Factors Influencing saving and Credit Cooperatives improving members livelihood: case study of vision fund Micro Finance Institutions in Jimma town

A Thesis Submitted To The School Of Graduate Studies Of Jimma University In Partial Fulfillment Of Requirements For The Award Of The Degree Of Master Of Accounting And Finance (MSC)

BY

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Examiners' Approval Form

As members of the board of examiners, we examined this thesis entitled “Factors Influencing saving and Credit Cooperatives improving members livelihood: case study of vision fund Micro Finance Institutions in Jimma town, Ethiopia by Jira Jabessa. We hereby certify that the thesis is accepted for fulfilling the requirements for the award of MSc degree in “Accounting and finance”.

Board of Examiners

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Declaration

I undersigned declare that this research is my original work and has not been presented for MA program in any other university, and all the materials used for this research proposal have been clearly acknowledged.

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ABSTRACT

Purpose of this study is to investigate the Factors Influencing saving and Credit Cooperatives of improving members of livelihood. The researcher applied both descriptive and explanatory research design. The research was conducted by using both qualitative and quantitative research approach. A study was administered a sample of 263 respondents and the target population of the study was SACCO's members in vision fund microfinance Jimma town. The researcher was utilized simple random sampling techniques and Data collection method by using questionnaires. Method of data analysis was used descriptive and econometrics analysis with the help of STATA version 14. The study employed a binary logistic regression model trough marginal effect analysis to identify factors that affecting the livelihood improving of members of SACCO. The binary logistic regression model is used to examine the effect of predictors on livelihood improvement status of SACCO's members. The finding of study trough marginal effect analysis, reporting coefficient results show that marital status, household family size, saving, loan, welfare fund and training statistically significant and posit ively contribute livelihood improving of members. The conclusion of the study the livelihood of SACCO members about 64.63 percent were did not improved, but only livelihood of SACCO members about 35.37 percent were did improved and based on the result recommendation forwarded it is better for SACCO providing access to affordable credit is essential for SACCO members to invest in their businesses and improve their livelihoods. This can be achieved by offering flexible loan terms, lower interest rates, and tailored credit products that meet the unique needs of each member. Additionally, collaborating with other financial institutions to expand credit access can also be beneficial.

Keywords: *livelihood, improving, Binary logistic regression and SACCO*

ACRONYMS /ABBREVIATIONS

GDP ………………………. Gross domestic product

MFIs …………………………… Micro Finance Institutions

NBE………………………….. National Bank of Ethiopia

NGOs ……………………… Non-governmental Organization

SACCOs………………………. Savings and Credit Cooperatives Societies

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CHAPTER ONE

INTRODUCTION

1.1 Background of study

Low levels of saving culture exist in developing nations like Ethiopia because of underdeveloped stock markets, the predominance of commercial banks with an urban focus, and unregulated Micro Finance Institutions (MIFs) that operate as savings vehicles in the financial markets. Microfinance institutions offer small-scale loans, savings accounts, insurance, money transfers, and other pertinent services to impoverished individuals who are turned away from traditional commercial banks because they do not meet collateral criteria (Mihretu M., 2020).

One of the official financial entities that might assist in providing financial services to the underprivileged societies in rural areas is the saving and Credit Cooperative (SACCO). In order to support the interests of a social group that has been disregarded economically, (SACCOs) were founded on this foundation. Cooperatives for savings and credit were owned by their members and offered open, voluntary membership. The National Bank of Ethiopia (NBE), the country's former national bank, oversees them. They might be set up and run in rural regions. However, a variety of factors, such as the nation's financial development, individual income levels, geographic location, and country growth, among others, affect society's access to financial services. This indicates that although financial services were essential to society (Wotesa.W., 2022).

Since their founding, saving and credit cooperatives in Ethiopia have acted as financial intermediaries, particularly for rural impoverished households who are financially excluded. Despite this, their ability to assist this enormous segment of the population is severely constrained (Zekariyas.T, 2021).

(Mosisa K., 2015) Describe the credit and savings. A cooperative society is a type of formal financial institution in which members themselves own, control, use, and exercise democratic governance. The primary goal is to reduce poverty among the disadvantaged population. It is the organisation that gives small loans to persons who are unable to obtain credit.

According to (Mosisa K., 2013) Savings and Credit Cooperatives are those whose members are people having similar interest and live in the same community at the intervention villages With its main purpose to promote savings among members and provide loans for productive investment.

(Muluken T.,2015) Describe that**,** Cooperatives help create more equitable growth by making markets work better for poor people, by generating economies of scale, increasing access to information, and improving bargaining power and they have role in tackling rural poverty by increasing the productivity and incomes of small scale farmers by helping them collectively negotiate better prices for seeds, fertilizer, transport and storage. In addition to this, cooperatives expand poor people's access to financial services, including credit savings and in some cases insurance and remittances.

Cooperatives in Ethiopia have their roots in the traditional forms mainly started in religious occasions where people get together in the celebration of Mehaber or Senbete. Latter people used to form the indigenous forms of cooperation such as Debbo, Iddir and Iquib for the purpose of mutual aid and assistance (Dejene A. , 1993).

The modern forms of cooperative in the country were started during the regime of Hailesellasse, though it has nothing to do for women participation in the economic, social and political affairs of the country Kebede G., 2011)

1.2 Statement of the problem

Numerous studies indicated that SACCO are the source of income for improved individual assets, business capital and food adequacy and a SACCOS offer loans for school fees, medical care, furniture and household items, all of which enable the members to meet their daily requirements for living (Wotasa W.,2022). These contradict with some studies which have shown that loan beneficiaries are lacking education on financial management that contribute to misallocation of loan and hence not being able to pay back their loans on time.

According to (Wotasa W.,2022) the question remains whether SACCO's services have positive influence on livelihood to its members. With this regard, the study was motivated to identify SACCO's service on livelihood. Previous studies in Ethiopia on influence of SACCOs did not combine the variables of the impacts and challenges facing SACCOs. Therefore, this study helps to fulfill the identified gap by assessing the impacts and challenges facing experience of SACCOs' members.

In Ethiopia whose livelihood depends on agricultural economy poverty is unique in the sense of majority rural people are extremely poor. The insufficient mobilization and distribution of financial capital, lack of income generating and employment opportunities are the major problem in the county. There are government initiatives for teaching these problems. One of the initiatives is establishments SACCOs. The growth and expansion of SACCOs to solve financial problem of rural and urban dwellers through constituted a forum for education and training and set up solidarity schemes (Hailu E.,2020).

SACCOs are the main financial solution to the life of members. But they have their own challenges that retard their financial solution to their members and the economic contribution to a country. Lack of infrastructure, lack of saving habit among the people, lack of external funding for the SACCOs, lack of trained manpower, lack of technology ,lack of members skill to utilize loan , low product and low members participation were major problems to affecting the outreach and sustainability of SACCOs (Kifle T.,2012).

Saving allows individual or household to accumulate capital, which increase the amount of loan fund. Saving also promotes investment which means to be a base for economic growth and reduction of poverty. The high level of poverty lead to increased propensity to borrow rather than to save and high level of poverty induce demand for loan. Therefore the importance of membership with SACCOs is so vital which enhances saving culture and improves credit access (Hailu E.,2020).

With regards to Jimma town, peoples have poor standards of saving habit for the reason that they have low level of daily, weekly, monthly and yearly income generation. According to Jimma town cooperative office annual report (2023) lack of saving, Lack of Training, Lack of adequate management, and weak Loan repayment also major problems of retard from their saving. To develop the SACCOs in order to im prove members livelihood by providing different services to society, the purpose of this thesis is to fill this gap by exploring the actual and potential contributions and impacts of SACCOs in striving towards to improve member's livelihood using empirical evidence from selected SACCO's cooperative in Jimma town.

As reference above reviewed literature shares similar problem and used similar methodology. So, what we have reviewed above-literature most them were used descriptive statistics tools rather than most advanced statically tools for analysis. Henceforward, the researcher believes that there is need to fill knowledge gap as well as methodological gap by utilizing advanced econometric models in order to full picture in a comprehensive manner that indicates direction and magnitude impact on livelihood members of SACCO to suggest improve in the future living hood. Despite the fact that previous empirical studies of different countries have identified the common factors associated with the members livelihood SACCO, the influence and magnitude of each factors vary from one area to the other which provide inconsistent findings that cannot be generalized and need further research. So, in order to address this limitation the current study was used advanced econometric model (binary logit model and marginal effect model).

1.3 research questions

The study was tried to answer the following research questions:

- What is the influence of demographic factors on member's livelihood improvement in the Jimma town?
- What is the impact of SACCO's services factors on member's livelihood improvement in the Jimma town?
- What is the effect of Institutional factors on member's livelihood improvement in the Jimma town?

1.4 . Research objective

1.4.1 General objective

The general objective of study is to examine the Factors Influencing saving and Credit Cooperatives of improving members of livelihood: case study of vision fund Micro Finance Institutions in Jimma town.

1.4.2 Specific objectives

The study has the following specific objectives

- To investigate the influence of demographic factors on members livelihood improvement in the Jimma town.
- To examine the impact of SACCOs services factors on members livelihood improvement in the Jimma town.
- To examine the influence of institutional factors on members livelihood improvement in the Jimma town.

1.5 Significance of study

The first user in this study is researcher in order to award master degree in accounting and finance .In addition to this it also used as reference for future researchers. Beside to this after the finding of the study it show actual full picture of vision microfinance and provide possible recommendation.

1.6 Scope of study

This study geographically limited to Jimma town, and focused on factors influencing saving and Credit Cooperatives in improving members' livelihood in Jimma town vision microfinance and only bounded specified variables under conceptual framework. However, this area specific study may not be a guarantee to generalize beyond this study area.

1.7 Limitation of the study

Some of limitation were faced in this research since, the current study rely on interviews and structural closed and open questionnaires. Respondents were unwillingness to participate due to privacy concern, may be fear that their personal information do not keep confidential, might feel they do not have enough time to engage in an interview or complete a questionnaire or without clear benefit, individuals may not see the value in participating.

