

## ASSESSING VILLAGE SAVINGS & LOAN ASSOCIATIONS AND HOUSEHOLD WELFARE IN SELECTED VSLA IN KAMULI DISTRICT. A CROSS-SECTIONAL STUDY.

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Page | 1

### Abstract Background

For over 100 years, household welfare has remained a major problem affecting a significant portion of the global population. The study aims to assess village savings & loan associations and household welfare in selected VSLA in the Kamuli district.

### Methodology

The cross-sectional survey design was employed to collect data. The sample size determination was performed using the Krejcie and Morgan (1970) table. The responses were coded and organized in tables to facilitate their interpretation. To analyze the data, we employed the Statistical Package for Social Sciences version 23.0 (SPSS).

### Results

The majority were females at 69% whilst males at 31%. The Pearson correlation coefficient testing the significance between savings and poverty was 0.450 and positive. The p-value for the Pearson coefficient ( $p = 0.000$ ) is less than 5% significance. The Pearson correlation coefficient testing the significance between loans and household welfare was 0.436 and positive which indicated a moderate positive significance between savings and poverty. The p-value for the Pearson coefficient ( $p = 0.000$ ) is less than 5% significance. The Pearson correlation coefficient testing the significance between entrepreneurship and poverty was 0.484 and positive. The p-value for the Pearson coefficient ( $p = 0.000$ ) is less than 5% significance.

### Conclusion

Respondents expressed skepticism regarding the capacity of savings to enhance financial security, stability, and independence a divergence from conventional wisdom. There was Skepticism about the efficacy of loans in various aspects of life and a divergence of perspectives among survey participants and key informants regarding various facets of entrepreneurship in the community.

### Recommendation

VSLAs should reconsider the punitive fines imposed on members who fail to repay their loans promptly.

**Keywords:** Village savings & loan associations, Household welfare, Kamuli district.

**Submitted:** 2024-04-16 **Accepted:** 2024-07-28

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### Background

For over 100 years, household welfare has remained a major problem affecting a significant portion of the global population, and efforts are being made to address this issue through the 2030 Global Agenda goal one of "improving household welfare and all its forms everywhere" (Gweshengwe et al. 2020). "Poverty is a state in which people lack the income and resources required to obtain the conditions of life that allow them to participate in their society" (UNDP, 2006). This deprivation can be measured in various dimensions, such as economic, social, and other forms of well-being. Uganda as a country is facing significant challenges with poverty. The country continues to experience high levels of poverty whilst enormous efforts are put in place (Government of Uganda, 2020). Over the past few decades, VSLAs have gained popularity as an escape strategy to address poverty. MFI offers monetary services

to the underprivileged, including savings, and credit, as a means to improve their economic and social wellbeing (Adams & Alade, 2015). Kahyarara and Wamala (2018) argue that microfinance facilities in Uganda largely focus on maximizing profits and providing loans to enterprises that are both small and medium-sized, agribusinesses. However, this approach has largely excluded the most vulnerable and marginalized populations. Sustainable Development Goals emphasize the importance of financial inclusion in reducing poverty and promoting sustainable economic development (United Nations, 2015).

VSLAs are an example of a microfinance model that can contribute to achieving these goals by promoting financial inclusion and empowering marginalized communities. There is a need to avail these amenities for the vulnerable which is critical to promoting economic development and reducing poverty. However, traditional microfinance

institutions have been criticized for their focus on profit and their failure to extend their services to the most marginalized communities. VSLAs come in handy to address these challenges since they are based on a community-driven approach that emphasizes social capital and trust. Members of VSLAs come together to pool their savings and can access credit from the pool. VSLAs are often led by women, who make up a significant proportion of the membership. Through nurturing financial literacy and empowering women, VSLAs have the potential to promote economic growth and reduce poverty in rural areas (Mukasa, 2015). Participating in saving groups had positive impacts on poverty reduction and human security (Masuda, R., 2021). The savings groups not only helped members save money and accumulate capital but also provided social and emotional support, and opportunities to acquire skills and knowledge. By reducing reliance on high-interest loans and informal borrowing methods, the groups helped members improve their financial management and become more independent. Financial exclusion limits marginalized groups such as women and youth (Simatele and Kabange, 2022). The study aims to assess village savings & loan associations and household welfare in selected VSLA in the Kamuli district.

