% are in the age of 15-25 years. The findings imply that the majority 89(89%) of sampled respondents were between the age of 35 and 55 which suggest that they are matured enough and qualified to be Saccos members. Meaning that they have enough experience related to conditions to be met to be provided with a loan from Saccos.

**Table 4.2: Respondents age**

| Variable | Frequency | Per cent |
|---|---|---|
| 15-25 | 5 | 5 |
| 25-35 | 31 | 31 |
| 35-45 | 40 | 40 |
| 45-55 | 18 | 18 |
| 55+ | 6 | 6 |
| **Total** | **100** | **100** |

Source: Field data, 2023

## 4.2.3 Respondents Level of Education

Respondents' level of education is considered an important aspect in examining the effect of microfinance institution capability on employee savings. Respondents were requested to indicate their level of education attained. The study findings show that 27% of the respondents possess a bachelor's degree, 22% have a diploma, 20% are secondary leavers, 17% hold a certificate, 10% have primary education, 3% hold a

master's degree and a few 1% own CPA (Table 4.3). The findings imply that most

respondents own a degree followed by a diploma, unlike another level of education.

**Table 4.3: Respondents level of education**

| Variable | Frequency | Per cent |
|---|---|---|
| Primary | 10 | 10 |
| Secondary | 20 | 20 |
| Certificate | 17 | 17 |
| Diploma | 22 | 22 |
| Degree | 27 | 27 |
| Masters | 3 | 3 |
| Others | 1 | 1 |
| **Total** | **100** | **100** |

Source: Field data, 2023

## 4.2.4 Respondents' Membership Duration in SACCOS

The study also explores information about the duration of respondents being Saccos

members. Regarding duration respondents were requested to indicate membership

duration from the selected Saccos. Respondents' responses were categorized into four

levels ranging from less than five years to twenty and above. The study findings show

that 47% of respondents had joined the selected Saccos for a period of 5-10 years, 29%

have been saved by the selected Saccos for a period of less than five years, 14% hold

membership for 10-15 years and 10% being members for 20 years and above (Table

4.4).

**Table 4.4: Duration of saccos membership**

| Variable | Frequency | Per cent |
|---|---|---|
| Less than 5 years | 29 | 29 |
| 5-10 years | 47 | 47 |
| 10-15 years | 14 | 14 |
| 20+ years | 10 | 10 |
| **Total** | **100** | **100** |

Source: Field data, 2023

**4.3    Descriptive Statistics Results for the Variables**

Three independent variables namely; financial inclusion, condition to be met and training were analyzed. The dependent variables analyzed were employee savings improvement. Means, standard deviation, maximum and minimum scores were analyzed and presented.

**4.3.1 Descriptive Statistics for Effect of Financial Inclusion on Employee Saving Improvement Results**

Descriptive statistics (mean, standard deviation, minimum, and maximum scores) were computed for the effect of financial inclusion on the employee saving improvement scale (Table 4.5). The results show that monitoring loan utilization scored highest (M = 4.2700, S.D. = .86287) followed by marketing assistance (M = 4.2300, SD = .91954).

The least effect in which financial inclusion was illustrated is the mobilization of savings and creation of different charges (M = 2.2200, SD = 1.07853) followed by credit savings of the selected SACCOS (M = 3.8500, SD = 1.15798).

**Table 4.5: Descriptive statistics results for financial inclusion from microfinance institution**

|  | N | Mini | Maxi | Mean | Std. Deviation |
|---|---|---|---|---|---|
| Credit savings | 100 | 1.00 | 5.00 | 3.8500 | 1.15798 |
| Mobilization of savings and charges | 100 | 1.00 | 5.00 | 2.2200 | 1.07853 |
| Financial inclusion capability | 100 | 1.00 | 5.00 | 3.9400 | 1.22944 |
| Monitoring of loan utilization | 100 | 2.00 | 5.00 | 4.2700 | .86287 |
| Financial inclusion education | 100 | 1.00 | 5.00 | 3.9800 | 1.10078 |
| Marketing assistance | 100 | 2.00 | 5.00 | 4.2300 | .91954 |
| Savings recruitment | 100 | 2.00 | 5.00 | 3.9300 | 1.06605 |

Source: Field data, 2023

**4.3.2 Descriptive Statistics for Condition to be met by Employee to Access MFIs Services Results**

For the conditions to be met by employees to access the microfinance service scale, descriptive statistics (mean, standard deviation, minimum, and maximum scores) were computed (Table 4.6). The findings reveal that there should be referees to access microfinance institutions scored highest (M = 4.2100, S.D. = .70058), followed by business licenses for employees to access microfinance services (M = 4.0900, S.D. = .94383). However, the payback period strictly within two to three weeks scored lowest on the condition to be met by an employee to access microfinance services scale (M = 2.0000, SD = .97442) followed by a high-interest rate in accessing microfinance services (M = 2.2900, SD =.1.20013).

**Table 4.6: Descriptive statistics results for condition to access microfinance services results**

|  | N | Mini | Maxi | Mean | Std. Deviation |
|---|---|---|---|---|---|
| There is a need to have a business license to access microfinance service | 100 | 2.00 | 5.00 | 4.0900 | .94383 |
| To access microfinance services should have referees | 100 | 2.00 | 5.00 | 4.2100 | .70058 |
| The payback period strictly is within 2 to 3 weeks | 100 | 1.00 | 5.00 | 2.0000 | .97442 |
| Microfinance services offered to a group member of not less than ten | 100 | 2.00 | 5.00 | 2.5400 | 1.38841 |
| There is a high-interest rate in accessing microfinance services | 100 | 1.00 | 5.00 | 2.2900 | 1.20013 |
| Strictly new loans are accepted if the first instalment is made | 100 | 1.00 | 5.00 | 3.6000 | 1.18918 |
| Interest charges are affordable to every member | 100 | 1.00 | 5.00 | 3.3000 | 1.30655 |
| Employees to access microfinance services should fulfil the collateral requirement | 100 | 1.00 | 5.00 | 3.4500 | 1.51341 |
| Strictly loan given based on client cash flow and financial capability | 100 | 2.00 | 5.00 | 3.5900 | 1.10184 |

Source: Field data, 2023

### 4.3.3 Descriptive Statistics for Effect of Training from Microfinance Institution Results

Regarding the effect of training on the employee saving improvement scale, descriptive statistics (mean, standard deviation, minimum, and maximum scores) were computed (Table 4.7). The findings show that entrepreneurship skills training on saving improvement scored highest (M = 4.1500, S.D. = 1.02863), followed by voluntary savings scheme training (M = 4.0600, S.D. = .97255). the least effect of training is marketing assistance training scored (M = 3.5200, SD = 1.09618) followed by consultancy training (M = 3.1500, SD =.1.37345).

**Table 4.7: Descriptive Statistics Results for Effect of Training Variable**

|  | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| Regular financial training | 100 | 2.00 | 5.00 | 4.0500 | 1.03840 |
| Entrepreneurship skills training | 100 | 1.00 | 5.00 | 4.1500 | 1.02863 |
| Marketing assistance training | 100 | 1.00 | 5.00 | 3.5200 | 1.09618 |
| Consultancy training | 100 | 1.00 | 5.00 | 3.1500 | 1.37345 |
| Microcredit training | 100 | 2.00 | 5.00 | 3.9400 | 1.09008 |
| Savings training to both SACCOS members and non-members | 100 | 2.00 | 5.00 | 3.7300 | 1.04306 |
| Voluntary savings scheme training | 100 | 2.00 | 5.00 | 4.0600 | .97255 |

Source: Field data, 2023

### 4.3.4 Descriptive Statistics for Employee Saving Improvement Variable Results

For the employee saving improvement scale, descriptive statistics (mean, standard deviation, minimum, and maximum scores) were computed (Table 4.8). The findings indicate that the friendly loans repayment period scored highest (M = 4.4848, S.D. = .71946), followed by employee saving behaviour shaped by microfinance services (M

= 4.1000, S.D. = 1.13262). The least ways in which microfinance enhances employee savings is that microfinance provides beneficiaries with financial saving knowledge scored (M = 3.5400, SD = 1.34405) followed by microfinance loan guaranteed employee savings (M = 3.0900, SD =.1.35658).

**Table 4.8: Descriptive statistics results for employee saving improvement variable**

|  | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| MFIs ensure that there are no loans with any balance remaining unpaid | 100 | 1.00 | 5.00 | 3.5500 | 1.41689 |
| Friendly loan repayment period | 100 | 2.00 | 5.00 | 4.4848 | .71946 |
| Loans with low-interest rates | 100 | 2.00 | 5.00 | 3.9900 | .94810 |
| MFIs provide beneficiaries with financial saving knowledge | 100 | 1.00 | 5.00 | 3.5400 | 1.34405 |
| Microfinance loans guarantee employee savings | 100 | 1.00 | 5.00 | 3.0900 | 1.35658 |
| Employee saving behaviour shaped by microfinance services | 100 | 1.00 | 5.00 | 4.1000 | 1.13262 |
| MFI loans with insurance improve employee saving | 100 | 1.00 | 5.00 | 4.0100 | 1.18488 |

Source: Field data, 2023

## 4.4    Correlation, Reliability and Regression Analysis Results

## 4.4.1 Correlation Analysis between Financial Inclusion and Employee Saving Improvement Result

The findings from table 4.9 indicate that there is a positive significant correlation between financial inclusion and employee savings improvement at a p-value of 0.01 level (P< or α (0.05) indicating the relationship is significant. Therefore, financial inclusion affects employee savings positively.