The solution has been taken in order to solve above faced challenges or limitations are clearly explain the objective of the study and how their active participation was contributed credit of the study and build trust with potential respondents.

1.8 Organization of the paper

The thesis organized into five chapters. The chapter one contains background of the study, statement of the problem, objective of the study, research question, Significance of study, scope of the study, and organization of the thesis. In the chapter two related literatures for the study are presented and what other researchers have reported in books, journals and scholarly articles concerning contribution of SACCO in improving member's livelihood. It also explains the theories developed by researchers relevant to the current study and the research gaps that the studies presented were also identified which reflect the base for this study. Chapter three presents the methodological approaches was employed in this study. These include study designs, data collection methods, description of the study settings, study procedures, data, analysis and ethical considerations. Chapter four was about data presentation and analysis, and chapter five was about conclusion and recommendation.

CHAPTER TWO

2 REVIEW OF RELATED LITERATURE

2.1 Theoretical Review

2.1.1 Definition of SACCOs

SACCOs are member-owned financial organisations that provide credit and savings services. They are a crucial component of the financial system that encourages communities to take part in profitable endeavours in order to produce revenue, open up job opportunities, boost local economies, and ultimately enhance their standard of living (Ermias S.,2022). Furthermore, SACCOs are voluntary financial cooperative societies founded on the principle of constructing self-help societies, or "people helping people." that members own, oversee, and control. Members are entitled to use its services and make decisions on its matters.

According to (Mihretu M., 2020), there are three categories for financial sources: formal, semi-formal, and informal. Formal sources of funding are those that offer loans to consumers and other financial intermediaries while adhering to the banking regulations of the nation in which they conduct business. SACCOs are not subject to the same prudential criteria as formal financial institutions, but they are nonetheless considered semi-formal financial institutions because they are registered businesses and governed by all general rules.

2.1.2 Types of SACCOs

According to (Girma T.,2021), various types of SACCOs exist; depending on the membership profile and the products extended to the SACCO members differ accordingly. In essence, there are three broad categories of SACCOs: -

2.1.3 Community-based SACCOs

Although they can be found in both urban and rural settings, these SACCOs are most commonly found in villages. There are numerous options for both individual and group loans available, such as loans for small and micro businesses, loans for women's solidarity, and business loans for individual members (Abel & Shukurala, 2018).

2.1.4 Employee-based SACCOs

These are SACCOs that are primarily found in urban or regional locations, and they are made up of all members who work for the same employer. Certain salary-based loans are given out, frequently with the company guaranteeing them (Abel.F., 2018).

2.1.5 Agricultural SACCOs

These currently mostly consist of small-scale cane growers in places like the rural region. Clients of the SACCO can include both individual farmers and farmers' associations. Loans are given out for a number of reasons, including financing for agricultural output (Evelyn A., 2014).

2.1.6 Saving

(Gete B.,2019) defines savings as "money saved," meaning that significant savings contribute to a stable retirement. Saving money is one of the most crucial things you can do to better your financial circumstances. Whether your goal is to start your own business, smooth out your consumption, or be ready for emergencies, savings can help you reach your objectives while lowering your risks. Money put aside now for future use is called a savings. Savings are possessions that can be sold to raise money, like jewellery or pets. Savings is a way to build up assets that you can sell for cash if you need to. An essential component of sound money management is saving. Savings can come in many different kinds.

2.1.7 Credit

In related fields like accounting, finance, trade, and commerce, credit is not well defined. However, credit is only the transfer of assets or money to a person in exchange for a future payment, which is typically made with interest. A credit is a formal agreement in which a party agrees to repay another party for resources or riches at a later time, plus interest.

According to (Giloria G., 2013), credit can have four distinct forms: Monthly payments for utilities including gas, electricity, water and phone constitute service credit. These frequently require a deposit, and if you don't pay on time, you can be assessed a late fee. It is described as "cash, products, or services."

2.1.8 Cooperatives

Cooperatives are owned, managed, and run for the benefit of their members, claims (Daniel.k., 2014). The majority of firms allocate earnings according to investment and are governed by the quantity of shares held. Human civilisation has always been built on cooperation. Social life has always been based on human dependence on one another and on mutual assistance. The whole social history teaches us that man cannot exist for himself alone. People everywhere have discovered benefits to cooperating and supporting one another since the dawn of human society (Getahun K., 2019). As "unique economic entities characterised by member ownership, democratic governance, and a commitment to advancing the collective well-being," cooperatives were defined by ANN (2023).

2.1.9 Types of Cooperatives

According to (Murad. A.,2021), cooperatives can be categorised based on a number of factors, such as the groups they serve, their size, the places they serve, the duties they carry out, the forms of membership they accept, their legal status, and their financial setup. Cooperatives can be divided into producer cooperatives and consumer cooperatives based on the groups they serve. Producer cooperatives are best exemplified by agricultural cooperatives; consumer cooperatives include credit cooperatives, consumer goods cooperatives, and health care cooperatives.

Different criteria, such as the cooperative's operational region, are used to classify them. As an illustration, consider marketing cooperatives, urban cooperatives, and rural cooperatives (grain, livestock). Cooperatives can also be categorised according to the level at which they are organised: primary cooperatives have a restricted operational area; secondary cooperatives serve the interests of their members; and tertiary cooperatives are created when secondary cooperatives merge. Partnerships

2.1.10 Saving and Credit cooperatives

Savings and Credit Cooperative Societies (SACCOS) are a crucial component of the financial system that helps communities get involved in profitable endeavours that improve their standard of living by generating income, opening up job opportunities, and boosting the local economy (Thomas, 2020).

Savings and credit cooperatives are typically set up within an existing group that is bound together by shared interests, such as employees of the same company or residents of the same neighbourhood who are reasonably well-known to one another (Kiarie C.,2011). One kind of cooperative society is a savings and credit cooperative (SACCO), often referred to as a credit union, thrift and credit cooperative, or saving and credit According to Association Meseret (2020), "A Thrift and credit cooperative is a free association of people with a common bond who save and lend money to one another at low interest rate for productive and provident. Purpose". According to her the basic purpose of SACCOs are to promote thrift, provide credit at a low interest rate and teach people the wise use of their money and efficient management of their limited resource.

As triple line economic organisations themselves, savings and credit cooperatives uphold and support the principles of viable development based on a triple bottom line approach. The triple bottom line approach of sustainable development that financial cooperatives implement consists of social sustainability, economic sustainability, and environmental sustainability, according to Mcebo J.,(2016).

The core principles of sustainable development, which control the expansion of credit and savings cooperatives, are these three. The guidelines that cooperatives follow to make sure the three pillars of sustainability are protected are known as the cooperative principles. SACCOs are membership-based organisations that convert funds for their members into loans. The majority of SACCOs operate by gathering member deposits and converting them into loans. This makes it possible for the rural and poor society's especially, rural women to deposit savings as well as to take loans. It provides adequate savings and credit facilities to individual households. In this case, efficient financial system is consequently assumed to have a considerable positive effect; on increasing welfare and stimulating household economic activities. Credit enables peasants to expand and develop income generating activities, and supporting payment of other necessities like food security, education, and water and health charges (Lanso. L. , 2020).

2.1.11 Livelihood

Diverse individuals have varied conceptions of a livelihoods perspective. For example, the means of making a living (Josephine Ph., 2015) or a combination of the resources needed and the activities conducted in order to exist are just a few of the numerous definitions that have been given in various literatures.

(Ogundipe,Et al.2021) defines a livelihood as the activities, resources, and access that collectively determine the standard of living attained by a household or individual. Another definition of livelihood is the capacity of an individual to receive the needs of life, such as clothing, food, water, and shelter. Finding clothing, food, water, shelter, and other requirements for human life at the individual and family levels is referred to as livelihood.

A person lacking a livelihood is one who is deprived of basic needs such as clothing, food, water, shelter, and other basics of life, as well as opportunities, security, education, and independence (Joseph L., 2016). The terms "livelihood" and "economic strengthening" are sometimes used interchangeably to describe economic output, employment, and household income. However, a more comprehensive definition of livelihood integrates this wide concept into a more comprehensive framework of environmental sustainability, reduced vulnerability, and economic development (Hailu E., 2020).

2.1.12 Role of Sacco's and Factors Influencing It

2.1.12.1 Role of SACCOs in improving member's livelihood

Credits and Savings the number of active members (those without outstanding loans), the size of the loan, the number of members who save, the amount of savings, the percentage of loans to members who are below the poverty line, the amount of transaction costs imposed on the poor, and the degree of member satisfaction all play a significant role in cooperatives' ability to reduce poverty (Sebhatu T.,2012). SACCOs must establish a channel for member access to money in order to offer a favourable environment for borrowing (Zikalala M.,2016).

2.1.13 Influencing factors of SACCO's services on Members Livelihood improvement

2.1.13.1 Influence of Shares, saving, loan services on members' livelihoods

A variety of literatures were evaluated with regard to the effects of credit cooperatives on saving. According to a research conducted in Kenya by Odoyo, SACCO members are able to pay for medical treatment, school tuition, furnishings, and other necessities of life (Odoyo O., 2012).For locals or SACCO members to experience economic progress, there is a critical potential relationship between increased household wellbeing and access to financial services (NnyanjaW., 2017). According to a 2010 study conducted in Kenya and Tanzania, SACCOS services allow households to invest in projects that will likely result in higher future income, raising household income and members' standards of life.

2.1.13.2 Social Protection Programmer as an influence on member's livelihoods

(Joeph L.,2016) Describe how locally founded Savings and Credit Co-operative Societies (SACCOs) have a strong foundation of small savings accounts that serve as a reliable, reasonably priced source of funding with minimal overhead. Furthermore, compared to other financial institutions, SACCOs can offer loans at interest rates that are lower. Furthermore, SACCOs can reach customers in places like impoverished or rural communities, which banks find unappealing. Due to this, SACCOs have become increasingly appealing to clients and have established a stronghold in the financial industries of numerous nations.