## Methodology

### Research design

The cross-sectional survey design was implored to collect data at a specific period from the sample population. This design allows for the collection of information from a pre-determined population sample, making it cost-effective. The study will adopt a triangulation approach (mixed

methods approach) that is both quantitative and qualitative approaches will be used for collecting and analyzing data. Quantitative methods will be used to collect numerical data, test relationships, examine the effects of the variables under study, and measure concurrently both the exposure and outcome in the respondents. The quantitative approaches enable data collection from a sample of the broader population. On the other hand, qualitative approaches will focus on collecting non-numerical data using semi-structured interviews to provide comprehensive evidence and capture participants' opinions, attitudes, and views as highlighted by.

### Study population

Regarding the study population, it refers to the entire collection of members or units within a group that is relevant to a specific study. In this case, the study consisted of 150 members from selected VSLAs, 4 VSLA trainers, and 4 local leaders in the Kamuli District.

### Sample Size determination

A sample refers to a subset of a population that is chosen to represent the entire population, and findings from the sample are then generalized to the larger population. In this study, a representative sample of 108 participants was selected from a population of 150 individuals from selected VSLAs, 4 local leaders, and 4 VSLA Trainers. The sample size determination was performed using the Krejcie and Morgan (1970) table, which provides guidelines for selecting an appropriate sample size. The specific values and calculations for the sample size determination can be found in Table 1.

**Table 1 Sample size distribution and sampling technique**

Type of respondents	Population	Sample size	Sampling technique
Members from 5 selected VSLA'S	150	108	Simple random sampling
Local leaders	4	4	Purposive sampling
VSLA Trainers	4	4	Purposive sampling
<b>Total</b>	<b>159</b>	<b>116</b>	

*Source: Primary Data*

The study involved 116 participants, comprising 108 members from selected VSLAs, 4 local leaders, and 4 VSLA trainers.

### Sampling Technique and Procedure

To ensure an optimum sample size for the study, Kothari (2004) suggests that it ought not to be very vast or too trivial. The selected mockup should meet the criteria of efficiency, credibility, reliability, and flexibility. A random selection will be used to choose respondents for this study to avoid a biased exemplification. The beauty of this is that it is unaffected by bias and reduces classification errors. The researcher opted for this method to select 108 group members as it allows for the impartial selection of participants. Additionally, the researcher employed purposive sampling as the second method, which involves selecting 4 key VSLA trainers and 4 local

leaders. This technique allows the researcher to identify and select individuals who possess relevant knowledge and experience regarding the research topic. Notes that purposive sampling is frequently employed to identify cases that have the potential to provide valuable insights. It emphasizes the importance of selecting individuals who can effectively communicate their experiences and opinions. This approach enables the researcher to choose participants based on their knowledge, skills, and experience, thereby contributing to a better understanding of the research phenomenon. Participants' selection was based on careful consideration of their suitability and relevance to the research topic.

### Data Collection Methods

For this study, a combination of primary and secondary data was utilized. Primary data refers to information that

was collected firsthand from the field, through methods such as interviews, surveys, observations, or experiments. This original data collection process involved interacting directly with individuals or sources relevant to the research topic. On the other hand, secondary data was gathered by reviewing and analyzing existing sources of information. These sources may include textbooks, academic journals, articles, magazines, newspapers, reports, or online databases. The purpose of utilizing secondary data is to extract relevant information about poverty and VSLAs that can help address the research questions. By employing both primary and secondary data, the study aims to gather comprehensive and diverse sources of information. The primary data collection offered unique insights and perspectives directly from the field, while the review of secondary sources provided a broader understanding of the existing knowledge. This combination of data sources enhances the depth and breadth of the study's findings and supports a well-rounded analysis of the research questions. This study adapted the use of interviews and questionnaire survey methods;