**Table 4.9: Correlation analysis of financial inclusion and employee savings improvement**

| | | Credit savings | Mobilization of savings and creation of different charges | Financial inclusion capability | Monitoring of loan utilization | Financial inclusion education | Marketing assistance | Savings recruitment |
|---|---|---|---|---|---|---|---|---|
| Credit savings | Pearson Correlation | 1 | .811** | .916** | .880** | .917** | .877** | .949** |
| | Sig. (2-tailed) | | .000 | .000 | .000 | .000 | .000 | .000 |
| Mobilization of savings and creation of different charges | Pearson Correlation | .811** | 1 | .757** | .695** | .795** | .692** | .848** |
| | Sig. (2-tailed) | .000 | | .000 | .000 | .000 | .000 | .000 |
| Financial inclusion capability | Pearson Correlation | .916** | .757** | 1 | .939** | .940** | .950** | .929** |
| | Sig. (2-tailed) | .000 | .000 | | .000 | .000 | .000 | .000 |
| Monitoring of loan utilization | Pearson Correlation | .880** | .695** | .939** | 1 | .910** | .978** | .855** |
| | Sig. (2-tailed) | .000 | .000 | .000 | | .000 | .000 | .000 |
| Financial inclusion education | Pearson Correlation | .917** | .795** | .940** | .910** | 1 | .883** | .928** |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | | .000 | .000 |
| Marketing assistance | Pearson Correlation | .877** | .692** | .950** | .978** | .883** | 1 | .862** |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | .000 | | .000 |
| Savings recruitment | Pearson Correlation Sig. (2-tailed) | .949** .000 | .848** .000 | .929** .000 | .855** .000 | .928** .000 | .862** .000 | 1 |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | | | | | |

**4.4.2 Correlation Analysis between Microfinance Training and Employee Saving Improvement**

Results from table 4.10 showed that r =.752 describing a positive correlation between microfinance training and employee saving improvement. There is a positive significant correlation at a P value of 0.01 level (P< or α (0.05) indicating the relationship is significant. Therefore, employee saving improvement is connected with training from microfinance institutions.

**Table 4.10: Correlations between microfinance training and employee saving improvement**

| | | Microfinance training | Employee savings improvement |
|---|---|---|---|
| Microfinance training | Pearson Correlation | 1 | .752** |
| | Sig. (2-tailed) | | .000 |
| Employee savings improvement | Pearson Correlation | .752** | 1 |
| | Sig. (2-tailed) | .000 | |

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

**4.5 Reliability of Internal Consistency on the Effect of financial inclusion on employee savings improvement**

Cronbach's result analysis was used in testing the internal consistence of the questionnaire items used in examining the effect of financial inclusion on employee savings improvement. Result analysis in table 4.11 indicated that Cronbach's alpha is .778 implying internal consistence of questionnaire items had acceptable reliability.

**Table 4.11: Internal consistence reliability statistics**

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|---|---|---|
| .778 | .774 | 7 |

Source: Field data, 2023

In Cronbach's analysis, question seven, six, five and three from table 4.12 are the most important because it has a higher score than other items so they are more reliable.

**Table 4.12: Internal Consistence of item Analysis on the effect of Financial Inclusion on savings improvement**

| | Mean | Std. Deviation | N |
|---|---|---|---|
| Credit savings | 3.8500 | 1.15798 | 100 |
| There is the mobilization of savings and the creation of different charges | 2.2200 | 1.07853 | 100 |
| Entrepreneur education provision | 3.9400 | 1.22944 | 100 |
| Financial education enhances employee savings | 3.9800 | 1.10078 | 100 |
| Marketing assistance | 4.2300 | .91954 | 100 |
| Effective monitoring of loan utilization enhances employee savings | 4.2700 | .86287 | 100 |
| MIFs financial literacy improves employee savings improvement | 4.3100 | .72048 | 100 |

Source: Field data, 2023

On the other hand, the same findings were presented in the matrix. In the inter-item correlation matrix, the findings indicated that there is a perfect correlation coefficient of item analysis with an r=1.00 score across the diagonal (Table 4.13). The implication here is that the items used in data collection were more perfect and relevant according to the objective and level of understanding among respondents.

**Table 4.13: Inter-item correlation matrix on effect of financial inclusion on employee savings improvement**

|  | Credit savings | There is the mobilization of savings and the creation of different charges | Entrepreneur education provision | Financial education enhances employee savings | Marketing assistance | Effective monitoring of loan utilization enhances employee savings | Financial literacy improves employee savings improvement |
|---|---|---|---|---|---|---|---|
| Credit savings | 1.000 | .552 | .384 | .632 | .317 | .567 | .516 |
| There is the mobilization of savings and the creation of different charges | .552 | 1.000 | .246 | .421 | .437 | .359 | .366 |
| Entrepreneur education provision | .384 | .246 | 1.000 | .566 | .271 | -.137 | .055 |
| Financial education enhances employee savings | .632 | .421 | .566 | 1.000 | .464 | .070 | .339 |
| Marketing assistance | .317 | .437 | .271 | .464 | 1.000 | .036 | .013 |
| effective monitoring of loan utilization enhances employee savings | .567 | .359 | -.137 | .070 | .036 | 1.000 | .433 |
| MIFs financial literacy improves employee savings improvement | .516 | .366 | .055 | .339 | .013 | .433 | 1.000 |

Source: Field data, 2023

### 4.5.1 Condition to Access Microfinance Institution Services

Regarding to condition to access microfinance institution services cronbach result in table 4.14 indicates that the internal consistence of the questionnaire item is perfect as the alpha is high with a score level of .877.

**Table 4. 14: Reliability statistics**

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|---|---|---|
| .877 | .878 | 9 |

Source: Field data, 2023

Item analysis on conditions to access microfinance services from table 4.15 confirmed that for employees to access microfinance services should have referees and, a firm license, and for an employee's new loan to be accepted the first instalment should be made the most important condition to be adhered when seeking for microfinance services. It signifies that all most all respondents are knowledgeable enough on that.

**Table 4.15: Internal Consistence of item analysis on condition to access microfinance services**

| | Mean | Std. Deviation | N |
|---|---|---|---|
| There is a need to have a business license | 4.0000 | 1.16342 | 100 |
| Employees to access microfinance services should have referees | 4.2100 | .70058 | 100 |
| The MIF payback period strictly is within 2 to 3 weeks | 2.0000 | .97442 | 100 |
| Microfinance services are offered to group members of not less than ten | 2.5400 | 1.38841 | 100 |
| There is a high-interest rate in accessing microfinance services | 2.2900 | 1.20013 | 100 |
| Strictly renew of loan accepted if the first instalment is made | 3.6000 | 1.18918 | 100 |
| Interest charges are affordable to every member | 3.3000 | 1.30655 | 100 |
| Employees to access MIFs service should fulfil collateral requirements | 3.4500 | 1.51341 | 100 |
| Strictly loan given based on client cash flow and financial capability | 3.5900 | 1.10184 | 100 |

Source: Field data, 2023

From inter-item matrix analysis, the findings indicate a perfect correlation of items with a statistically significant level of r=1. Thus, it provided the researcher with reliable information on the pertinent objective.

**Table 4.16: Inter-Item Correlation Matrix**

| | There is a need to have a business license to access MIF services | Employees to access microfinance services should have referees | The MIF payback period strictly is within 2 to 3 weeks | Microfinance services are offered to group members of not less than ten | There is a high-interest rate in accessing microfinance services | Strictly renew of loan accepted if the first instalment is made | Interest charges are affordable to every member | Employees to access MIFs service should fulfil collateral requirements | Strictly loan given based on client cash flow and financial capability |
|---|---|---|---|---|---|---|---|---|---|
| There is a need to have a business license to access MIF services | 1.000 | .000 | .347 | -.088 | -.094 | -.073 | -.020 | -.138 | -.189 |
| Employees to access microfinance services should have referees | .000 | 1.000 | .326 | .381 | .407 | .526 | .372 | .529 | .623 |
| The MIF payback period strictly is within 2 to 3 weeks | .347 | .326 | 1.000 | .381 | .544 | .436 | .571 | .534 | .527 |
| Microfinance services are offered to group members of not less than ten | -.088 | .381 | .381 | 1.000 | .784 | .689 | .662 | .609 | .622 |
| There is a high-interest rate in accessing microfinance services | -.094 | .407 | .544 | .784 | 1.000 | .627 | .627 | .662 | .664 |
| Strictly renew of loan accepted if the first instalment is made | -.073 | .526 | .436 | .689 | .627 | 1.000 | .715 | .752 | .660 |
| Interest charges are affordable to every member | -.020 | .372 | .571 | .662 | .627 | .715 | 1.000 | .667 | .648 |
| Employees to access MIFs service should fulfil collateral requirements | -.138 | .529 | .534 | .609 | .662 | .752 | .667 | 1.000 | .742 |
| Strictly loan given based on client cash flow and financial capability | -.189 | .623 | .527 | .622 | .664 | .660 | .648 | .742 | 1.000 |

Source: Field data, 2023

**4.5.2 Effect of Training from Microfinance Institution on Savings Improvements**

Cronbach's alpha analysis was also used in testing the internal consistence of questionnaire items used in determining the effect of training from microfinance institutions on employee savings improvement. The result of Cronbach's alpha on the effect of training from microfinance on employee savings improvement indicates perfect internal consistence as the scale score is high at about .835 (Table 4.17). It signifies the internal consistence in each item in the questionnaire.

**Table 4. 17: Reliability statistics**

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|---|---|---|
| .835 | .844 | 7 |

Source: Field data, 2023

On the other hand findings in table 4.18 shows that question seven, two and one are very important in examining the collective effect of training from microfinance on savings improvement. It signifies that all subjects are more knowledgeable about the contribution of training services offered by microfinance institutions on employee-serving improvements.

**Table 4. 18: Item Analysis of the effect of training on savings improvement**

| | Mean | Std. Devi | N |
|---|---|---|---|
| Employee savings improved due to regular financial services training | 4.0500 | 1.03840 | 100 |
| Entrepreneurship skills facilitate employee savings improvement | 4.1500 | 1.02863 | 100 |
| Employee savings facilitated by marketing assistance training | 3.5200 | 1.09618 | 100 |
| Consultancy training to employees on savings is offered every week | 3.1500 | 1.37345 | 100 |
| Employee savings have been improved due to micro-credit training services | 3.9400 | 1.09008 | 100 |
| Savings training provided to both SACCOS members and non-members | 3.7300 | 1.04306 | 100 |
| Voluntary savings scheme training contributed to employee savings improvement | 4.0600 | .97255 | 100 |

Source: Field data, 2023

Inter-item matrix analysis for the effect of training revealed a perfect correlation of items with a statistically significant level of r=1. Thus, it provided the researcher with reliable information on the pertinent objective.