2.1.13.3 Influence of institutional factors (challenges) of SACCOs on members livelihood improvement

The competence, knowledge, and abilities of the members in terms of entrepreneurship and financial management essentially determine a SACCO’s challenge. Various obstacles have been documented by various authors, and these may dissuade or influence a prospective member's decision to join SACCOS (Shekilango S. M., 2012). According to some studies conducted in developing nations, mainly in Africa, SACCOS failed to meet its objectives because of a variety of factors, including political interference, embezzlement and corruption, competition from well-established banks, loan defaults, and a shortage of qualified staff (Magali, 2013; Mwangi, 2018). According to Church J.P.,(2015), a study conducted in Tanzania, loan repayment was a significant obstacle for SACCO members. According to the study, several members discovered that their lives were more difficult after joining SACCOS than they had been previously.

2.1.13.4 Training and Educational programme as an influence on member’s livelihoods

As per Wotasa W., (2022), the cooperative movement's fifth pillar distinctly emphasises that members of cooperatives ought to receive training and instruction. In addition to being symptoms of poverty, ignorance and illiteracy are also the root causes of it. As a result, improving the quality of education is essential for raising living standards and reducing poverty.

2.2 EMPIRICAL LITERATURE

Numerous studies have been conducted on this critical issue factors affecting the livelihood improving of members of saving and Credit Cooperatives level by using cross sectional data. But still there is a need to chat this thoughtful issue in more detail to find compact policy framework in future based on the improvement of members live hood of SACCOS. Trust in view this issue, some empirical evidence from different previous research are listed below.

Wotasa W. (2022), analyzed on factors influencing saving and credit cooperatives in improving members livelihood in sidama region by using logistic regression model and primary data and found that saving and credit were significantly significant influence livelihood improving of members of saving and Credit Cooperatives .But the level of education and gender had no significantly correlated livelihood improving of members of saving and Credit Cooperatives.

Philomena Patrick Chundu, (2014) conduct on determinants of savings and credit co-operative society financial sustainability in ilala municipality in Tanzania. The researcher findings revealed that productivity and delinquency rate were significant in explaining savings and credit co-operative society.

Muhsin etal. (2019) conduct on factors affecting growth of savings and credit cooperative societies (SACCOs): a case study of Singida district council in Tanzania.

Mosisa K. and Sebsib B. (2015) conducted on assessment of women savings and credit Cooperative Services in Zuway Dugda District, South East Ethiopia The findings of this study revealed that the importance of cooperatives' services for the well-being of the members, their families and their community in poverty reduction through economic and social development and employment creation; their contributions to the members of the Savings and Credit Cooperatives in improving household income, expenditure, shelter, household assets, food access, education and in accessing health care services; and to the improvement of decision making power of members at family level.

Nigusie D. (2015) examined Determinants of Savings and Credit Cooperatives Societies (SACCOs) outreach in Addis Ababa. found that the major determinant factors that affect outreach of SACCOS by taking loan size as a measurement are amount of saving, level of interest rate on saving, amount of dividend paid to members which has a positive relationship and statistically significant and the others determinants that have positive relationship but statistically insignificant are age of SACCO's, income per capital and maturity date.

Joseph.L (2016) has done his research on the, influence of savings and credit cooperative societies' products on member's livelihoods: a case of Imarisha SACCO. The study found that Welfare fund was found to have improved the livelihoods of the members whereby it provided the members with relevant social protection measures. However the measures put in place were not comprehensive enough to adequately meet member's social needs.

Mihretu M. (2020) has conducted on the, impact of saving and credit cooperatives on rural households poverty reduction in Kachabira woreda of kembata tembaro zone, southern Ethiopia. The result of the study revealed that sex of household head, education level of household head, farm size, training, and dividend paid were influenced rural households' participation in the saving and credit cooperative positively. Whereas, distance to local saving and credit cooperative office and participation in other financial institutions negatively affect rural households' participation in the saving and credit cooperatives.

2.3 Research Gap

In Abaynesh K. (2015)'s assessment of the financial performance of cooperative societies for saving and credit, seven years' worth of data were used. Descriptive analysis was employed to analyse the quantity of the data, but indicator variables related to the quality of life of SACCOs were not taken into account. In order to achieve the study's goal, this investigation took into account qualitative categorical data to close this gap.

Kifle T. (2012) investigated the effects of savings and credit cooperatives in Ethiopia's Ofla wereda Tigray region using a multiple regression model. Both SACCO members and non-members were taken into consideration by the researcher. Nevertheless, a multiple regression analysis to look at the influence of SACCO members did not address the study's goal. In order to fill in context methodology gaps, this current paper focuses on sophisticate econometric model (binary logistic regression model) was used

Wotesa W, (2022) state that a study on factors influencing saving and credit cooperatives in improving member's livelihood: the case study of shebedino chalala district, sidama regional state, Ethiopia. The researcher was used binary logistic regression model and test of multicollinearity used VIF. But the researcher did not consider marginal effect analysis after binary logistic regression, since the result of binary logistic regression show direction not magnitude impact of factors on improving members livelihood of SACCO members. The fore researcher takes in to account listed above limitation was used marginal fixed effect analysis after binary logistic regression and measure of goodness of fit model and computable statically test in line with binary logistic model.

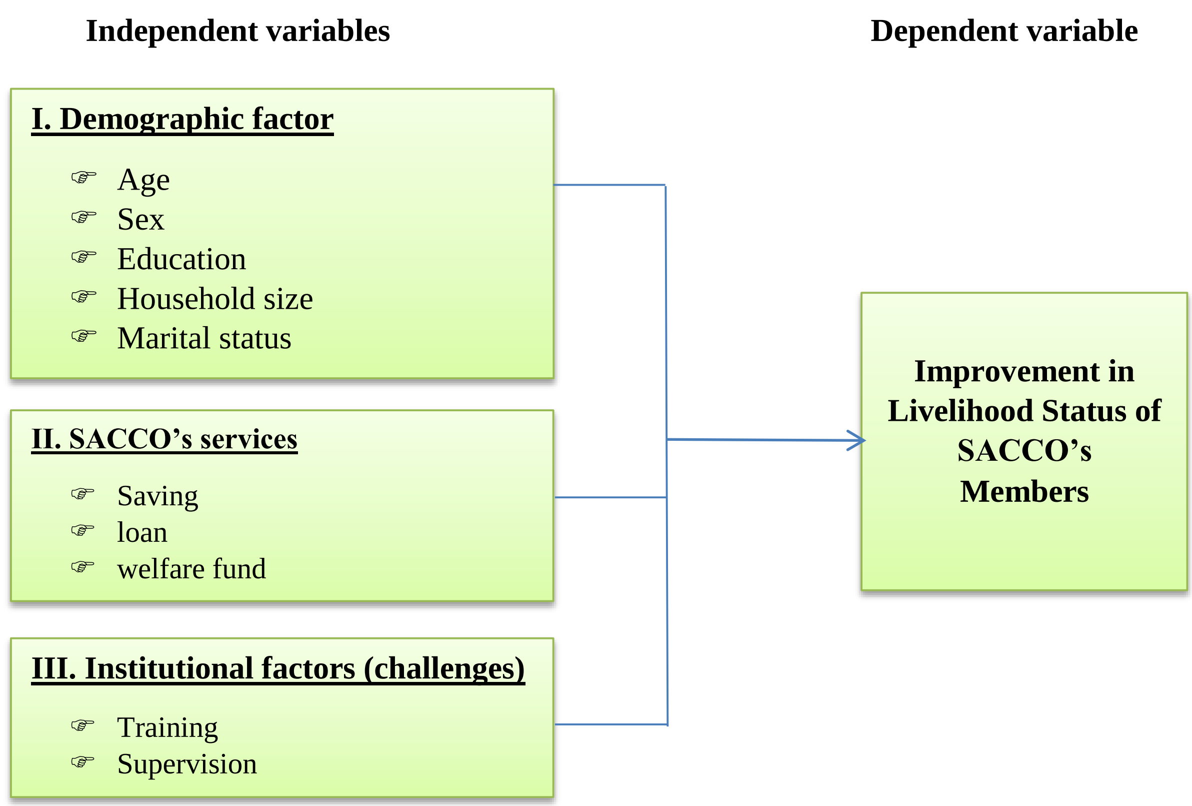
2.4 Conceptual Framework

Conceptual Framework described the logical structure of meaning that guide the development of the study. It bases on the identification of key concepts and the relationships among those concepts. The Conceptual framework consists of concepts that are placed within a logical and sequential design.

The purpose of conceptual framework is to clarify concepts and propose relationships among the concepts in a study, to provide contextual interpretation of the study findings and to encourage theory development that is useful to practice (Adom *et al.*, 2018).

In this study, the researcher was tried to describe the logical network to show the relationship of the research problem. .

Figure 1.0 1: Conceptual Framework



Source: Developed by researcher (2024)

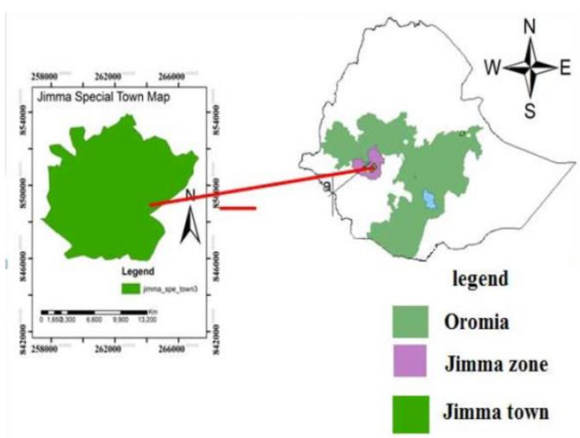
CHAPTER THREE

3 RESEARCH DESIGN AND METHODOLOGY

3.1 Description of the study area.

Jimma is a town located in the Oromia region of Ethiopia. Jimma is the largest city in southwestern Oromia Region, Ethiopia. It is a special zone within the Oromia Region and is surrounded by the Jimma Zone. It is known for its historical significance, being the former capital of the Kingdom of Jimma. The town has a diverse population and is a hub for economic activities in the region. In Jimma town there are four SACCOs (Vision fund, Eshet, Harbu and Agar) saving and Credit Cooperatives (SACCOs). According to the recent information the population of Jimma town is 207,573 in 2012 (Jimma-Wikipedia, 2020). Figure 1.02, below, shows the map of the study area located near the town of Jimma in Ethiopia

Figure 1.0 2: Map of the study area



Source: Goggle map

3.2 Research Design

According to Saunders, Lewis, and Thornhill (2009), the choice of research design was depend on objective of the study. Researcher used a descriptive and explanatory design was used. A descriptive survey because the researcher needs to assess the key factors that affect the improvement of members of livelihood SACCOS. Descriptive study design was to provide data ready for analysis about all activities. Descriptive research design is typically concerned with determining the frequency with which an event occurs. The researcher used explanatory methods to investigate the impact of independent variables on dependent variables and carry out. or the relationship between variables.