### Questionnaire survey

A questionnaire survey is the collection of data using questionnaires. Data was gathered using self-administered questionnaires for data collection from the selected VSLA group members. This method involved collecting information from members who systematically are in VSLA. A questionnaire survey was used for this category of respondents to save time because their number is too big to interview let alone their ability to read and write. The questionnaire was adopted because it helps in the generation of constructive data and makes the results more dependable. Questionnaire surveys are known as one of the methods of data collection because it is less expensive to use as they focus on a sample rather than the entire elements of subjects (population) and attracts a higher response rate. It also offers greater assurance of anonymity which enables the respondents to give sensitive information without fear as their identity is not needed.

### Interviews

In this research, face-to-face interviews with key informants were employed as a primary data collection method. The interviews followed a semi-structured format. Interviews serve the purpose of delving into the life events and experiences of the participants to analyze the significance of the phenomena being studied. Interviews are particularly suitable when exploring sensitive topics, as they create a comfortable environment for respondents to engage in open dialogue. This method constitutes a critical component of our data collection for this study due to several advantages it offers. Interviews facilitate in-depth probing for additional information, clarification of responses, and the ability to capture the facial expressions and non-verbal cues of the interviewees. Furthermore, interviews provide the researcher with the opportunity to revisit and explore

issues that may have been overlooked in other data collection instruments but are essential to the overall scope of the study.

### Data Collection Instruments Questionnaire

A large sample of respondents was assessed by using questionnaires. The questionnaire consisted of structured questions ranked on the Likert scale. This approach was cost-effective and convenient for respondents, who filled out the questionnaire at their own pace. Using a questionnaire increases the likelihood of obtaining valid information for analysis.

### Interview Guide

The creation of this guide facilitated interviews with key respondents. The guide ensured that the questions asked enabled respondents to provide data aligned with the study objectives. Probing techniques were employed to clarify responses. The researcher used this guide to hold detailed discussions with local leaders about the determinants of poverty. Interviews are essential for obtaining specific information through verbal communication, and they also allow the researcher to address any potential oversights. This guide was used to gather data from local leaders and VSLA trainers.

### Observation Checklist

The checklist consisted of indicators such as housing conditions, sanitation, clothing, dietary habits, opportunities, and social amenities access to assess the level and nature of poverty in the selected households. Observations provided a comprehensive evaluation of the situation and verified the information provided by the respondents. This approach offered a more complete picture to complement obtained from other research instruments.

### Reliability and Validity of Instruments Data Validity

Data validity ensures that the collected data is accurate, reliable, and can be generalized to other populations. Content validity was assessed using the Content Validity Index (CVI), which allowed raters to individually evaluate the importance of items represented in an instrument. The CVI was assessed using a Likert-type scale with five possible responses. The researcher sought guidance from supervisors to assess the weight, omissions, wording, and transparency of questions or items in the instrument. 0.7 index which falls within the accepted statistical range of 0.5 to 1. An instrument was considered valid because the CVI score was equal to or greater than 0.7. This ensured the reliability, accuracy, and quality of the data to draw valid assumptions. Instruments that demonstrated a Composite Validity Index (CVI) exceeding 0.7 were considered to fall within acceptable ranges. To assess their reliability, the study employed Cronbach's Alpha Reliability Coefficient test. If the resulting values equaled or exceeded 0.7, the items within the instrument were

deemed reliable. The data collection instruments were designed using straightforward language and provided clear, respondent-friendly instructions. Before implementing them in the field, we conducted a pretest with 21 participants in the Kamuli district to ensure their suitability and effectiveness.

### Data Reliability

Cronbach's Alpha was used to measure the internal consistency of reliability indicating the extent to which items in a scale measure the same construct or concept. The recommended level of internal consistency for research instruments is 0.7 or higher. The pretest data of 21 respondents was analyzed using the Cronbach Alpha test, and the coefficient was found to be 0.943 was is higher than 0.7 hence making the instrument reliable.