**Table 4.19: Inter-item correlation matrix**

| | Employee savings improved due to regular financial services training | Entrepreneurship skills facilitate employee savings improvement | Employee savings facilitated by marketing assistance training | Consultancy training to employees on savings is offered every week | Employee savings have been improved due to micro-credit training services | Savings training provided to both SACCOS members and non-members | Voluntary savings scheme training contributed to employee savings improvement |
|---|---|---|---|---|---|---|---|
| Employee savings improved due to regular financial services training | 1.000 | .173 | .518 | .533 | .752 | .740 | .577 |
| Entrepreneurship skills facilitate employee savings improvement | .173 | 1.000 | .244 | -.166 | .179 | .462 | .163 |
| Employee savings facilitated by marketing assistance training | .518 | .244 | 1.000 | .196 | .610 | .530 | .454 |
| Consultancy training to employees on savings is offered every week | .533 | -.166 | .196 | 1.000 | .451 | .402 | .371 |
| Employee savings have been improved due to micro-credit training services | .752 | .179 | .610 | .451 | 1.000 | .661 | .728 |
| Savings training provided to both SACCOS members and non-members | .740 | .462 | .530 | .402 | .661 | 1.000 | .574 |
| Voluntary savings scheme training contributed to employee savings improvement | .577 | .163 | .454 | .371 | .728 | .574 | 1.000 |

Source: Field data, 2023

Next ANOVA was used to determine whether the equation model is significant enough to determine the outcome or not. Thus, in testing whether the model equation predicts a positive or negative outcome of the study dependent variable model summary and ANOVA were used in each objective namely: Financial inclusion, condition to be met by employees and the effect of training in establishing a statistical measure of the variable. In this case savings recruitment, mobilization of savings and creation of different charges, monitoring of loan utilization, financial inclusion education, credit savings, financial inclusion capability and marketing assistance were the main predictor variables used to determine the relationship between financial inclusion and employee saving improvement. Riya and Chetty (2019) argued that in model summary if the R-value which represents the correlation between independent and dependent is greater than 0.4 is taken for further analysis and if it is less than 0.4 the hypothesis is rejected. In this case, therefore, the result in Table 4.20 indicates that the R-value is .622, which is good.

**Table 4.20: Model summary for financial inclusion variable result**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-----|----------|-------------------|----------------------------|
| 1 | .622[a] | .387 | .341 | .91965 |

Source: Field data, 2023

On the other hand, ANOVA is used to determine whether the model is significant enough to determine the outcome of the predictable variables namely; savings recruitment, mobilization of savings and creation of different charges, monitoring of loan utilization, financial inclusion education, credit savings, financial inclusion capability and marketing assistance in the direction to establish the relationship

between financial inclusion and employee saving improvement. Riya and Chetty (2019) commented that for predictable outcomes in an ANOVA model to be statistically significant P-value should be less than 0.05, for the F-ration yield efficient model the value should be greater than 1. In this case, therefore, from the ANOVA model P-value is .000 (P<0.05) indicating that there is statistical significance between the independent and dependent variables (Table 4.22). The model also shows that the F-ratio value is 8.309, which is good. It implies that financial inclusion affects employee saving improvement positively.

**Table 4.21: ANOVA**

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 49.191 | 7 | 7.027 | 8.309 | .000[a] |
| | Residual | 77.809 | 92 | .846 | | |
| | Total | 127.000 | 99 | | | |

Source: Field data, 2023

## 4.6    Regression Analysis for Variable Results

Regression analysis is used to measure the strength of the relationship of the variable in the model and the magnitude in which it impacts the dependent variable. According to Riya and Chetty (2019), the significant value should be below the tolerable level of 0.05 for a 95% confidence interval. The analysis from Table 4.23 suggests that mobilization of savings and creation of different charges with significant value (P=.000), financial inclusion capability (Monetary insertion capability) (P=.016), savings recruitment (P=.025) and credit savings (P=.059) have a significant positive relationship with employee saving recruitments as the significant value is less or equal to 0.05 (P≤0.05) (Table 4.23). However, monitoring of loan utilization and marketing

assistance are not statistically significant as sig. value is more than the acceptable limit of 0.05.

**Table 4.22: Regression analysis results**

| Model | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | | |
| 1  (Constant) | 1.556 | .724 | | 2.148 | .034 |
| Mobilization of savings and creation of different charges | .622 | .167 | .592 | 3.734 | .000 |
| Financial inclusion capability | -.926 | .376 | -1.005 | -2.465 | .016 |
| Monitoring of loan utilization | 1.185 | .626 | .903 | 1.893 | .061 |
| Financial inclusion education | -.502 | .333 | -.488 | -1.506 | .135 |
| Marketing assistance | .721 | .614 | .585 | 1.174 | .243 |
| Savings recruitment | -.856 | .376 | -.806 | -2.278 | .025 |
| Credit savings | .536 | .280 | .548 | 1.911 | .059 |

Source: Field data, 2023

## 4.6.1 Regression Analysis for the Condition to be met by Employee to Access Microfinance Institution Services

Linear regression was performed to measure the statistically significant relationship between the condition to access microfinance services and employee saving improvement. The notable predictable variables are: Strict loans given based on client cash flow and financial capability, employees to access microfinance services should have referees, the payback period is within 2 to 3 weeks, the high-interest rate in accessing microfinance services, there is a need to have a business license, microfinance services offered to a group member of not less than ten, interest charges

are offered to a very member, collateral requirements and strictly new loan accepted if the first instalment is made.

Model II: CO= SLFF+ ER+ PBP+HIAMS+ BL+ MFS+IC+CR+FIM

Model summary analysis in Table 4.24 shows that the R-value is .666 indicating that the model is good for the prediction of outcome.

**Table 4.23: Model summary for condition to be met by employee result**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-----|----------|-------------------|----------------------------|
| 1 | .666[a] | .444 | .388 | .88605 |

Source: Field data, 2023

In Table 4.25 ANOVA test results reveal that the regression model is statistically significant as the sig. value is .000 (P≤.05) which is as far as below threshold.

**Table 4.24: ANOVA**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|----|-------------|-------|-------|
| 1 | Regression | 56.342 | 9 | 6.260 | 7.974 | .000[a] |
| | Residual | 70.658 | 90 | .785 | | |
| | Total | 127.000 | 99 | | | |

Source: Field data, 2023

The coefficients analysis from Table 4.26 below provides the magnitude of how independent variables are significant predictors of employee saving improvement. The analysis from simple regression analysis implies that employees to access microfinance services should have referees is statistically significant with (P=.000), microfinance services offered to a group member of not less than ten (P=.001),

affordable interest charges to every member (P=.012), there is the high-interest rate in accessing microfinance services (P=.029), Strictly loan given based on client cash flow and financial capability (P=.033) had a statistically significant relationship on employee saving improvement since the significant value is less than 0.05 (P≤0.05). Other variables including a need to have a business license (P=.070), collateral requirements (P=458) and first instalment made to access a microfinance loan (P=.154) are fewer predictors of employee saving improvement.

**Table 4.25: Regression analysis results for condition variable**

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | | |
| (Constant) | 1.034 | .963 | | 1.074 | .286 |
| There is a need to have a business license to access the Microfinance service | -.633 | .345 | -.528 | -1.837 | .070 |
| Employees to access microfinance services should have referees | 1.405 | .297 | .869 | 4.726 | .000 |
| The payback period strictly is within 2 to 3 weeks | -.430 | .266 | -.370 | -1.621 | .109 |
| Microfinance services offered to a group member of not less than ten | .757 | .225 | .928 | 3.358 | .001 |
| 1   There is a high-interest rate in accessing microfinance services | -.377 | .170 | -.399 | -2.218 | .029 |
| Strictly new loans are accepted if the first instalment is made | -.487 | .338 | -.511 | -1.439 | .154 |
| Interest charges are affordable to every member | -.690 | .268 | -.795 | -2.569 | .012 |
| Employees to access microfinance services should fulfil collateral requirements | .176 | .236 | .235 | .745 | .458 |
| Strictly loan given based on client cash flow and financial capability | .825 | .381 | .802 | 2.168 | .033 |

Source: Field data, 2023

**4.6.2 Regression Analysis for the effect of Training Variable Results**

Linear regression was also used to test the significant relationship between training from microfinance and employee saving improvement. Model summary, ANOVA is used to establish the significance of the predictor variable, whereas regression analysis is employed to test the magnitude of the predictable outcome on the dependent variable. The prominent variables include voluntary savings scheme training, marketing assistance training, entrepreneurship skills training, savings training to both SACCOS members and non-members, regular financial training, consultancy training and microcredit training. Results from the ANOVA analysis model test indicated that there is a statistically significant relationship between training and employee performance as the P-value is .000 (P≤.05), meaning that the model is efficient in predicting the outcome more accurately than if we were guessing the mean every time. Given such an explanation it is not surprising that our model is statistically significant (P<.0.05).

**Table 4. 26: ANOVA**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 32.052 | 7 | 4.579 | 4.437 | .000ᵃ |
| | Residual | 94.948 | 92 | 1.032 | | |
| | Total | 127.000 | 99 | | | |

Source: Field data, 2023

The coefficient for regression model tests significance for each variable revealed that entrepreneur skills positively contribute to employee saving improvement (P=.002), microcredit training is statistically significant with (P=.025), except voluntary saving

scheme (P=.588), regular financial training (P=.161) and savings training to both success and non-SACCOS members.

**Table 4.27: Regression analysis result**

| Model | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | | |
| (Constant) | 4.087 | .694 | | 5.885 | .000 |
| Regular financial training | -.485 | .343 | -.445 | -1.414 | .161 |
| Entrepreneurship skills training | .811 | .252 | .736 | 3.221 | .002 |
| Marketing assistance training | .460 | .314 | .445 | 1.462 | .147 |
| 1 Consultancy training | .589 | .313 | .714 | 1.881 | .063 |
| Microcredit training | -1.009 | .442 | -.971 | -2.283 | .025 |
| Savings training to both SACCOS members and non-members | -.482 | .364 | -.444 | -1.324 | .189 |
| Voluntary savings scheme training | .225 | .414 | .193 | .543 | .588 |

Source: Field data, 2023

## 4.6.3 Employee Saving Improvement Regression Analysis

Regression analysis coupled with the ANOVA model was used to test the relationship between the predictor against predicted variables. In the model summary, table 4.29 maintains that R=.861 shows that the variables microfinance loans with insurance, employee saving, knowledge of financial saving, friendly loans repayment period and loan with low-interest rates are correlated with employee saving improvement. R square=.741 which is equivalent to 74.1% of employee savings influenced by microfinance capability. Therefore the model is best at explaining the relationship between independent and dependent variables.