3.3 Research Approach

The research was conducted by using both qualitative and quantitative research approach. Because, of the mixed approach enables the researcher get more relevant information about the saving and credit cooperatives in improving members livelihood.

3.4 Target population, Sampling Size and Sampling Techniques

3.4.1 Target Population

The target population refers to the particular group that is important to a specific sample. According to Mugenda and Mugeda (2003) clarify that a population is a group of people or objects with same characteristics. They are the totality of cases that conform to certain specifications, which defines the elements that are included or excluded in the target group. So, the target population for this study includes SACCO's members specifically vision micro finance jimma town.

3.4.2 Sample Size

A sample size is the optimal number of sampling unit or elements that should be sampled of those who can be useful in the survey" (Alugbuo 2005) Answering the question of how many people should be selected for this survey, this would be drawn using the statistical estimate method called the Yamen (1967), thus

Where; n = sample size

N = total population

e = sampling error

At 95% confidence level and 5% of acceptable margin of error would be used.

In this study participant was selected through simple random sampling taking towards meeting the objective of the research. Each of the research participant's inclusion would decide after having met the whole inclusion criteria set in the research. The following inclusion criterion was developed in the course of selecting the research participants. According SACCO's, total member population were 1, 100 members.

At 95% confidence level and 5% of acceptable margin of error would be used .Sample size study is determined using the basic formula developed by Yemane (1967) at 5% degree of variability.

$$n = \frac{N}{[1 + N(e)^2]} ----------------------(1)$$

Where: n- Sample Size

N-Total Members of SACCOs

e -degree of variability

Accordingly, $\frac{1100}{(1+1100(0.05)^2)} = \frac{1100}{(1+1100(0.0025)} = \frac{1100}{(1+2.75)} = \frac{1100}{3.755} = 293.33 \approx 293$

3.4.3 Sampling Techniques

Simple random sampling is a fundamental technique in a research methodology that involves selecting a sample from a target population in such a way that each individual or members has an equal chance of being chosen. The main reason for researcher sticks on simple random sampling technique due to ensure that the sample accurately represents the entire population or members. By giving each member of the population an equal opportunity to be selected, simple random sampling helps in creating a sample that is unbiased and reflective of the population's characteristics.

3.5 Types and Sources of Data

3.5.1 Source of Data

The study was used both primary and secondary sources of data. To achieve the objectives of the study, multiple data gathering instruments was employed to collect data for the study. Structured questionnaires and document analysis is the principal means of gathering the data use in the current study.

3.5.2 Primary Data Source

The primary data was obtained from the SACCO's members, and cooperative office worker in Jimma town. The study was designed categorical or dummy and continuous questionnaires to gather primary information. Besides to that, an interview questions having semi-structured questions were develop for sample target population. Primary data sources provide the most accurate and reliable information as they are collected directly from the original source without any interpretation or manipulation. This ensures that the data is current, relevant, and specific to the research objectives.

3.5.3 Questionnaire

Data collected from taking place from 293 respondents. A questionnaire was distributed to respondents, who are Members in SACCO, vision fund in Jimma town. Both close and open-ended questionnaires was used for prepare for those Members in SACCO by giving short training to enumerators (data collectors) by giving detail information about it. Close ended questionnaires and dummy was used to show level of qualitative information yes or no or categorical questionnaires. The reason of using this method of data collection is that, since it is the more directly forward task for a survey to answer or test the research question that drivers from the theories, it is very useful to collect necessary information regarding this issue. Questionnaires was used translated to the local language orally (Amharic and Afaan oromoo) to avoid communication barriers and to increase the clarity and accuracy of information and collect appropriately

3.5.4 Secondary Data

Secondary data was gather from different sources like SACCOs Registration Book, manuals, documents, reports, journals, library books, and internet sources so as to achieve the main information need of the study of SACCOs of Jimma town and another related secondary document.

3.6 Methods of Data analysis

Screening of the received questionnaires was done to check for completeness and exclude incomplete ones. Before further analysis, data collected is arranged thematically, coded and data entire into the computer. The data checked for completeness are properly filled for analysis. The data represented in form tables and charts such as charts for ease of understanding and analysis. Data was analysis was used descriptive analysis and econometrics analysis with the help of Statistical Package STATA version 14.

3.7 Model Specification

Model specification is a critical process that involves determining which independent variables should be included in regression model.

3.7.1 Binary Logistic Regression

Binary logistic regression is modeling approach used when the response variable is qualitative in nature or categorical and independent variables may be either continuous or categorical. Binary logistic regression allows one to predict a discrete outcome, such as group membership, from a set of predictor variables that may be continuous, discrete, dichotomous, or a mix of any of these (Gellman and Hill, 2006).

The binary logistic regression is preferred to multiple regression and discriminate analysis as it is mathematically flexible and easily used distribution and it requires fewer assumptions (Hosmer and Lemeshow, 2000). Unlike discriminant analysis, the binary logistic regression does not have the requirements of the independent variables to be normally distributed, linearly related, nor equal variance with in each group (Tabachnick and Fidel, 2007). Binary logistic regression is a form of logistic regression which is used when the dependent variable is dichotomous and the independent variables are of any type (Hosmer and Lemeshow, 2000).

Both the binary logistic logit and probit model approaches are able to overcome the limitation of the linear probabilities that are negative or greater than one. They do this by using a function that are effectively transforms the regression model so that the fitted values are bounded within the (0, 1) interval Endalew Teref (2020).

The binary logistic function F, which is a function of any random variable Z, would be

$$F(z_i) = \frac{e^{z_i}}{1+e^{z_i}} = \frac{1}{1+e^{-z_i}} \quad \text{.. (2)}$$

Where:

e is the exponential under the logit approach. The model is so called because the function F is in fact the cumulative logistic distribution. So the logistic model estimated would be

$$P_i = \frac{1}{1+e^{-(\beta_1+\beta_2 x_{2i}+...+\beta_k x_{ki}+u_i}} \quad \text{.. (3)}$$

Where: Pi is the probability that the members of SACCO livelihood improved.

If pi is probability that the, then (1-pi), probability that the is members of SACCO livelihood not improved

$$1-p_i = \frac{1}{1+e^{z_i}} \quad \text{.. (4)}$$

Therefore, we can write

$$\frac{p_i}{1-p_i} = \frac{1+e^{z_i}}{1+e^{-z_i}} = e^{z_i} \quad \text{.. (5)}$$

Now $\frac{p_i}{1-p_i}$ is simply the odds ratio in favor members of SACCO livelihood improved.

If we take the natural log of (5), we obtain: That is, L, the log of the odds ratio.

$$\text{Logit}(\text{Pi}/1-\text{Pi}) = \beta_o + \beta_1 x_i + \beta_2 x_i + \cdots ... + \beta_{10} x_{10} + u_o (6)$$

Where:

X_1-X_{10} independent variables

To measure members of SACCO Livelihood improved the following formula suggested by used (wotesa, 2022).

3.7.2 Empirical Specification and Estimation

In this section, the methodology adopted for the empirical analysis to recognize the factors influencing saving and Credit Cooperatives of improving members of livelihood: A case study in vision fund MFI in Jimma Town was introduced.

Accordingly, there is need to estimate a relation of the following form using the cross-sectional data using the 2024 data. Accordingly, the model is specified for estimation livelihood improving of members of SACCO).

The model equation is:

$$\text{Logit}(\text{Pi}/1-\text{Pi}) = \beta_o + \beta_1 x_i + \beta_2 x_i + \beta_n x_i + u_o \ldots\ldots\ldots\ldots\ldots\ldots\ldots (7)$$

Where: β_o: constant ,Pi:The probability of livelihood improving of members of SACCOS) was improved,1- Pi:the probability of livelihood improving of members of SACCO) is not improved.

- X_i: explanatory variables
- $\beta_1 - \beta_n$:coefficients of explanatory variables
- u_o:residual term

SIMP (status of improvement) was assigned a value of "1" if livelihood improving of members of SCCOS) was improved and "0" if not

$$\text{Ln}(\text{Pi}/1-\text{Pi}) = \beta_o + \beta_1 Ag + \beta_2 Gender + \beta_3 MRS + \beta_4 HFS + \beta_5 LEEDU + \beta_6 Saving + \beta_7 Loan + \beta_8 welfare\ fund + \beta_9 tranning + \beta_{10} Supervission + u \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (8)$$

Where, Pi :the probability of livelihood improving of members of SACCO) was improved

- 1- Pi :The probability of livelihood improving of members of SACCO) was not improved

After the relevant data obtained by using marginal effects after logistic analysis method and this study was analyzing the data .STATA 14 was used for analyzing the data.

3.8 Assumption of this study

- The outcome variable must be binary.
- Data are independent which means that there is no relationship between the observation
- Data must not show multicollinearity
- A linear relationship between any continuous in dependent variable and the logit transformation of the dependent variable

3.9 Econometrics model specification test

Goodness-of-fit testing: It is an important element of any analysis used to test whether or not the number of expected events from the logistic regression model reflects the number of observed events in the data. Thus, if our model "fits" in some statistical or scientific sense, then we believe it to be consistent with the hypotheses that went into the model. In this study goodness of fit test was checked by computing the Homers-Lemeshow goodness-of-fit test.