Quality assurance in qualitative research adhered to the quality criteria established by Creswell (2003), encompassing four key strategies for assessing the quality of qualitative investigations: credibility, transferability, dependability, and conformability. To ensure the trustworthiness of the collected qualitative data, member checking was employed. After conducting interviews, debrief meetings with participants were held to confirm that the data accurately reflected the discussed content. Further, consistency in the data analysis was fortified through triangulation, where two independent researchers performed coding and analysis and compared their findings.

### Data Collection Procedures

The researcher obtained an introductory letter from TU and this letter was delivered to the Chief Administrative Officer of Kamuli District and the researcher was granted permission to conduct the study. The purpose was explained and the researcher ensured the ethical conduct and protection of the rights of the respondents was upheld. Anonymity and confidentiality were diligently maintained throughout the process of data collection and the handling of responses. Respondents were informed that their participation was entirely voluntary and that the research posed no direct or indirect threats to their well-being. During the interviews, the researcher made notes of key points as they were discussed. Subsequently, the data underwent coding, and analysis, and was utilized in the generation of the final report.

### Data Processing and Analysis

#### Quantitative Data Analysis

The questionnaire data was input into Microsoft Excel spreadsheets for data cleaning and error elimination. The responses were coded and organized in tables to facilitate their interpretation. To analyze the data, we employed the Statistical Package for Social Sciences version 23.0

(SPSS), which allowed the study to present the findings and statistics in the form of frequencies and percentages. Descriptive statistics were utilized to analyze the data, by the methodology outlined by Amin (2005). To investigate relationships and test hypotheses, inferential statistics were applied. This involved using Spearman's correlation coefficient to assess relationships between variables, and multivariate regression was conducted to measure changes in these variables. In the presentation of the findings, both tables and figures were used to visually represent the data. Frequency distribution tables were employed to tabulate data, illustrating percentages calculated. The quantitative data collected via questionnaires were analyzed using descriptive statistics, enabling us to measure and describe the relationships between various variables.

### Qualitative Data Analysis

To analyze qualitative data, content analysis is used to dissect findings derived from interviews with respondents. Content analysis was used to categorize verbal or behavioral data similarities and differences for classification, summarization, and tabulation where data was grouped in themes to derive meaning in a systematic and replicable manner.

### Measurement of Research Variables

Questions were developed on ordinal and nominal scales. The questionnaire used the five-point Likert scale (1 = Strongly Agree; 2 = Agree; 3 = Neutral; 4 = Disagree; 5 = Strongly Disagree). In analyzing the responses from the Likert scale, modes were computed to determine the prevailing thoughts of the participants.

### Ethical Considerations

Participants provided consent by signing a consent form during data collection. Before conducting interviews, respondents received accurate and comprehensive information about the study's objectives. They were not coerced into providing consent or completing the questionnaires.

The participant's privacy was ensured by securely storing all information collected during the research process and was only accessed by the researcher and research assistants who will help in data collection.

Participants' identities were protected, and their personal information was not divulged or made public to safeguard their privacy, and codes were used.

Proper attribution and authorization were ensured to avoid plagiarism. Language, ideas, photos, and other content from sources were appropriately paraphrased, cited, and referenced to avoid plagiarism and uphold intellectual and ethical standards. Participation was voluntary and no one was forced.

## Results

### Description of the studied respondents' characteristics.

**Table 2 Respondent background characteristics**

Variable	Percent
<b>Gender (n=100)</b>	
Male	31.0
Female	69.0
<b>Age (n=100)</b>	
18-24 years	12.0
25-34 years	21.0
35-44 years	34.0
45-54 years	16.0
55 years and above	17.0
<b>Education level (n=100)</b>	
No formal education	23.0
Primary Education	49.0
Secondary education	14.0
Tertiary education	14.0
<b>Marital status (n=100)</b>	
Married	76.0
Single	8.0
Divorced	8.0
Widow	8.0
<b>Household size (n=100)</b>	
1-3	21.0
4-6	57.0
Above 6	22.0
<b>Occupation (n=100)</b>	
Farmer	59.0
Self-employed	33.0
Civil servant	8.0