**Table 4.28: Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|------|----------|-------------------|----------------------------|
| 1 | .861ᵃ | .741 | .724 | .59655 |

Source: Field data, 2023

ANOVA is used to test employee saving improvement. The result in Table 4.30 indicates that there is a significant relationship between employee saving improvement and microfinance capability (p=.000) which is less than the threshold of (P<0.05).

**Table 4. 29: Table 4.30 ANOVA**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|----|-------------|--------|-------|
| 1 | Regression | 93.442 | 6 | 15.574 | 43.762 | .000ᵃ |
| | Residual | 32.740 | 92 | .356 | | |
| | Total | 126.182 | 98 | | | |

Source: Field data, 2023

From the coefficient analysis, the results indicated that a friendly loan repayment period enhances saving improvement (P=.000), microfinance loan guaranteed employee savings (P=.-010), MFIs knowledge of financial savings provision among beneficiaries (P=.020), MFIs loans with insurance (P=.050), are statistically significance on employee saving improvement (Table 4.31). The finding indicated linear correlation as regression analysis results have less than .000 statistical significance with the normal distribution of items. It suggests that positive employee saving improvement is affected by microfinance capability linked with financial inclusion, microfinance conditions and training. Contrary to this MFIs ensure that there are no loans with any balance remaining unpaid (P=.955) and loans with low-

interest rates (P=.509) are not statistically significant in describing the relationship between predictor and predicted as P=value is more than .05.

**Table 4.30: Regression Analysis for Employee Saving Improvement Variable Results**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .407 | .492 | | .827 | .410 |
| | MFIs ensure that there are no loans with any balance remaining unpaid | .009 | .154 | .011 | .056 | .955 |
| | Friendly loan repayment period enhances saving improvement | .506 | .116 | .321 | 4.355 | .000 |
| | Loans with low interest rates facilitate saving improvement | .066 | .100 | .056 | .663 | .509 |
| | MFIs provide beneficiaries with knowledge of financial saving | .314 | .132 | .372 | 2.375 | .020 |
| | Microfinance loans guarantee employee savings | .202 | .077 | .242 | 2.637 | .010 |
| | MFI loans with insurance improve employee saving | -.153 | .077 | -.160 | -1.982 | .050 |

Source: Field data, 2023

## 4.7 Outliers, Normality, Linearity and Homosdasticity Regression Assumptions Testing Results for Financial Inclusion

Normality of residuals in regression analysis tested through the use of the histogram. The histogram indicates that the residuals approximate a normal distribution as it has a bell shape. It justified that in our linear regression analysis, there is no tendency in the error terms (Figure 4.1).

In the diagonal dots in Figure 4.2 we observed that most of the points are located on the diagonal line. Though moderately deviate from the line, indicating that the data is linear. Therefore, the Normal P- plot is not conclusive regarding the normality of the residuals. From the scatter plot dots spread rectangular, implying that there is no reason to suspect data variance heteroscedastic.
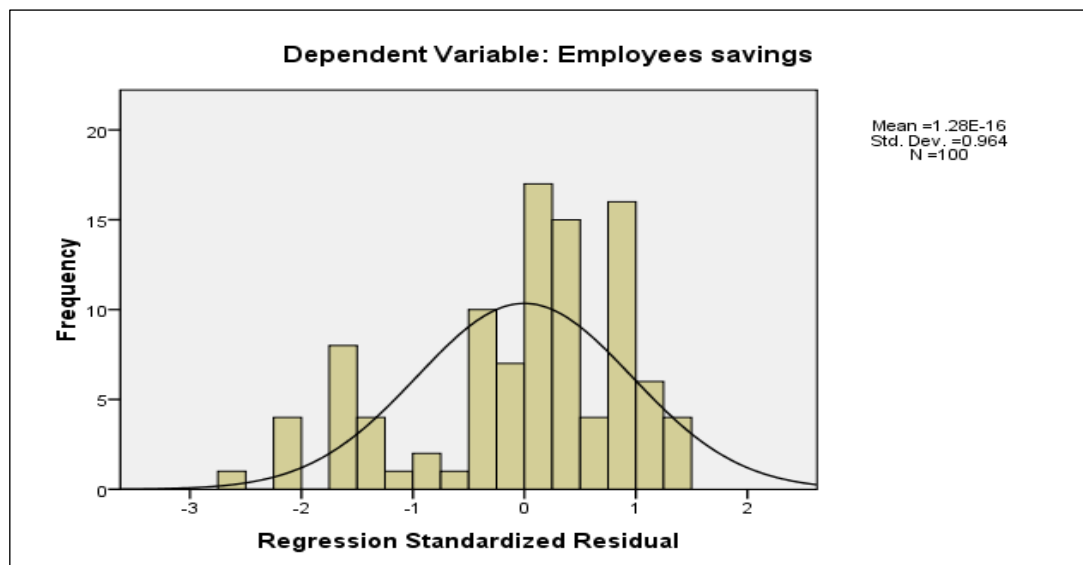


**Figure 4.1: Histogram for financial inclusion**

Source: Field data, 2023



**Figure 4.2:   Normal P-Plots for the Standardized Residual of Financial Inclusion**
**             Variable**

Source: Field data, 2023

**Figure 4.3: Scatter Plot for the standardized residual for financial inclusion variable**

Source: Field data, 2023

### 4.7.1 Outliers, Normality, Linearity and Homosdasticity Regression Assumptions Testing Results for Condition to be met by Employee to access Microfinance Services

The distribution of residuals is represented by a bell-shaped curve in the histogram (figure 4.4). This implies that residual values are within the 3 cutoffs, indicating that there are no outliers. Any value outside the cutoff of |3|, according to Tabachnick and Fidell (2007), is an anomaly.

Figure 4.5 also demonstrates that there is little or no multicollinearity in the data as dots deviate from the diagonal line. From the scatter plot (Figure 4.6) there is perfect linearity as the values for independent and dependent variables are not on the straight line. Therefore it concurred with heteroscedasticity rather than homoscedasticity assumption since the spread of residuals does not have equal spaces.
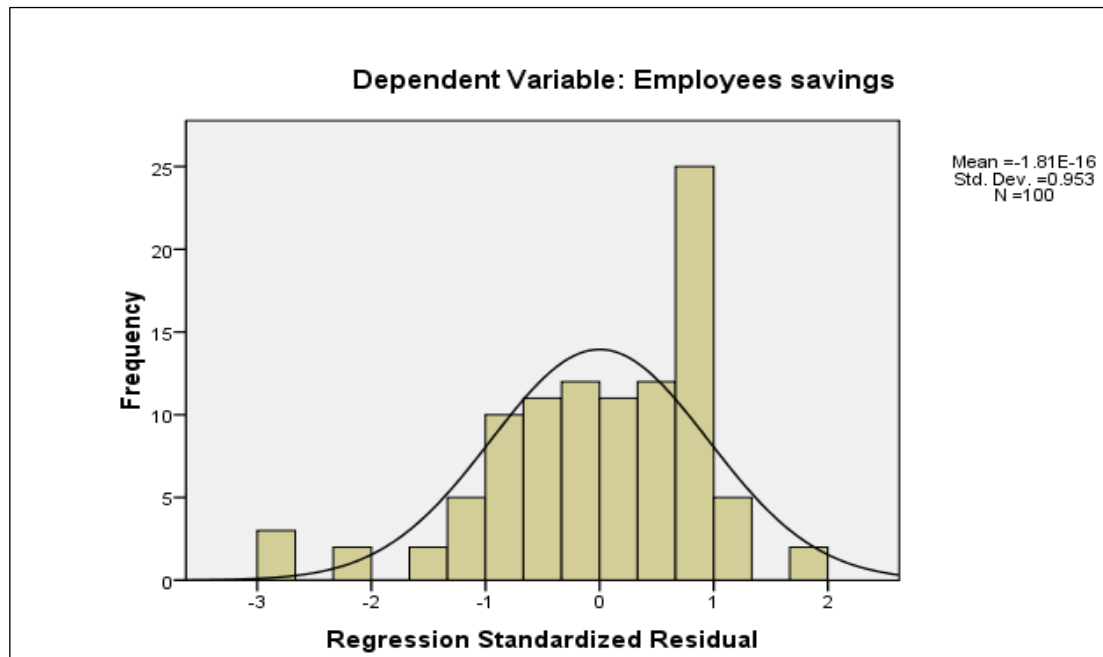
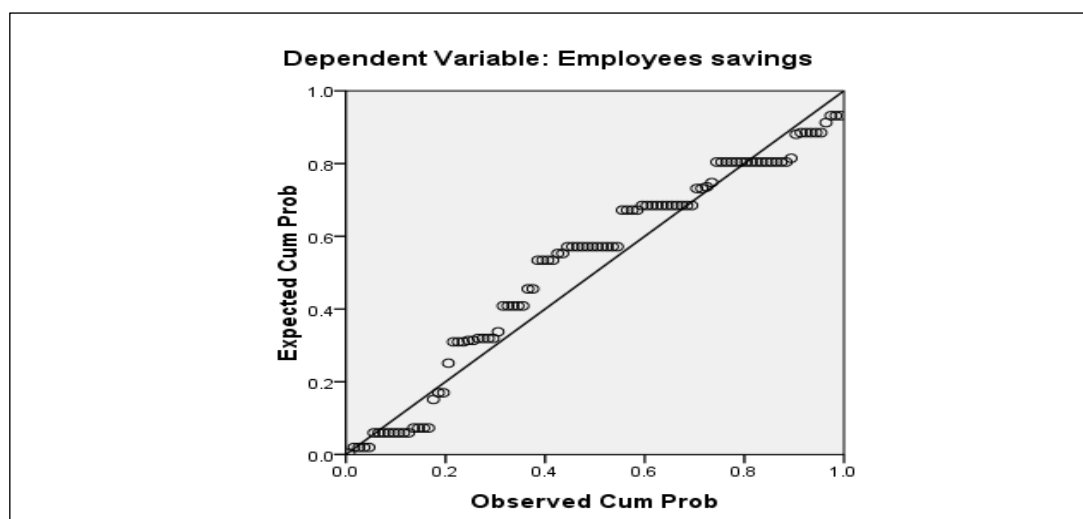**Figure 4.4: Histogram for Condition to Access MFIs Services**