Test for multi co linearity:-Multi co linearity means the existence of association between two or more of explanatory variables. This association level might be nil that can be ignored or high that significantly affect the estimation of the parameters. If multi co linearity is perfect the regression coefficient of explanatory variable are undetermined and their standard error are immeasurable.

If multi co linearity is less than perfect the regression coefficient although determinate, posse's large standard error which means the coefficient cannot be estimated with great precision or accurate, (Gujarati, 2003). Also Gujarati stated in (book, 208) zero correlation among explanatory variables is not occurring in any practical work. The mean of variation inflation factor (VIF) value among explanatory variables are less than 10 indicate absence of extreme co linearity problem among explanatory variables in the regression.

Omitted variable or specification error:

A model specification error can occur when one or more relevant variables are omitted from the model or one or more irrelevant variables are included in the model. If relevant variables are omitted from the model, the common variance they share with included variables may be wrongly attributed to those variables, and the error term is inflated. On the other hand, if irrelevant variables are included in the model, the common variance they share with included variables may be wrongly attributed to them. Model specification errors can substantially affect the estimate of regression coefficients.-Multi co linearity means the existence of association between two or more of explanatory variables. This association level might be nil that can be ignored or high that significantly affect the estimation of the parameters. If multi co linearity is perfect the regression coefficient of explanatory variable are undetermined and their standard error are immeasurable.

If multi co linearity is less than perfect the regression coefficient although determinate, posse's large standard error which means the coefficient cannot be estimated with great precision or accurate, (Gujarati, 2003). Also Gujarati stated in (book, 208) zero correlation among explanatory variables is not occurring in any practical work. The mean of variation inflation factor (VIF) value among explanatory variables are less than 10 indicate absence of extreme co linearity problem among explanatory variables in the regression.

9.9.1 Reliability and Validity Test

According to Zikmund (2003), validity is the capacity of a scale to measure the planning to be strong-minded and considered. There might be a better measurement of validity if there is the improved fit between the conceptual and operational definitions. It shows the relationship between the construct and its indicators. In the same way Karp (2012) stated that external and internal validity shows the accuracy of a measure or the extent to which a score truthfully represents a concept. The external validity of research findings refers to whether the observed associations can be generalized from the sample while internal validity examines whether the observed change in a dependent variable is indeed caused by a corresponding change in a research questions independent variable, and not by variables extraneous to the research context.

Items that can be distributed and are prepared by adopting from previous scholars in the area and data will be collected from the reliable sources of respondents who are currently using SACCO's members. This indicates the strengths and weaknesses of the questionnaires. The investigator conducts field pilot test in order to assure the question format, relevance, wording, clarity and order. Based on the pre-test feedback, the investigator revises important amendment, such as, order, clarity, and sentence structure, editing repetitive questions, and avoids worthlessness questions.

9.9.2 Reliability

According to (Cronbach,(1951), most frequently practical estimate of different item scales reliability, which represents the standard of all possible split half reliabilities for a construct. It is proposed the coefficient Alpha (called Cranach Alpha Value) that indicates the higher coefficients, the better measuring instrument on which its value ranges from 0 to 1, nevertheless, a satisfactory value should be higher than 0.6 on the scale to be reliable or acceptable.

Saunders et al., (2003) states reliability as the degree to which data collection method or methods yield consistent findings, similar observations made or conclusions reached by other researchers or there is transparency in how sense is made from the raw data.

9.10 Ethical Consideration

The respondents of this study were not required using their names or providing any form of identification. Full consent of all respondents is required before the questionnaire was administered. All subjects are assuring of total confidentiality and the data obtained was used for the research purpose only. The study was not creating any form of anxiety. There are no direct benefits to the subjects but the results are expected to be value to the banking industries.

Table 3.0 1: Variables measurement and Expected Sign

Variables name	Symbol	Type	Measurement	Expected sign
Livelihood improvement of SACCO members	SIMP	Dummy	SACCO members livelihood is improved=1 SACCOs members livelihood is not improved =0	
Age	Age	Continuous	Year	+/-
Gender	Gender	Dummy	Male=1, Female=0	+
Marital status	Mars		Married=1, Single=0	+

Level of education	Le edu	Dummy	primary=0,secondary=1 and above collage=2	+/-
House hold family size	HFS	Continuous	Number	-
saving	Saving	Dummy	More than 50,000 birr =1, 0 if less than 50,000 birr	-
Training	Training	Dummy	Those who get training=1, 0 if who did not get training	+
Loan	Loan	dummy	Those who get access of low interest rate =1, 0 if who did not get access of low interest rate	+/-
Welfare fund	welfare fund	Dummy	Those who get welfare fund =1, 0 if who did not get welfare fund	+/-
Supervision	Supervision	Dummy	Access of supervision is high =1, if 0= Access of supervision is low	+

Source: researcher own computation, 2024

CHAPTER FOUR

4. DATA PRESENTATIONS, ANALYSIS AND INTERPRETATION

Introduction

This section contains two basic parts, the first section of this chapter was analysis for the result of descriptive statistics analysis and the second section presents econometrics analysis and the basic tests for the assumptions of classical liner regression model

4.1 Reliability of analysis

According to Kothari (2004), reliability refers to consistency, where internal consistency means linking the answer to each question in the questionnaire with other questions in the questionnaire. One of the foremost commonly used indicators of internal consistency is Cronbach‟s alpha coefficient. According to Pallant (2005), the Cronbach‟s alpha coefficient of scales should be at least 0.70, and the higher the better. Therefore, the result for the reliability test of Cronbach‟s Alpha Coefficients is 0. 89. Therefore, it can be concluded that each variable represents a reliable and valid construct.

4.2 Response rate

A total of 293 questionnaires were distributed to the respondents and out of these questionnaires, a total of 263 questionnaires were completed and returned. The total response rate was 89.76%. This response rate can be seen as very good response rate when compared to the guidelines in literature. Babbie, (1998) suggests that a 50% response rate is adequate, a 60% response is considered good while a 70% response rate considered very good.

4.3 Descriptive statistics analysis

4.3.1 Status of members of saving and Credit Cooperatives

Saving and credit cooperatives (SACCO) are financial institutions owned and controlled by their members and providing arrange of financial services in order to improve their livelihood SACCO members including saving accounts, loans and other financial products. In this particular study the status of livelihood SACCO members improved or not considered in terms of access of low interest rate on loan, creating employment opportunity and investing in local community.

Cooperatives often offer lower interest rate on loan compare to other financial sectors. This is because they prioritize the need of their members and aim to provide fair and affordable financial services. In this current paper considered as the member of SACCO get low interest rate on loan as considered as improved livelihood members and did not get interest rate on loan as considered as not improved livelihood members of SACCO.

Cooperatives create employment opportunities for their members then the wide communities. This can contributes growth of local communities. In this study the member of SACCO have get access of employment opportunities as considered as improved livelihood members and did not have get access of employment opportunities as considered as not improved livelihood members of SACCO.

(SACCOs) are invest their profit back in to the communities they serve, like supporting local small businesslike enterprise, sponsoring, and community events and providing financial assistance to local projects. In this research the member of SACCO benefited from invest their profit back as considered as improved livelihood members and did not invest their profit back as considered as not improved livelihood members of SACCO.

Therefore status of livelihood members of SACCOS improved or not above measurement. If above measurement is realized said improved and not realized in terms of access of low interest rate on loan, creating employment opportunity and investing in local community said not improved.

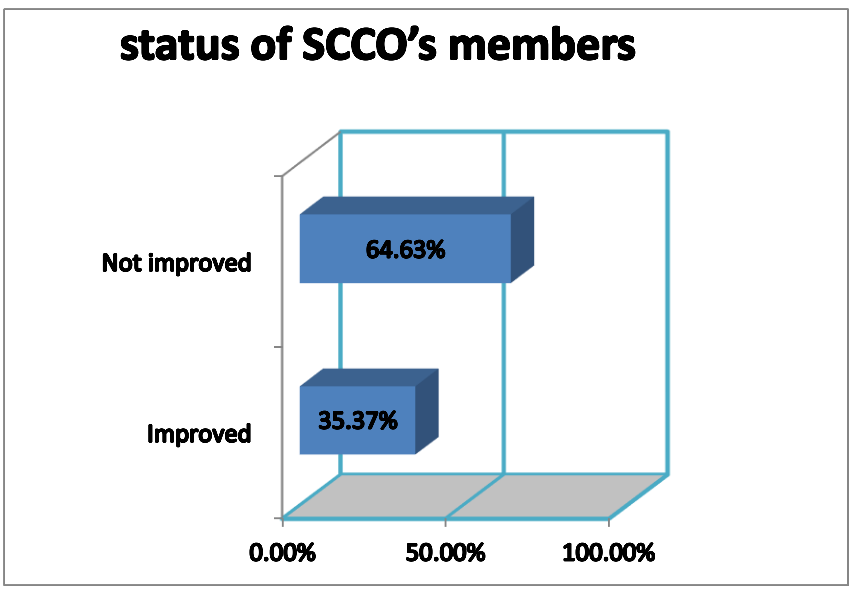
Table 4. 1: Status of livelihood members of saving and Credit Cooperatives

No	Item		Frequency	Percent
1	IS livelihood members improved through SACCO?	Yes	93	35.37
		No	170	64.63
		Total	263	100.0

Source: own survey, 2024

As the above table 4.1 presented that almost two -third of members or 64.63 percent are not improved through SACCO's service and only 35.37 percent are confirmed through SACCOs service improved. From this researcher concluded that saving and credit cooperative in terms of low interest rate on loan, employment opportunities and investing in local community measurement members did not improved. This needs policy intervention in saving and credit cooperatives in vision microfinance.