*Source: Field data (2024)*

Table 2 indicates the biodata of the respondents, the gender of the group members that were the majority were females at 69% whilst males at 31%. This showed that the highest percentage of respondents were females. Regarding age, the majority (34%) of the respondents are aged between 35-44 years, followed by 21% aged between 25-34 years, 17% aged 55 and above, 16% aged between 45-54 years and the least were 12% aged between 18-24 years. This indicated that the biggest number of the respondents were aged between 35-44 years. Most of the respondents attained primary education at 49%, followed by those who had no formal education at 23%, and those who have attained both secondary and tertiary education at 14% respectively. The highest number of respondents were married at a percentage representation of 76%, while those who were single, divorced and widows ranked each

at 8%. About household size in Kamuli District, the majority 57% had 4-6 household members, 22% had above 6 household members and 21% had the least having 1-3 household members. This implies that the majority have many household members which has highly kept them in poverty. 59% were farmers, 33% were self-employed and 8% were civil servants. This shows that the majority were farmers.

### **Descriptive statistics on Poverty**

The percentage distribution of the respondent's opinions about poverty are interpreted and the percentages of those who strongly disagreed and those who disagreed as compared to those who strongly agreed and those who agreed.

**Table 3 Respondents' Opinions Regarding Poverty**

Statements on Poverty	SD	D	NS	A	SA
I have land for expansion	16.0%	49.0%	9.0%	20.0%	6.0%
I eat three meals a day	21.0%	46.0%	6.0%	24.0%	3.0%
I have access to healthcare	18.0%	53.0%	5.0%	20.0%	4.0%
I have acquired multiple assets	17.0%	49.0%	10.0%	19.0%	5.0%
I provide quality education for my Children	15.0%	55.0%	8.0%	19.0%	3.0%
My household income has improved	17.0%	52.0%	4.0%	19.0%	8.0%

Source: Field data

The survey results paint a challenging picture for the respondents, with nearly half of them (49%) lacking access to land for expansion due to their concentration in camps, a substantial. The Majority (46%) struggled to secure three meals a day, and a significant majority (53%) faced difficulties in accessing healthcare due to the distance to Health Center Four. Moreover, the majority (49%) possess only a limited number of assets and are hopeful for future accumulation. Providing quality education to their children is a prevalent issue for most respondents (55%), and a similar majority (55%) indicated that their incomes have not shown any signs of improvement. These findings underscore the urgent need for support and intervention in these areas and expose critical gaps in reducing poverty in Kamuli District. The findings specifically revealed that there are gaps in the quality of education the children receive as well as access to health care. To affirm the above findings, key informant respondents had this to say;

*"In my situation, the lack of land for expansion has been a persistent issue that affects every aspect of our livelihood. We don't have the opportunity to secure more land because we're confined to camps. My family and I dream of having a larger space to cultivate crops and maybe even rear livestock. With more land, we could diversify our sources of food and income, ultimately improving our living conditions and overall quality of life. It's a desire we've held for a long time, and it's disheartening to feel that it remains out of reach"* (KII, February 2024).

Additionally, another key informant respondent had this to say:

*"When it comes to securing three meals a day, it's a daily struggle for my family and me. We often find it difficult to ensure that we all have enough to eat. Our meals consist of basic staples, and we sometimes have to make choices between quantity and quality. There have been days when we've had to skip meals to make our resources last longer. It's a constant worry and an ongoing challenge to put nutritious food on the table"* (KII, February 2024).

Another respondent had this to say;

*"Accessing healthcare has been a major challenge for me and my community. The health center, located far from our area, makes it difficult to reach when needed, and the journey is long and arduous. This lack of timely medical care has, at times, put our health at risk. We desperately need a more accessible healthcare solution to ensure the well-being of our community"* (KII, February 2024).

Similarly, another respondent had this to say;

*"As for owning assets, I only have a few items like a small radio. My hope, like others in the survey, is to accumulate more assets in the future. I see my neighbors with solar panels, bicycles, motorcycles, and other valuable possessions, and it motivates me to work toward a better quality of life for my family. We're eager to improve our standard of living and provide a more secure future for our children. It's a goal that keeps us focused on making the most of our limited resources"* (KII, February 2024).