**Figure 4.5:  Normal P-Plots for the standardized residual of condition to be met variable**

Source: Field data, 2023

**Figure 4.6: Scatter plot for the standardized residual for condition to be met variable**

Source: Field data, 2023

## 4.7.2  4.7.2 Outliers, Normality, Linearity and Homosdasticity Regression Assumptions Testing Results for Effect of Training on Employee Saving Improvement

In testing the assumption of normal distribution of questionnaire tool linear regression analysis through the use of histogram the predicted values for each item are normal as it is bell-shaped (Figure 4.7). That means there is equality in distributed observations for the range of each predictor.  The P-Plot Normality of residual in regression analysis indicates that there is equality of variance with some points deviating from the line (Figure 4.8).
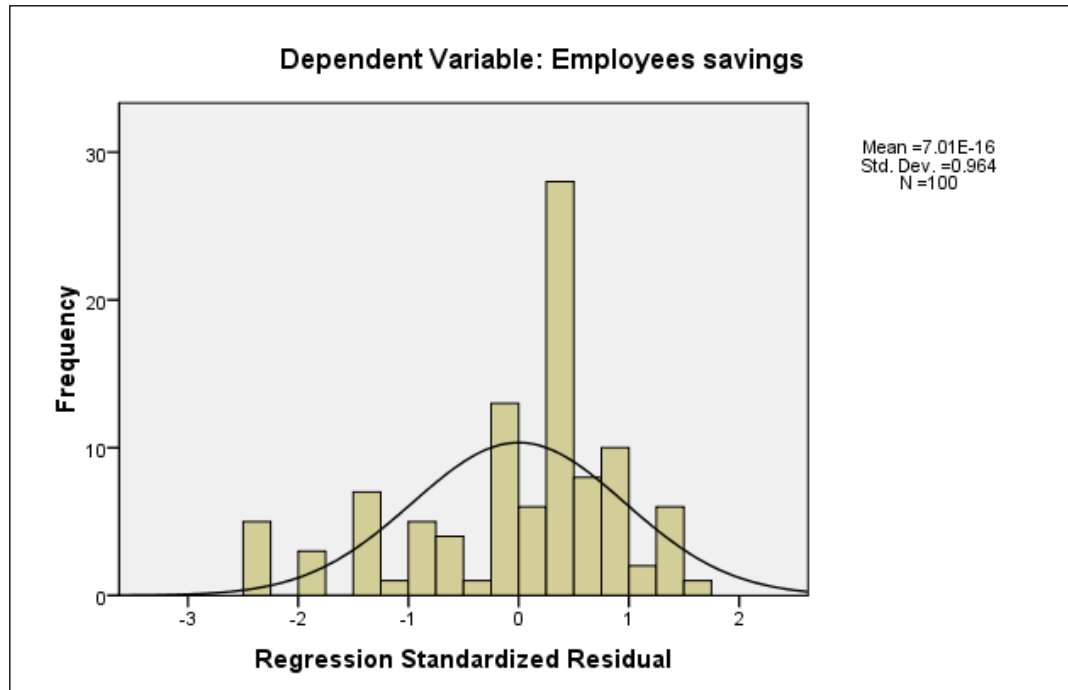
**Figure 4.7: Histogram for effect of training**

Source: Field data, 2023
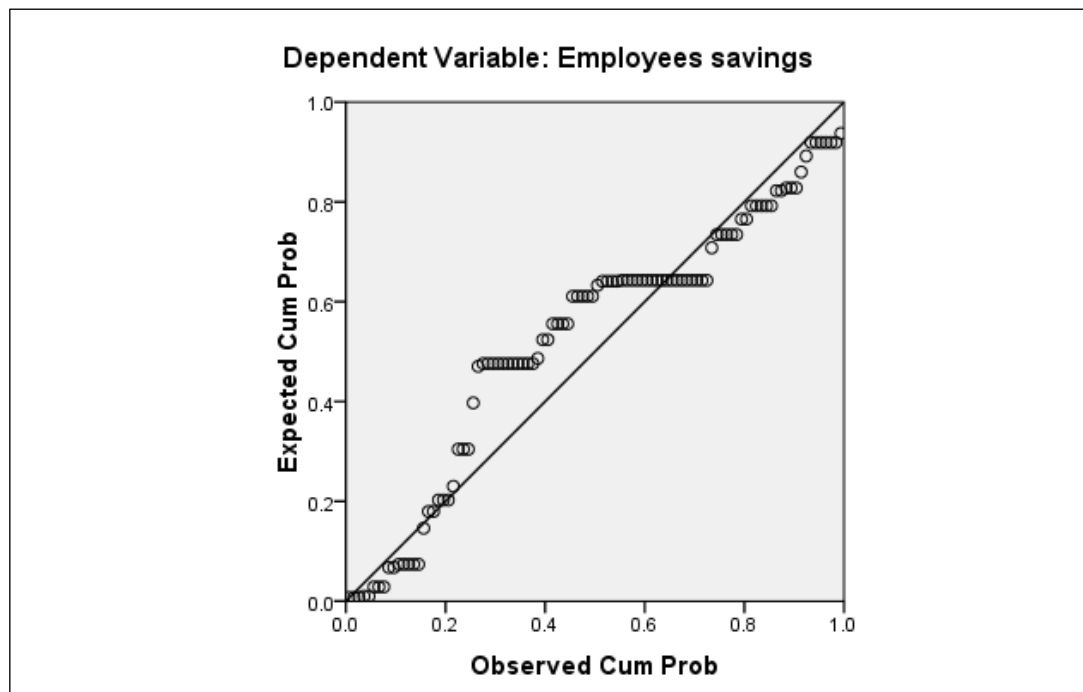


**Figure 4.8: Normal P-Plots for the Standardized Residual of Effect of Training Variable**
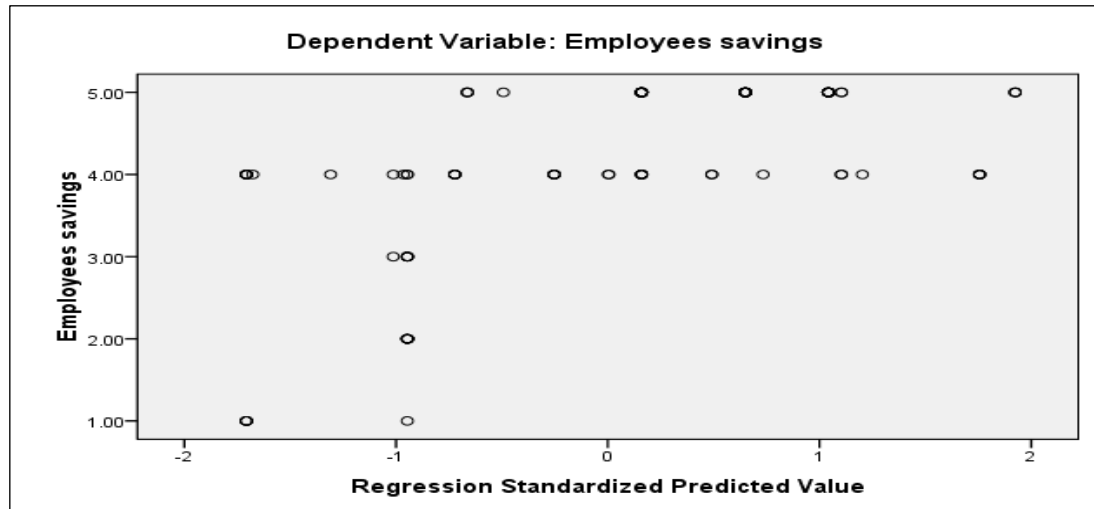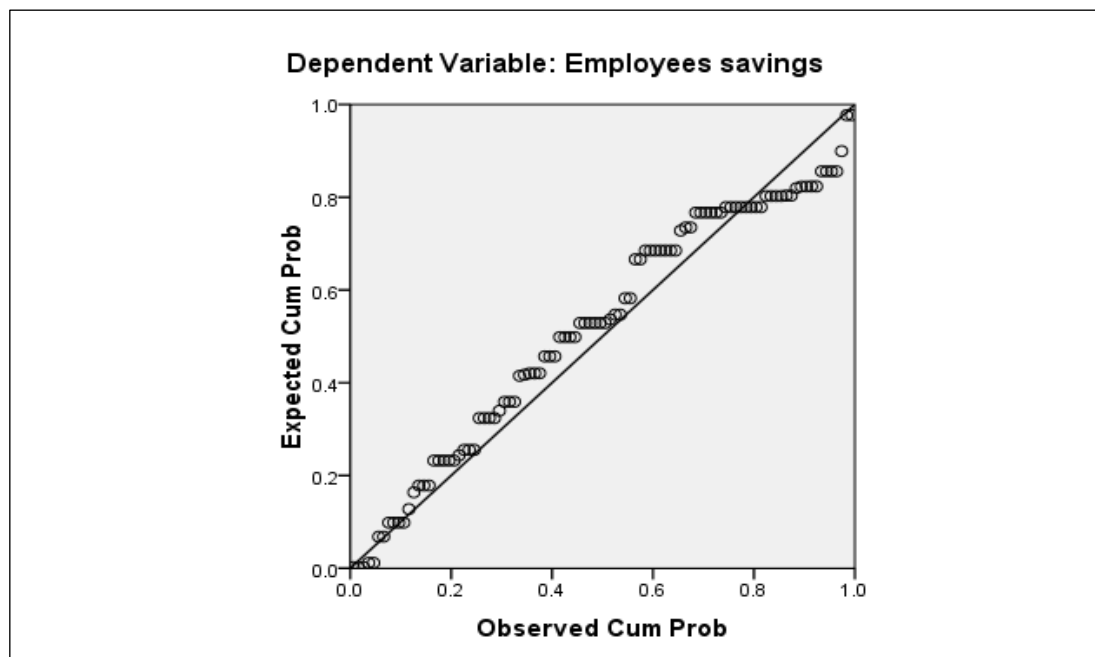
Source: Field data, 2023

**Figure 4.9: Scatter Plot for the Standardized Residual for Effect of Training Variable**

Source: Field data, 2023

## 4.8 Discussion of Findings

This subsection comprises a discussion of findings based on the data obtained from questionnaires. Regression analysis was used to test the hypothesis. The discussion is based on major findings reflecting three research objectives; the effect of financial inclusion on employee savings improvement, the effect of conditions to access microfinance institution services and the effect of training on employee savings improvement.