Figure 1:Status of SACCO's livelihood members



Source: own survey, 2024

Above fig 1 indicated that most of the respondents did not improved through SACCO service and only 35.37 percent are complete through SACCOs service improved. From this researcher concluded that saving and credit cooperative in terms of low interest rate on loan, employment opportunities and investing in local community measurement members did not improved. This needs policy intervention in saving and credit cooperatives in vision microfinance.

Table 4. 2: Distribution of sample respondents by demographic characters

	Improved		Not improved	
Gender	Frequency	Percentage	frequency	percentage
Male	58	22.05	130	49.42
Female	35	13.32	40	15.21
Total	93	35.37	170	64.63
Age				
Age 18-28	14	5.32	44	16.37
Age 29-39	27	10.26	53	20.15
Age 40-49	37	14.07	42	15.96
Above 50	15	5.72	31	11.79
Total	93	35.37	170	64.63
Marital status				
Married	70	26.63	119	45.24
Single	23	8.74	51	19.39
Total	93	35.37	170	64.63
Education				
Primary	17	6.46	91	34.6
Secondary	29	11.026	58	22.053
Above collage	47	17.884	21	7.97
Total	93	35.37	170	64.63

Source: own survey, 2024

Gender: Regarding gender above table 4.2 from total respondents 22.05 percentage male respondent said that livelihood members of SACCO were improved through saving and credit cooperatives and 13.32 percentage of female respondent said that livelihood members of SACCO were improved through saving and credit cooperatives. From total respondents 49.42 percentage male respondents said that livelihood members of SACCO were not improved through saving and credit cooperatives and 15.21 percentage of female respondent said that livelihood members of SACCO were not improved through saving and credit cooperatives. This indicates male save more than female. Therefore, participating male activities could be increase saving and improves the performance of SACCOs members compare to Female.

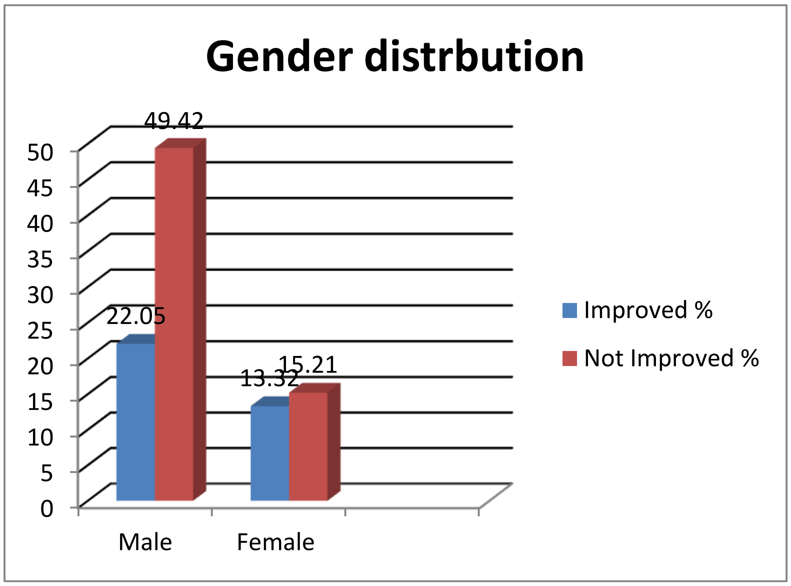
Age: According above table 4.2 presented that age group is classified as four group age brackets , (18 - 28), age group (29 – 39), (40-49) and above 50 years' age. There were 37(14.07%) young, 27(10.26 %) productive age, 15(5.72%) become old age member respondents are confirm the service delivered by saving and credit cooperatives. However, Age brackets between 29 up to 39 (20.15%) and age brackets between 18 up to 28 (16.73%) of age group respondents agreed that the service delivery by saving and credit cooperatives did not improve livelihood members respondents. The reaming age brackets between 40 up to 49 (15.96 %) and age brackets between above 31 (11.79 %) also said similar answer like age brackets between 29 up to 39 and age brackets between 18 up to 28 years old. Among age distribution most of respondents were no improved. Therefore there is need policy intervention particularly in saving and credit cooperatives.

Marital Status: As the presented above table 4.2 marital status members of saving and Credit Cooperatives is the other crucial factor in determining the wellbeing of improving the member's livelihood. The table above showed that (26.63 %) of the married marital status are improved but (45.24%) members of saving and Credit Cooperatives were not improved. The reaming (8.74%) of respondents are single marital status are improved but (19.39%) members of saving and Credit Cooperatives were not improved.

Level of education: Above table 4.2 regarding level of education of sample members' education status help them not only to understand how to make money but also to prudently and profitably handle cash in financial institutions, which are found in nearby areas. The survey results revealed that 6.46% are improved but 34.6 are not improved was 11.026% secondary levels of education holder were improved 22.053 were not improved. Above diploma and degree holder respondents were 17.88% are improved and

7.977% are not improved. From the above table 4.2 the researcher concluded that the level of education increase leads to probability of improve increase.

Figure 2: Distribution of gender status by graph



Source: own survey, 2024

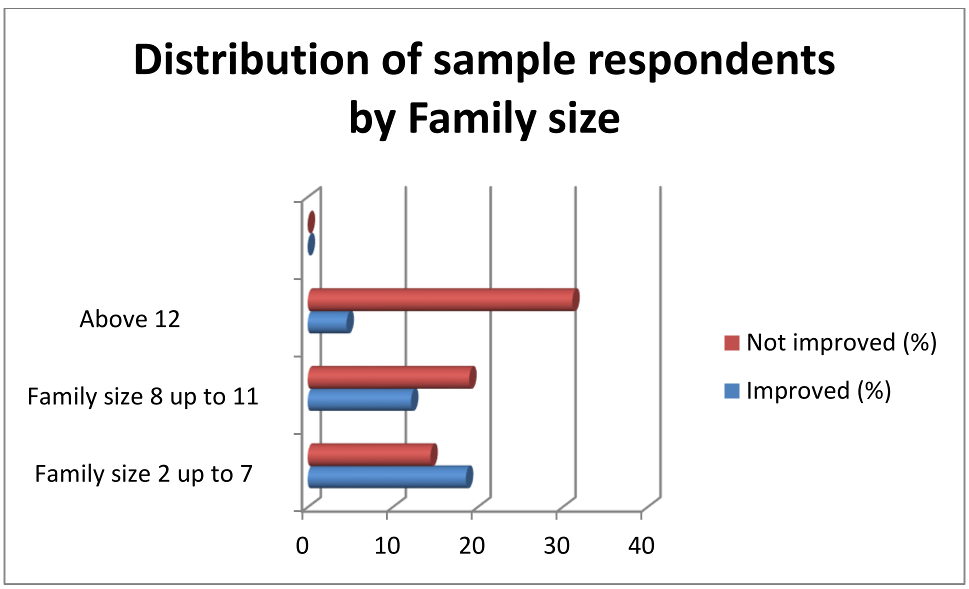
As indicated in the above fig 2 out of the total respondent's majority (49.42%) of the members of livelihood did not improved are male while the (22.05 %) of the members of livelihood did improved male respondents. This shows that male respondents are dominated in the sample cooperatives. This indicates that there is big variation among member of males in SACCOs. How every, 13.32 percent of females are improved from out of total 35.37% and the rest 15.21% from the out of 64.63% is females.

Table 3 Family size distribution of respondents

	Improved		Not improved	
Family size	Frequency	Percent	Frequency	Percent
2 up to 6	49	18.36	38	14.45
7 up to 11	32	12.17	50	19.02
Above 12	12	4.57	82	31.16
Total	93	35.37	170	64.63

Source: own calculation.2024

Table 3 reveals that 49 (18.36%) of the respondents has family size ranges from 2 to 6 member of livelihood believe that saving and credit cooperative service improved in terms of three measures. The family size ranges 7-11 members 32(12.17 %) of the respondents agree the service of saving and credit cooperatives improve their livelihood members. This result indicated that as the members' family size increases, livelihood members not improved.



Source: own survey, 2024

As presented above fig 4.06 clearly indicated that the large family size members were not improved through saving and credit cooperative service delivery compare to small family size.

From above figure 4.06 the researcher concluded that as the family size grows, resources such as space within the household, time, attention from parents or caregivers, and access to opportunities may become limited. This could result in a decrease in the level of improvement and livelihood for each member of SACCO as they compete for these limited economic resources.

Table 4 : Factors influencing SACCOs Service delivery on Members' Livelihood

Factors	yes	%	No	%
1. Shares have help me improve my saving culture	57	21.68	206	78.32
2. I have been educated on investing in shares	41	15.59	222	84.41
3. The dividends I receive have increased my source of income	89	33.85	174	66.15
4. I have used shares as collateral security to take loan.	105	39.93	158	60.07
5. Obtaining loan is not complicated with processes and rules	91	34.61	172	65.39
6. Jimma town SACCO provides me with a savings account	246	93.54	17	6.46
7.Jimma town SACCO provides me standing order services	97	36.89	166	63.11
8. Jimma town SACCO provides me with a safe custody of my assets/ valuables	118	44.86	145	55.14
9. Types of loans offered are sufficient to meet my needs	65	24.72	198	75.28
10. Loans have helped me educate my children and myself	147	55.89	116	44.11

Source: own survey, 2024

All factors above table indicated that influencing SACCO Service delivery on Members' Livelihood confirmed by majority of respondents but only question number 6 and 10 are confirmed by respondents. May be the reason behind this when a significant portion of members within a SACCO (Savings and Credit Cooperative Organization) express dissatisfaction with the service delivery impacting their livelihoods, it is crucial to delve into various aspects to interpret this sentiment accurately or One possible reason for dissatisfaction could be a communication gap between the SACCO management and its members. If information regarding services, policies, or changes is not effectively communicated to the members, it can lead to misunderstandings and dissatisfaction.