### 4.8.1 Effect of Financial Inclusion on Employee Savings Improvements

The preceding discussion is an analysis of quantitative findings. The study established that financial inclusion is significantly and positively related to employee savings improvement as it provides the employee with an opportunity to invest in the business and facilitates consumption smoothing in the face of unexpected risk or outcome. It

has been revealed that monitoring loan utilization scored highest and marketing assistance is the most important factor that enhances employee savings. Probably these strategies will provide employees with the ability to understand customer demand and make financial services including payment, transaction and credit reasonable. Similarly, a study by Anokye-Wusu & Owusu-Ansah (2021) found that microfinance service(s) have high implications on financial inclusion.

Moreover, credit savings from the selected SACCOS enhance employee savings improvements as they can invest in their established business and manage emerging financial risks. This obeys the assumption of the pecking order theory propounded by Myers &Majful (1984), which emphasises that debt funding to an organization raises the required amount by either selling bonds or pledging assets, meaning that providing employees with a loan to run their business contribute positively to savings improvement. Contrary to this Tenekeu (2022) reported that debt funding in an organization is negative and positively significant on the sustainability of MFIs.

The study maintained that mobilization of savings and creation of different charges of not less than 30% is statistically significant on employee saving improvement. One possible reason is that saving mobilization of different charges equips the employee with financial savings impacted saving improvement.

On the other hand, regression analysis found that credit savings enhance employee savings improvement as it simplifies access and broadens the use of relevant financial products and services for individual assistance. Similarly, a study by Sanderson, et al (2018) on the determinants of financial inclusion in Zimbabwe found that age,

education, financial literacy, income, and internet connectivity are positively related to financial inclusion.

The study further revealed financial inclusion plays a significant role in the effective monitoring of loan utilization. Effective monitoring of loan utilization enables the borrower to be aware that timely repayment builds a good credit history and reminds the borrowers to accomplish their debts before requesting a new loan. Partly effective monitoring of loan utilization accessed from microfinance institutions cannot be associated with savings improvement as it is mainly for business-related aims. Probably the requested loan from the SACCOS is used as an alternative means of broadening financial capacity among employees.

Besides the study found that financial literacy improves employee savings. This can be linked to the wide use of financial inclusion services that enable SACCOS members to make financial transactions more effective and safer. Similarly study by Grohmann and Mankhoj (2021) found that financial literacy has a causal effect on financial inclusion since educated individuals do not only understand the advantages of financial services better but also feel more confident about contacting providers.

The study established that financial inclusion capability is statistically significant on employee saving improvement as employees expect to have money that can be used to sustain their needs and improve their standard of living. This is also in line with what was explained by Das (2021) that access to credit among women have a positive impact on employment generating activating, income, and improving monthly and yearly savings and living standard.

Partly the study findings indicated that financial inclusion play a significant role in employee savings improvement as they are provided with financial literacy education and exposed to financial transaction skills and how to use borrowed loan from SACCOS more effectively. The results were tested statistically with a P value of .866. It implies that employee savings improvement is attributed to the tendency of microfinance institutions to provide employees with loans and financial transactions to run their businesses.

**4.8.2 Conditions to Access Microfinance Institution Services and Employee Savings Improvement**

Regarding this, quantitative findings revealed that employee savings improvements are affected by conditions to be fulfilled in accessing microfinance services. The study maintained that there is statistical significance in microfinance institution conditions and employee saving improvement. Regression analysis revealed that to access microfinance services employees should have a referee. This is because if loan beneficiaries fail or run away without paying his or her loan the lender aids in finding where the loan beneficiaries are but not the guarantor and not responsible for the balance. On the other hand, sometimes microfinance members can lend money following what has been deposited in their account.

In regression analysis, the study found out that employee saving improvement is linked with affordable interest charges to every member compared to formal financial institutions like a bank where interest charges range between 18% to 19% of the requested amount of money. This is likely to attract debtors to seek a loan from the

selected SACCOS as the interest rate is more affordable and contributes to employee savings improvement. This is also in line with what was explained by Xaba (2019) that savings are positively impacted by interest rates.

The study further found that loan given based on client cash flow and financial capability is statistically significant as they contribute positively to employee savings improvement. This will enable an individual to meet the existing financial obligations and plan for the future. It was also useful in determining regular business activities and financial activities related to cash inflows and outflows. At the same time, client cash flow could be used to determine market and customer behaviour.

Moreover, regression analysis found that microfinance services offered to a group of members of not less than ten significantly affect employee saving improvement. This could enable the institution to simplify the whole process of loan provision and monitor the utilization of loans borrowed from microfinance. Though sometimes they are not limited in terms of number as even a single individual could be offered financial services if comply with the guiding financial principles.

The least condition to access microfinance institution services is that; the payback period is not strictly within two to three weeks. Probably payback period depends on the provided loan from microfinance. The finding obeys the pecking order theory assumption of equity financing meaning that microfinance institution services related to the loan offered with no strict payback period of two to three weeks. In contrast, Sidney (2018) found that equity financing plays a significant role in microfinance institution performance in Sub-Saharan Africa. Contrary to this few respondents

agreed that the payback period is confined to two to three weeks. The implication here is that loan recovery within two to three weeks enables microfinance institutions to determine how long it takes to recover the initial cost associated with a share.

The study observed that renewal of a loan is accepted if the first instalment is made. Microfinance institutions adhere to terms and conditions and principles guiding loan financial services and provide beneficiaries with the capability for savings improvement as no one can be saved by the organization unless the first instalment is over. The findings confirm the assumption of financial equity as all loan beneficiaries are allowed to access or renew the loan after the first instalment and not otherwise.

The study noted that for employees to access microfinance services should fulfil collateral requirements. This signifies that with collateral condition microfinance institution is liable to overcome fraud risk that may happen and affect employee savings improvement. Contrary to this Matimbwa & Kapilimba (2018) demonstrated that required collateral conditions in the process of securing Microfinance institution's loans prohibit them from accessing MFI's financial services. Nevertheless, a few 11% disagree on collateral requirements as most of them abide by rules and regulations when processing loans for business commencement.

### 4.8.3 Effect of Training from Microfinance on Savings Improvement

Training provided by micro-finance has a significant effect on employee savings improvement. Regression analysis established that training offers employees the necessary skills that could be used to run a business with minimum risk. The provided

training offers employees credit usage, how to improve and generate income, how to start a new business and how to expand the business.

The study maintains that there is statistical significance between entrepreneurship skills and employee saving improvement (P=.002) which simplifies employee savings improvement. It signifies that entrepreneurship skills enable respondents to develop confidence in savings decision-making, financial budgeting and change in money management behaviours. Similarly, Hamad (2017) revealed that MFI provides entrepreneurial skills as a means to create members' awareness of the terms and conditions of loans and savings and create business skills to a lesser extent.

Furthermore, the study findings indicated that microcredit training services enhance savings among employees as microcredit training focused on how lower income earners could improve their income impact into poverty alleviation. Regular financial training offered by microfinance institutions contributes to employee savings improvement. This signifies that financial training enables the employee to develop skills in loan management, business planning, financial transactions and how to handle customers as well as market enlargement. The finding is in line with what was explained by Geoffrey &Emenike (2018) that managerial skills training helps run their business.

Moreover, the descriptive analysis indicated that marketing assistance training contributes to savings improvement as it provides respondents with the ability to extend their customers and advertise business-related products more effectively. This

may facilitate savings improvement among SACCOS members. Possibly employee savings are likely to be affected by other factors including budget plan, management of money and budget plan.

Besides the study revealed that consultancy training provided to an employee every week facilitates savings improvement. The implication here is that employees will be equipped with skills and knowledge about financial services, how to run a business smoothly as well and how to handle customers more efficiently.

The study established that savings training for both SACCOS and non-SACCOS members facilitates savings improvement. The findings signify that the training enables SACCOS members to develop knowledge and skills related to financial activities such as stock verification, payment of surpluses, and purchase and sale of long-term assets. The finding concurred with Esther (2019) elaborates that training services improve the performance of small and medium enterprises. The study further found that saving services improve the performance of small and medium enterprises. The study also observed voluntary savings scheme training enhances savings improvements. It depends on individual goals and priorities that require investment in the medium and long term. In contrast, savings improvement is not affected by voluntary savings as what a person can save depends on his or her own current and future plan. Meanwhile, the study findings established a positive statistically significant correlation between training and employee saving improvement at a P-value of 0.01 significant level.

# CHAPTER FIVE

# SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

## 5.1    Introduction

This chapter presents the summary, implications of findings, conclusion, recommendations for action as well as recommendations for further studies. The chapter starts by presenting a summary of the study on the main findings, followed by implications of findings, conclusion, and finally recommendations.

## 5.2    Summary

### 5.2.1 General Summary

Generally, the purpose of the study was to evaluate the effect of microfinance institution capability on employee savings improvement from the selected SACCOS in Bukoba. Specifically, the study examines the effect of financial inclusion on savings improvement; determine condition to be met by employees to access microfinance institutions services and examine the effect of training from microfinance on employee savings improvements. The study is guided by Pecking Order Theory. The study was guided by a quantitative approach coupled with an explanatory design. A questionnaire tool was used in data collection. The collected data was analyzed quantitatively.

### 5.2.2 Summary of Findings

The study set out to evaluate the effect of microfinance institution capability on employee savings improvement in Bukoba, Tanzania. This clasp summary of results imitates three specific objectives as described below.

**5.2.2.1 Effect of Financial Inclusion on Savings Improvements**

The study findings revealed that financial inclusion is statistically significant and has a positive correlation to employee saving improvement. The associated factors for savings improvements include credit savings, credit transactions, entrepreneurship skills and financial literacy coupled with decision-making on business-allied matters. Partly savings improvement among employees affected by microfinance capability in terms of financial services and credit offered with favourable conditions.

**5.2.2.2 Condition to Access Microfinance Institution Services on Savings Improvement**

On the subject of conditions for accessing microfinance institution services and savings improvement, the study findings indicated that business license, referees, the accomplishment of the first instalment, adherence to collateral requirements and client cash flow and financial capability contribute positively to employee savings improvement as it strengthens their capability to access microfinance financial services. These conditions are associated with microfinance capability in providing financial services to employees with favourable and affordable conditions in terms of interest rate and payback period related loan requested. Thus, partly microfinance condition to be met by employees to access services plays a significant role in employee savings improvement.

**5.2.2.3 Effect of Training from Microfinance on Savings Improvement**

Based on this the study maintained that regular financial training, marketing assistance training, microcredit training services and entrepreneurship skills play a

significant role in savings improvements. Training from microfinance institutions justifies the strength of an institution to improve employee savings as they are provided with the necessary skills on how to conduct their business smoothly as well as enrich a large number of customers with minimal cost.

## 5.3    Implication of the Findings

The findings are essential to the Tanzania government, Saccos members and nonmembers, researchers and academicians.

### 5.3.1 Government

Results and recommendations from this study are anticipated to provide a detailed understanding effect of microfinance institution capability on employee saving improvement in Tanzania Savings and Credit Cooperative Organization (Saccos) thus acting as guidance to the government on strengthening training and formulating comprehensive policy that may facilitate effectiveness and efficient microfinance services targeting lower income earners.

### 5.3.2 Saccos Members

The findings and recommendations from this study are expected to motivate Saccos members to use effective financial services to increase their capacity in savings and mobilize non-beneficiaries to join as a means of strengthening the institution's capacity in financial services provision. Also, to strengthen entrepreneurship skills related to credit savings and decision-making about monetary use in investment.

### 5.3.3 Researchers

The study was essential to the researcher in gaining an understanding of the relationship between the independent and dependent variables of the study. Furthermore, the findings broadened the researcher's knowledge of the effect of microfinance institutions on employee savings improvement.

## 5.4    Conclusions

The study confirms that microfinance institutions (Saccos) play a vital role in employee savings improvement. Financial inclusion coupled with credit savings financial transaction services credit and financial services access with favorable conditions and affordable interest rates attract a large number of employees to participate in firms and improve savings. Employee savings improvement linked with training on entrepreneurship, and financial literacy skills provided regularly. Employee savings improvement is associated with pecking order theory as almost all employees are provided with microfinance services related to financial literacy training and credit transaction services coupled with retained earnings reserved for investment into business. These factors facilitate employee savings improvement as microfinance institutions portray capability in financial services provision with favourable conditions and training allied with strengthened business and savings improvement.

## 5.5    Recommendations

The findings of this particular study provide a clear understanding of the effect of

microfinance institutions on employee savings improvement. The following recommendations were made:

### 5.5.1 Recommendations for Employees

There is a need to raise awareness among employees to borrow loans from microfinance (Saccos) to boost their firm and strengthen their financial capacity. This can be achieved if microfinance institutions if financial training and attract all employees to be SACCOS members.

There is a need for an employee to request membership positions and borrow loans to commence their business that could provide them with the ability to raise their standard of living and improve their savings capacity.

### 5.5.2 Recommendation for Policymakers

Policymakers play a crucial role in creating and facilitating a favourable environment for microfinance credit access initiatives and strategies to enhance employee savings. Policymakers should ensure formulated policies and other guidelines are promising for the loan borrowers to attract employees to access microfinance financial services impacted into savings improvement.

### 5.5.3 Recommendation for Future Research

This study is grounded on the effect of microfinance institutions on employee savings improvement from the selected Saccos in Bukoba, Tanzania. A similar study should be conducted in some other region for comparison purposes and generalization.

i) There is a need to investigate the effectiveness of training from microfinance institutions on employee savings improvement.

ii) There is a need to assess the effectiveness of microfinance institution conditions on employee savings improvement.

**REFERENCES**

Al-Amin, M., & Mamun, H. A. R. (2022). Exploring the impact of microfinance on socio-economic development: Empirical evidence from Balunnaghar Village. *International Journal of Social Science and Human Research. 05*. 1278-1287. 10.47191/ijsshr/v5-i4-10.

Aroge, S.T. (2012). Employee's training and development for optimum productivity: the role of industrial training fund (ITF), Nigeria. *Developing Country Studies*, *2*(3), 79-86.

Bakker, A. (2018). What is design research in education? . In *Design Research in Education* 3-22). London: Routledge.

Bloomfield, J., & Fisher, M. J. (2019). Quantitative research design. *Journal of the Australasian Rehabilitation Nurses Association*, 22(2). DOI:10.33235/jarna.22.2.27-30

Camp. W.G. (2001). Formulating and evaluating theoretical framework for career and technical education research. *Journal of Vocational Educational Research*, *26*(1), 4-25.

Creswell, J. W. (2012). *Education Research: Planning, Conducting and Evaluating Quantitative and Qualitative Research.* Lincoln: University of Nebraska Press.

Creswell, J. W. (2009). *Research design: quantitative, qualitative and mixed methods approaches* (2nd ed.). Thousand Oaks: Sage Publications.

Danga, M., & Yusuph, M. L. (2019). factors affecting the growth of microfinance institutions in Tanzania: A case study SACCOS in Singida Region. *International Journal of Academic Multidisciplinary Research*, *3*(3), 69-79.

Das, R. (2021). Impact of microfinance institutions on women empowerment qualitative study in the Indian context. *International Journal of Business and Globalization*, 29(1), 34-39.

David Carson. A. G. (2001). *Qualitative Marketing Research.* London: Sage.

Eriksson, S. (2017). A credit-plus approach: the way to increase women´s empowerment in microcredit? -Evidence from Colombia. Masters Thesis, Uppsala University.

Esther, A. (2019). Microfinance institutions and performance of small and medium enterprises in Ncora district (Doctoral Dissertation, Kampala International University, College of Economics and Management).

Elman, C., Gerring, J. & Mahoney, J. (2016). Case Study Research: Putting the quant into the qual. *Sociological Methods & Research*, 45(3), 46-53.

Etikan, I., &Bala, K. (2017). Sampling and sampling methods. *Biometrics & Biostatistics International Journal*, *5*(6), 215?217. DOI: 10.15406/bbij.2017.05.00149

Fadikpe, AAA., Danguah.R., Aidoo.M., Chomen, DA. Yankey.R. and Dongmei.X.(2022). Linkages between Social and Financial Performance.Evidence from SSA Microfinance Institutions.*Plos One* 17(3), 79-88.

Geoffrey, A. M., &Emenike, K. O. (2018). Microfinance institutions 'support and growth of small and medium enterprises. *Kinerja*, *22*(1), 54-62.

Getachew, D. (2020). *Assessment of Microfinance Institution Services in Improving the Livelihoods of Beneficiaries: The Case of Specialized Financial and*

*Promotional Institution in Addis Ababa* (Doctoral dissertation, ST. Mary's University).

Gillham, B. (2008). *Developing a Questionnaire.*(2 Ed). London: Continuum International Publishing.

Hamad, S. J. (2017). *Impact of Microfinance Institution on Poverty Reduction. A Case of Microfinance Beneficiaries in Urban West Region, Zanzibar, Tanzania* (Doctoral dissertation, The Open University of Tanzania).

Heale, R., &Twycross, A. (2015). Validity and reliability in quantitative studies. *Evidence-based nursing*, *18*(3), 72-29.

Hox, J. J., &Boeije, R. H. (2005). Data Collection Primary vs. Secondary. *Encyclopedia of Social Measurement, 1(3),* 593-599.

Kaur, P. (2014). Outreach and sustainability of microfinance institutions in India in pre and post-Andhra Pradesh microfinance crisis in the context of South Asia. *Global Journal of Finance and Management,* 6(6), 38-46.

Kimaro, P. J. (2023). Role of savings and credit co-operative societies on women socio-economic empowerment: a case of BRAC microfinance institution in Moshi municipality, Kilimanjaro region, Tanzania. *Journal of Studies in Social Sciences and Humanities*, 29(1), 64-71.

Kimotha, M., 2005. National microfinance policy framework and expected impact on the microfinance market in Nigeria. *Journal of Emerging Trends in Economics and Management Science,* 3(1), 26-35.

Kumar, P. (2021). Role of microfinance in economic development. *Adhyayan A Journal of Management Science*, 11(2), 62-29.

Kumburu, N. P., &Pande, V. (2020). Rural Transformation Through Savings and Credit Cooperative Societies in Moshi District, Tanzania. In *The Palgrave Handbook of Agricultural and Rural Development in Africa* (pp. 313-338). Palgrave Macmillan, Cham.

Matimbwa, H., &Kipilimba, T. (2018). The contribution of microfinance institutions to households welfare: A Case of Finca and Pride in Iringa Tanzania. *Economic Research*, *2*(6), 1-10.

Matare, E. D. (2018). *Analysis of performance determinants of microfinance institutions and factors affecting their performance: A case of Harare microfinance institutions* (Doctoral dissertation, Midlands State University).

Merra, T. M., Abafita, J., & Ayalew, E. (2019). Impact of micro-finance on women's economic empowerment: a case study in Gimbo Woreda, South Nation, Nationalities and Peoples Region, Ethiopia. *Journal of International Trade, Logistics and Law*, *5*(2), 17-30.

Mersland, R., D'Espallier, B., Gonzales, R., &Nakato, L. (2019). Global Indicators of Savings Groups. *Available at SSRN 4269119*.

Mushtaq.AD., Ahmed. TZ.,Suhai.B. andGowsia.B. (2016). Exploring the role of microfinance in entrepreneurship and socio-economic development. *Journal of Agricultural Development and Policy*, 16(1).

Muyongo, M. B. (2018). *The Contribution of Microfinance Institutions in Poverty Alleviation in Tanzania: A Case of Association of Social Advancement in Kinondoni Municipality* (Doctoral dissertation).

Mshana, E. (2020). *The Contributions of Savings and Credit Cooperative Societies in Improving the Livelihood of their Members: A Case of Tandale and WatSaccos in Dar es Salaam* (Doctoral dissertation, Mzumbe University).

Nalukenge, I., Tauringana, V., &MpeeraNtayi, J. (2017).Corporate governance and internal controls over financial reporting in Ugandan MFIs. *Journal of Accounting in Emerging Economies*, *7*(3), 294-317.

Nasrin, S., Baskaran, A., &Rasiah, R. (2017). Microfinance and savings among the poor: Evidence from Bangladesh microfinance sector. *Quality & Quantity*, *51*(4).

Odoom, D., Oppong, F.K., and Onkomah, K. (2019).Exploring the Contributions of Microfinance Institutions to the Ghanaian Economy: A Study at Takoradi. *Journal of Economics and Sustainable Development,* 10 (1).

Ogula, P. (2013). *A guide to research proposal and report writing*. Nairobi: cuea.