Table 3: Factor influencing SACCOs on Livelihood Improvement for Its Members

	yes	%	No	%
SACCO offer lower interest rate on loan compare to other financial sectors?	40	15.2	82	31.17
SACCO creates employment opportunities for their members?	20	7.6	30	11.4
SACCO can invest their profit back in to the communities they serve?	33	12.57	58	22.06
Total	93	35.37	170	64.63

Source: own survey, 2024

Above table 5 presented as when members of a Savings and Credit Cooperative Organization (SACCO) express dissatisfaction with the lower interest rates offered on loans compared to other financial sectors, may be due to if members rely heavily on loans for their livelihoods, the lower interest rates offered by the SACCO may be seen as a hindrance to their financial growth or stability. They may feel constrained by the limited financial support available through the SACCO's loan products.

Regarding employment opportunities the dissatisfaction could also stem from a limited scope of employment opportunities provided by the SACCO. If there are only a few types of jobs available or if these opportunities are not diverse enough to cater to the varying needs and aspirations of the members, dissatisfaction may arise.

4.4 Assumption of binary logistic regression

Assumption: 1 Dependent variable should be categorical

Table 6 Assumption of dependent variable test

Dependent variable	Frequency	Present	Cumulative percentage
1	93	35.37	35.37
0	170	64.63	100

Source: Dependent variable test

Above table indicated that the assumption of dependent variable has two groups or category zero and one that means it fulfills the assumption of dependent variable should be categorical.

Assumption: 2 Data are independent which means that there is no relationship between the observations. So in this research the researcher was cross checked ether repletion of observation or not. Therefore each response actually comes from single respondents, so no repetition of observation. Accordingly the assumption was fulfilled .that is independent of observation

Assumption: 3 Data must not show multi co linearity

Test for multi co linearity: - means the existence of association between two or more of explanatory variables. This association level might be nil that can be ignored or high that significantly affect the estimation of the parameters. If multi co linearity is perfect the regression coefficient of explanatory variable are undetermined and their standard error are immeasurable. The variation inflation factor (VIF) test is used to determine either multi co linearity problem exit or not in cause of linear multiple regression models. But in cause of binary logistic regression model VIF cannot test. According Gujarati stated in (book, 208) in cause of binary logistic regression to determine either multi co linearity problem exit or not was used correlation among explanatory variables. Correlation between the independent variables below 0.7 so cut of point in some statistics book may you finds 0.8. The Correlation between the independent variables in this study was 0.47. The correlation between the independent variables less than 0.7, so there is no issue of multi co linearity problem in this study.

Assumption: 4 A linear relationships between any continuous independent variables and the logistic transformation of the dependent variables. In this current paper the researcher was utilized categorical or nominal independent data not continuous independent data. Due to this reason no need to test this assumption.

4.5 Model Diagnostics for binary logistic Model

Table 4.0 4: Binary logistic model for goodness of fit test

Number of observation	263
Number of groups	10
Hosmer-lemeshow chi2(8)	8.55
Prop> chi2	0.3819

Source: STATA output, 2024

Goodness of fit test was checked by computing the Homers and Lemeshow goodness-of-fit was used to test whether or not the model is an adequate fit the data. If the **Homers and Lemeshow goodness-of-fit test** statistics is greater than 0.05 implies that well-fitting model, if fail to reject the H0 indicated that there is no difference between observed and model predicated values. Implying that model is estimates fit the data an acceptable level. That is well; fitting model shows non significance on Homers and Lemeshow goodness-of-fit test.

If Homers and Lemeshow goodness-of-fit test statistics is greater than 0.05**.**There for the model is well fitting. So, researchers cannot reject H0, that there is no difference between observed and model predicated values. That is well fitting model shows non-significant on the Homers and Lemeshow (H-L) goodness-of-fit test. In case of current study Homers and Lemeshow goodness-of-fit test statistics is 0.3819 which is greater than 0.05. So this result of Homers and Lemeshow goodness-of-fit test statistics indicated the model fit the data accurately.

Table 5: Econometrics model result out put

	Binary logistic analysis		Marginal effect analysis		
Variables	Coef.	Std. Err.	Dy/dx.	Std.Er	Sign
Age	-.0688237	.3611888	-.01674	.08773	0.849
Gender	.4985543	.34525	.1206	.0826	0.144
Marital status	.0013519	.00044	.0032	.0001	0.003**
House hold family size	-1.290119	.50852	-.3145	.1233	0.011**
Level of education	-.011501	.01289	-.0028	.00314	0.373
Saving	.85226	.38974	.19784	.08465	0.019**
Loan	.849538	.53974	.526371	.083	0.000***
Welfare fund	.07155	.01401	.01744	.00327	0.000***
Tanning	.93686	.36642	.22319	.08378	0.008*
Supervision	-.0174	.02006	-.00424	.0048	0.385
Constant	2.435407	-2.28			

Source: STATA output, 2024

Marital status

The marginal effects analysis results show that variable marital status for dummy single reference category. An individual that is being married 0.32 percent at all significant level probability more likely to be better improved compare to single individual. This is due to the fact that married individual have more responsibilities of taking care of the family which require them to member of saving and credit cooperative while most of single individual still depend on the parents hence less motivated to be member of saving and credit cooperative. Another justification is this could be because the need for income to provide for families and does not tend to seek far employment opportunities because of concentration on household chores.

Surprisingly additional explanation on this regard it may not be the case that individual get married, they have better likelihood of getting better improved. Instead, it may be that they strive to find earing he or she income before getting married as marriage is believed to come up with responsibilities and most individual get married after securing some source of income for future life or looking for one after getting married. This can be justified by: Married individuals often make financial decisions together, leading to a more disciplined approach to saving and investing. This joint decision-making process can result in increased participation in SACCO.

Household family size

An individual who are increase additional family size leads probability to improved decrease by 31.45 percent keeping all other factors constant. It is a continuous variable measured in terms of the number of people in the respondent's household. The household with a large family size may decrease decision and extent of livelihood improvement because a high proportion of their livelihood improvement would be used for consumption. In this study therefore, family size was expected to have a negative relationship with SACCO's improvement on livelihood status in the study area.

Previous study conducted by (Magali, 2013) was inline of this current paper, but contradict with study conducted by (Mwangi, 2018). The researcher justified the reason behind the result is may be with a larger household family size, there may be increased financial strain on the family members or more people in the household mean more expenses related to food, clothing, education, healthcare, and other necessities. This can lead to a decrease in the overall livelihood improve of SACCO members. In other hand as the family size grows, resources such as space within the household, time, attention from parents or caregivers, and access to opportunities may become limited. This could result in a decrease in the level of improvement and livelihood for each member of SACCO as they compete for these limited economic resources.

Saving : The marginal effect coefficient between saving and members of livelihood of SACCO in terms of improved members of Livelihood of SACCO those who saving amount more than fifty thousand birr the probability of improved by 19.78 percent compare to those who have less than saving amount controlling for the other variables in the model but statistically significant. This current result is agreement with study conducted by Joseph (2020) saving found to have positive impact on improving the livelihood members of SACCO. However, contradict with the study of Kifle (2012) saving found to have negative impact on improving the livelihood members of SACCO.

The justification of this result in this particular study revealed that members who have a higher saving amount are likely to have better financial stability and capability. This means they may be more adept at managing their finances, making timely payments, and accessing credit when needed. With greater financial stability, these members are better positioned to take advantage of opportunities for improvement offered by SACCO, such as access to affordable credit for investments or business ventures.

Loan : The marginal effect coefficient between loan and members of livelihood of SACCO in terms of improved members of livelihood of SACCOs those who get low interest rate more than the probability of improved by 19.78 percent compare to those who have not get low interest rate controlling for the other variables in the model but statistically significant. This result confirmed study conducted by Gizachew, (2017) and Zemen. A, (2014) loan have probability to positive impact on improving the livelihood members of SACCO. But disagreement with study by Adisu (2016) loan has probability to positive impact on improving the livelihood members of SACCO.

Welfare fund: The marginal effect coefficient between loan and members of livelihood of SACCOS in terms of improved members of livelihood of SACCO those who get access of welfare fund more than the probability of improved by 0.32 percent compare to those who have not get access of welfare fund controlling for the other variables in the model but statistically significant. This result is similar with recently study conducted by Joseph (2020) Welfare fund found to have positive impact on improving the livelihood members of SACCO. But contradict with previous study by Zemen. A., (2014) Welfare fund found to have positive impact on improving the livelihood members of SACCO.

Training : The marginal effect coefficient between loan and members of livelihood of SACCO in terms of improved members of livelihood of SACCO those who get training more than the probability of improved by 0.32 percent compare to those who have not get training controlling for the other variables in the model but statistically significant. To increase the level of improvement among livelihood members of SACCO, it is important to encourage active participation and engagement during training sessions. Interactive activities, group discussions, hands-on exercises, and real-life case studies can enhance learning outcomes and retention of knowledge among participants. Supporting SACCO members beyond the training period is essential for sustaining the improvements gained through training. Follow-up sessions, mentoring programs, access to resources or networks, and continuous learning opportunities can help reinforce newly acquired skills and knowledge among members.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMENDATION

5. Introduction

This chapter presents the summary of the findings, conclusion and recommendations from the study findings, and finally the suggestions for further research.

5.1 SUMMARY

The objective of the study was to analyze the impact of saving and credit cooperatives specifically vision micro finance in improving member's livelihoods. It was established that the SACCO had a great impact on members' livelihoods as indicated by majority of their responses concerning the products of the SACCO in terms of improvement measure not availed to them. It also focuses on to investigate the influence of demographic factors on SACCO's livelihood improvement of members, to examine the impact factors of SACCO's service products on members livelihood improvement, to examine the influencing of institutional factors on members livelihood improvement.

The study is mainly based on primary source of data; the primary data are taken from SACCOs members structured interview schedule method and key informant interview. Methodologically, descriptive statistics and econometrics model specifically binary logit model has been applied in order to identified the impact of observed factors SACCO's improvement on livelihood status.

Study was carried on Jimma town saving and credit cooperatives in vision fund micro finance. Among 1,100 members of SACCO's 263 were taken based on probability simple random sample for Study.