Rahi, S. (2017). Research design and methods: A systematic review of research paradigms, sampling issues and instruments development. *International Journal of Economics & Management Sciences*, *6*(2), 1-5

Remer, L., &Kattilakoski, H. (2021). Microfinance institutions' operational self-sufficiency in sub-Saharan Africa: empirical evidence. *International Journal of Corporate Social Responsibility*, *6*(1).

Sadan, V. (2017). Data collection methods in quantitative research. *Indian Journal of Continuing Nursing Education*, *18*(2), 58.

Sapre, N. (2016). The Philosophy of Research on Financial Inclusion. *Available at SSRN 3806487*.

Sekaran. U. (2003). *Research Methods for Business*: *A Skill-Building Approach*. (4th Ed), John Wiley & Sons, New York.

Shrestha, R., &Nursamsu, S. (2021). Financial inclusion and savings in Indonesia. *Financial Inclusion in Asia and Beyond: Measurement, Development Gaps, and Economic Consequences*, *344*, 227-250.

Simei, M. (2020). *Exploring the Causes of Ill Performance in Small and Medium Enterprises in Tanzania: the Case of Kinondoni Municipal* (Doctoral dissertation, Mzumbe University).

Sürücü, L. &Maslakçı, A. (2020). Validity and Reliability In Quantitative Research, Business and Management Studies *An International Journal,*8(3).

Tenekeu, N. K. (2022). Sources of funding and sustainability of Microfinance institutions in Cameroon: an explanation using the pecking order theory. *Revue Internationale des Sciences de Gestion*, *5*(4), 22-29.

Tumaini, E. (2020). *The Effect Of Micro-Financing Service In Poverty Alleviation In Tanzania: A Case Of SmallScale Farmers In Mkurnga* (Doctoral dissertation, Mzumbe University).

Victor, K. (2019). *The Role of Saving and Credit Cooperative Societies in Improving Household Welfare: A Case of Kinondoni District, Dar es Salaam City* (Doctoral dissertation, Mzumbe University).

Wajdi, M. & Khalil, A. (2014). Training Strategies, Theories and Types. *Journal of Accounting, Business & Management*, 21(1), 12-26.

Yu, H., Zhao, Y., Liu, Z., Liu, W., Zhang, S., Wang, F., & Shi, L. (2021). Research on the financing income of supply chains based on an E-commerce platform. *Technological Forecasting and Social Change*, *169*, 120820

Xaba, N. (2019). The impact of interest rates on savings investments in South Africa A Doctoral dissertation, University of the Witwatersrand, Johannesburg, South Africa. Retrieved from https://hdl.handle.net/10539/28316.

**APPENDICES**

**Appendix I:   Questionnaire for Bukoba Water Supply and Sanitation Authority Saccos**

I am Eustaki Massay, a master's student researching Micro microfinance institutions' capability for employee savings improvement. A case of selected SACCOS at Bukoba Water Supply and Sanitation Authority. I beg your patience and kindness in responding to the questions below with as much transparency as possible. The information you give will be treated strictly confidential and for academic purposes only. You can withdraw at any point.

Thank you for your participation

**Part I: Demographic characteristics of respondents**

Please choose what is applicable in your case

1. What is your sex?

    a) Male

    b) Female

2. What is your age

    a) 15-25

    b) 25-35

    c) 35-45

    d) 45-55

    e) 55+

3. What is the current level of your education?

    a) Primary

    b) Secondary

    c) Certificate

    d) Diploma

    e) Degree

    f) Master

    g) Others specify ….

4. Duration of SACCOS membership

    a) Less than 5 years

   b) 5-10 years

   c) 10-15 years

   d) 20+

5. Please indicate the level of agreement or disagreement from the given statement on a Likert scale 1—Strongly Disagree, 2-Disagree, 3-Not Sure, 4-Agree and 5-Strongly Agree

| Code | Conditions to be met by employees to access microfinance services | 1 | 2 | 3 | 4 | 5 |
|------|---------------------------------------------------------------------|---|---|---|---|---|
| CEA1 | There is a need to have a business license to access MIF services | | | | | |
| CEA2 | Employees to access microfinance services should have referees | | | | | |
| CEA3 | The MIF payback period strictly is within 2 to 3 weeks | | | | | |
| CEA4 | Microfinance services are offered to group members of not less than ten | | | | | |
| CEA5 | There is a high-interest rate in accessing microfinance services | | | | | |
| CEA6 | Strictly renew of loan accepted if the first instalment is made | | | | | |
| CEA7 | Interest charges are affordable to every member | | | | | |
| CEA8 | Employees to access MIFs service should fulfil collateral requirements | | | | | |
| CEA9 | Strictly loan given based on client cash flow and financial capability | | | | | |
| Code | Effect of training from MFIs and savings improvement | 1 | 2 | 3 | 4 | 5 |
| ETS1 | Employee savings improved due to regular financial services training | | | | | |
| ETS2 | Entrepreneurship skills facilitate employee savings improvement | | | | | |
| ETS3 | Employee savings facilitated by marketing assistance training | | | | | |
| ETS4 | Consultancy training to employees on savings offered weekly | | | | | |
| ETS5 | Employee savings have been improved due to micro-credit training services | | | | | |
| ETS6 | Savings training provided to both SACCOS members and non-members | | | | | |
| ETS7 | Voluntary savings scheme training contributed to employee savings improvement | | | | | |

| Code | Effect of financial inclusion from microfinance institution on employee savings improvement. | 1 | 2 | 3 | 4 | 5 |
|------|-----------------------------------------------------------------------------------------------|---|---|---|---|---|
| FI1 | MFIs offer business loans ranging between 2,000,000/= to 10,000,000/= monthly | | | | | |

| FI2 | There is mobilization of savings and creation of different charges of not less than 30% | | | | | |
|-----|----------------------------------------------------------------------------------------|--|--|--|--|--|
| FI3 | Employee savings improvement linked with MFIs capability on entrepreneurship education provision | | | | | |
| FI4 | Financial education enhances employee savings | | | | | |
| FI5 | Microfinance financial capability in marketing assistant improves employee savings | | | | | |
| FI6 | MIF's effective monitoring of loan utilization enhances employee savings | | | | | |
| FI7 | MIFs financial literacy improves employee savings improvement | | | | | |
| FI8 | MIFs meet employee expectations on savings improvement | | | | | |

| Code | Employee savings improvement | 1 | 2 | 3 | 4 | 5 |
|------|------------------------------|---|---|---|---|---|
| ESI1 | MFIs ensure that there are no loans with any balance remaining unpaid | | | | | |
| ESI2 | Friendly loan repayment period enhances savings improvement | | | | | |
| ESI3 | Loans with low interest rates facilitate savings improvement | | | | | |
| ESI4 | MFIs provide beneficiaries with knowledge of financial savings | | | | | |
| ESI5 | Microfinance loans guaranteed employee savings improvement | | | | | |
| ESI6 | Employee savings behaviour shaped by microfinance services | | | | | |
| ESI7 | MFI loans with insurance improve employee savings | | | | | |

**Thank you for your participation**

**Appendix II: Research Burget**

The study is projected to use an estimated total cost a total of One million and eight hundred thousand only. These costs will be incurred by the researcher as the study is self-sponsored.

**Table 1: Budget projected**

| S/NO | Items | Costs (in Tshs) |
|------|-------|-----------------|
| 1 | Transport& Communication | 300,000 |
| 2 | Meal& accommodation | 500,000 |
| 3 | Stationery | 250,000 |
| 4 | Data gathering (Questionnaire) | 300,000 |
| 5 | Data processing | 200,000 |
| 6 | Final report writing, printing and binding | 250,000 |
| Total | | 1,800,000/= |

**Appendix III: Working Of Activities**

**Table 2 below describes the study activities that will be adhered to.**

**Table 2: Working Schedule/Activities**

| Activities | Months-Year 2022/2023 | | | | | |
|---|---|---|---|---|---|---|
| | Nov | Dec | Jan | Feb | Apr | May |
| Title formulation and submission of the first draft of the concept note | √ | | | | | |
| Proposal development | | √ | | | | |
| Development of research tools | | | √ | | | |
| Research proposal defense | | | | √ | | |
| Proposal submission and data collection letter processing | | | | √ | | |
| Data collection | | | | √ | | |
| Data analysis and submission of the first draft | | | | | √ | |
| Defence of thesis | | | | | √ | |
| Correction of final report | | | | | | √ |
| Binding and submission of the final report | | | | | | √ |

**Appendix IV: Research Clearance letter**

# THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY

## THE OPEN UNIVERSITY OF TANZANIA

Ref. No OUT/ PG201609028                                     31<sup>st</sup> May, 2023

General Manager,

Majibu SACCOS,

P.O.Box 81,

**KAGERA.**

Dear Manager,

**RE: <u>RESEARCH CLEARANCE FOR MR. EUSTAKI DANIEL MASSAY</u>, REG NO: <u>PG201609028</u>**

2.      The Open University of Tanzania was established by an Act of Parliament No. 17 of 1992, which became operational on the 1<sup>st</sup>March 1993 by public notice No.55 in the official Gazette. The Act was however replaced by the Open University of Tanzania Charter of 2005, which became operational on 1<sup>st</sup>January 2007.In line with the Charter, the Open University of Tanzania mission is to generate and apply knowledge through research.

3.      To facilitate and to simplify research process therefore, the act empowers the Vice Chancellor of the Open University of Tanzania to issue research clearance, on behalf of the Government of Tanzania and Tanzania Commission for Science and Technology, to both its staff and students who are doing research in Tanzania. With this brief background, the purpose of this letter is to introduce to you **Mr. Eustaki Daniel Massay, Reg. No: PG201609028)** pursuing **Master of Business Administration (MBA).** We

here by grant this clearance to conduct a research titled **"Effect of Microfinance Institution Capability on Employee Savings Improvement: A Case of Selected SACCOS in Bukoba"**. He will collect his data at your office from 1ˢᵗ June to 30ᵗʰ July 2023.

4.      In case you need any further information, kindly do not hesitate to contact the Deputy Vice Chancellor (Academic) of the Open University of Tanzania, P.O.Box 23409, Dar es Salaam. Tel: 022-2-2668820.We lastly thank you in advance for your assumed cooperation and facilitation of this research academic activity.

<div align="center">

Yours sincerely,

**THE OPEN UNIVERSITY OF TANZANIA**

Prof. Magreth S.Bushesha

**For: VICE CHANCELLOR**

</div>