This was established by considering the gender of respondents, age, education level, family size, and marital status of respondents. The studies found out that Majority of the members were males (71.47%) while females were the minority (28.3%).Furthermore, most of the members had secondary (9-12) education as represented by 34%, percent of respondents. On marital status, majority of them were married comprising of 189 out of 263 (72%), followed by those who were single respondents are74 (28%).

The first objective of the study was to investigate the influence of demographic factors on member’s livelihood improvement in the Jimma town district of SACCOs in improving member’s livelihood in vision of micro finance. From specified demographic factors marital status and family size were statically significant influence on member’s livelihood improvement in the Jimma town district of SACCOs. However, Age, gender and level of education were not statically significant variables in this particular study.
Variable marital status was measured dummy variables labeled assigned value one for male and zero for female and family size was measured in terms of number household family size.

The second objective of the study was to examine the impact of SACCO’s services factors on member’s livelihood improvement in the Jimma town identified variables were saving, loan and welfare fund are statically significant influence on member’s livelihood improvement. Regarding saving, marginal effect coefficient indicated that members of livelihood of SACCO in terms of improved members of livelihood of SACCO those who saving amount more than fifty thousand birr the probability of improved by 19.78 percent compare to those who have less fifty thousand saving amount controlling for the other variables in the model. Members with higher income levels are more likely to have surplus funds available for savings and investments, which can lead to improved members of livelihood. Those with incomes exceeding fifty thousand birr may have a greater capacity to save and invest in SACCOs compared to those with lower incomes or higher-income individuals may have better access to financial services and products, which can facilitate their participation in SACCOs and enable them to leverage these services for financial improvement that leads to increase the probability of improved members of livelihood.

Regarding loan, which is measured in dummy variable one assigned the members those who are get with low interest rate and zero assigned the members those who are not get with low interest rate. The marginal coefficient of loan showed that a member of individual who get with low interest rate the chance of improved increase when compare to a member who are not get with low interest rate. The justification of this result is members who benefit from low-interest rates from loans are likely to experience an improvement in their livelihoods. Lower interest rates reduce the cost of borrowing for members who need credit, making it more affordable for them to invest in income-generating activities or meet their financial needs without being burdened by high repayment obligations or Affordable credit facilities made possible by low-interest rates enable SACCO members to access funds for various purposes such as starting or expanding businesses, investing in education or healthcare, or coping with unexpected expenses. This access to credit can empower individuals economically by providing them with the necessary resources to improve their standard of living.

Conserving about variable welfare fund which is measured dummy variable one assigned the members those who are get benefit from SACCO on welfare program like insurance, education and sponsoring for members and zero assigned the members those who are not who benefit from SACCO on welfare program like insurance, education and sponsoring for members. The marginal coefficient of welfare fund showed that a member of individual who are benefit from SACCO on welfare program like insurance, education and sponsoring for members when compare to a member who are not who benefit from SACCO on welfare program like insurance, education and sponsoring for members. The explanation of this result infer that an individual's benefiting from SACCO programs may have increased access to resources such as insurance coverage, educational opportunities, and financial support for various needs. This enhanced access can lead to improved well-being and quality of life compared to individuals without such support livelihoods or Welfare programs like insurance provided through SACCO can help mitigate risks associated with health emergencies, accidents, or other unforeseen events. This risk reduction can contribute to a sense of security and stability among beneficiaries, positively impacting their overall improvement in livelihood.

The third objective of the study was to examine the influence of institutional factors on member's livelihood improvement in the Jimma town identified variables were training and supervision. Variable training was statically significant influence on member's livelihood improvement but variable supervision was not statically significant influence on member's livelihood improvement in this particular study. Training was measured dummy variable one assigned the members those who are get training from SACCO and zero assigned the members those who are not get training from SACCO. The marginal coefficient of training indicated that a member of individual who are get training from SACCO the probability of improved increase by 22.3percent when compare to a member who are not get training from SACCO.

5.2 Conclusion

The results of the descriptive statistics analysis indicated that the impact of improvement member livelihood on credit and saving cooperatives (SACCO) sampled of vision fund microfinance was 170 (64.63) percent are not improved and remaining 93 (35.37 percent) were improved. In study the status of livelihood members were measured in terms of dummy or category (improved or not considered) in terms of three measure (access of low interest rate on loan, creating employment opportunity and investing in local community) .If member respondents confirm from three measures two or three considered as improved otherwise not improved.

Based on the marginal fixed effect model analysis findings, it can be concluded that marital status, saving, loan ,welfare fund and tanning were positive impact on impact of improvement member livelihood on saving and credit cooperatives (SACCO), but variable household family size was negative impact on impact of improvement member livelihood on credit and saving cooperatives (SACCO), With a negative and positive relationship, which means any change in or increase in the value of these variables leads to chance an increase or decrease on status of improvement in terms of three measure. However, variables such as Age, gender, level of education and supervision are statistically insignificant.

5.3 Recommendation

The following recommendations were forwarded based on the findings of this study

- It is advisable for SACCO in order to offer a variety of saving products within SACCO to cater to different member needs and preferences. By providing options such as fixed-term deposits, recurring savings accounts, and emergency funds, members can choose the best saving method suited to their goals.
- It is recommended for SACCO is for providing training and capacity-building programs for SACCO members on income-generating activities, budgeting, and investment opportunities. By equipping members with skills and knowledge to increase their income streams, they can allocate more funds towards savings, thereby improving their livelihood over time.

- It is better for SACCO providing access to affordable credit is essential for SACCO members to invest in their businesses and improve their livelihoods. This can be achieved by offering flexible loan terms, lower interest rates, and tailored credit products that meet the unique needs of each member. Additionally, collaborating with other financial institutions to expand credit access can also be beneficial.
- It is better for SACCO collaborating with other organizations, such as government agencies, non-governmental organizations (NGOs), and private sector partners, can help SACCOS access new resources, expertise, and networks. This can be achieved by forming partnerships that focus on specific areas of interest, such as capacity building, research and development, or advocacy. By working together, SACCO can amplify their voice and influence policy decisions that affect their livelihoods.

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APPENDICES

Appendix I: Questionnaire and Consent Form

Dear participant, be informed that **Mr. Jira Jabessa** student of Jimma University at collage of business and economics department of accounting and finance. I am on doing research on the Factors Influencing saving and Credit Cooperatives of improving members of livelihood: case study of vision fund Micro Finance Institutions in Jimma town.Your participation is very important for the success of the study. Confidentiality will be assured and the information provided during this interview will be used only for the research purposes. Participation in this study will not affect one's membership. The purpose of this study is simply to gain a better understanding of the impacts of the SACCOs service in the society, so that its efforts may be improved so as to better serve its members. Therefore, I ask you to feel at easy and to provide frank and honest answers without fearing any persecution or disclosure. Researchers are only interested in analysis of collective feedback and not individual respondent information.

Thank You for Your Cooperation!

APPENDIX: 2

QUESTIONNAIRES

Please answer the following questions either by ticking the appropriate box where appropriate.

Section 1: the Factor influencing SACCOs on Demographic Factors on Members Livelihood Improvement

1. What is your gender? Male ☐ Female ☐
2. What is your age in years?

18-28 ☐

29-39 ☐

40-50 ☐

Above 51 ☐

3. Level of Education

A) Primary education ☐

b) Secondary education ☐

c) College /University/ and above ☐

4. What is your marital status?

a) Married ☐

b) Single ☐

5. What is the size of your household? …………

SECTION 2

Information related status of livelihood SACCOs members

1. **Are you improved your livelihood through member of SACCO?**

   YES ☐ **NO** ☐

2. If above question one you said what types of service you get?

   Access of low interest rate on loan ☐

   Job opportunity their family ☐

   Sponsensership on local community ☐

3. If above questions one you said no do you know the reason? Please specify it____

SECTION 3

The Factors influencing SACCOs Service Products on Members' Livelihood

Questions	Yes	No
1. Shares have help me improve my saving culture		
2. I have been educated on investing in shares		
3. The dividends I receive have increased my source of income		
4. I have used shares as collateral security to take loan.		
5. Obtaining loan is not complicated with processes and rules		
6. Jimma town SACCO provides me with a savings account		
7.Jimma town SACCO provides me standing order services		
8. Jimma town SACCO provides me with a safe custody of my assets/ valuables		
9. Types of loans offered are sufficient to meet my needs		
10. Loans have helped me educate my children and myself		

The Factors influencing SACCOs on local community (sponsorship) Livelihood Improvement for Its Members

Questions	Yes	No
1. The SACCOs services measures put in place are relevant to me through investing in local community		
2. The SACCOs services helps me for different social events		

3. (a) Does the monthly contribution you make sufficient to cover you and your dependents?

Yes ☐ No ☐

(b) If your answer is yes, please explain...

4. (a) Are there any improvements you would like to see your SACCO put in place to regarding Welfare Fund or insurance? Yes ☐ No ☐

(b) If yes, mention them…………………………

5. (a) Are there some improvements you would like your SACCO to consider in their creation of job opportunity? Yes ☐ No ☐

(b)If yes, mention them………………………………………………

6. (a) Are there some improvements you would like your SACCO to consider in their profit back to invest their community? Yes ☐ No ☐

(b)If yes, mention them……………………………………………

Section 3 Challenges of SACCOs on Members Livelihood Improvement

1. (a)Does your SACCO provide you with training and educational programmes?

Yes ☐ No ☐

(b)If yes, what type of training did you get?

2. How many times have you attended training programmes organized by your SACCO?

Never -------- Once ------------ Twice -------- Thrice ------------ More than 3 times ----------

3. (a)Do the programmers organized by your SACCO meet your educational needs?

Yes ☐ No ☐

(b)If yes, explain………………………………………………………………

4. Before I am given loan, I am educated and guided by SACCO in Jimma town on how to use it wisely. Yes ☐ No ☐
5. Is there any supervision on loan utilization and loan repayment? Yes ☐ No ☐
6. If yes, is it Satisfactory ☐ Not satisfactory ☐
7. Does your SACCO provide you with regular supervision? Yes ☐ No ☐
8. If yes how many times supervises per loan cycle? Once ---------- Twice--------- Three times and above ------------------

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