**Descriptive statistics on VSLA.**

**Table 4: Respondents' opinions on VSLA**

Statements on VSLA (Savings, Loans and Entrepreneurship)	SD	D	NS	A	SA
People save willingly with VSLA groups	29.0%	39.0%	5.0%	21.0%	6.0%
I easily access my savings in case of Emergencies	33.0%	37.0%	5.0%	19.0%	6.0%
I have more than one source of Income	36.0%	32.0%	6.0%	20.0%	6.0%
I save money regularly	25.0%	44.0%	5.0%	19.0%	7.0%
Is your household income sufficient to meet all basic needs (food, shelter, clothing, education, sanitation)	24.0%	42.0%	8.0%	16.0%	10.0%
Did you start any income generation activity as a result of participating in the saving group?	22.0%	47.0%	3.0%	18.0%	10.0%
The interest rate is favorable	17.0%	42.0%	4.0%	25.0%	12.0%
Members access loans whenever they Want	21.0%	35.0%	3.0%	28.0%	13.0%
I took a loan for a house improvement	17.0%	33.0%	9.0%	31.0%	10.0%
I took a loan to start or expand my Businesses	17.0%	44.0%	2.0%	28.0%	9.0%
The loan repayment rate is low	6.0%	29.0%	4.0%	39.0%	22.0%
I received entrepreneurship training	10.0%	41.0%	19.0%	22.0%	8.0%
I operate a small business	19.0%	40.0%	10.0%	21.0%	10.0%
I believe Entrepreneurship creates Jobs	20.0%	40.0%	3.0%	27.0%	10.0%
I have a backyard garden	22.0%	37.0%	11.0%	20.0%	10.0%
Does Entrepreneurship provide skills and knowledge	18.0%	39.0%	9.0%	25.0%	9.0%

*Source: Field data (2024)*

Table 4 regarding people saving willingly with VSLA groups shows that 29% strongly disagreed, 39% disagreed, 5% were not sure, 21% agreed and 6% strongly agreed. These results denote that the majority 39% of respondents disagreed on the matters regarding people saving willingly. The qualitative findings revealed that certain key informants held the view that members might not be ready to adhere to the requirements established by the VSLA. Additionally, some members, although willing to save, encountered difficulties in doing so, as evidenced by the following quotations: Key Respondent D, who serves as the chairperson of one of the Village asserted that;

*"Some members would like to save with the VSLA, but they are obligated to pay membership fees and face substantial fines if they fail to repay loans promptly. This compels some of them to resort to saving in small containers at home, banks, or other groups with more favorable conditions, as participation in the VSLA is not mandatory" (KII D, February 2024).*

The previous response indicates that within VSLA groups, there is a significant emphasis on implementing internal controls that assess the potential, dedication, and diligence of prospective members both before and after their

admission. This rigorous approach is intended to identify and exclude individuals who may default on their obligations, ultimately ensuring the ongoing and seamless operation of the groups. The perspective conveyed above contrasts with the viewpoint of another Key Informant, who happens to be a Trainer for these VSLA groups. This trainer emphasized that;

*"Members are educated about the savings culture, and joining the VSLA is entirely voluntary. Many members are eager to save, although some face challenges due to limited income sources. For instance, I encountered a group member who expressed curiosity about VSLA operations; she received training but couldn't commence saving because she lacked a stable income. Therefore, the willingness of individuals to save should be evaluated with consideration for various factors, such as attendance at training sessions" (KII B, February 2024).*

The aforementioned responses highlight the varied perspectives among members regarding their willingness to save, which can potentially impact the initiatives aimed at enhancing household well-being. This underscores the importance of the Government of Uganda placing greater emphasis on training programs to shift attitudes and perceptions among members regarding savings.

Furthermore, in regards to the statement I easily access my

savings in case of emergencies shows that 33% strongly disagreed, 37% disagreed, 5% were not sure, 19% agreed and 6% strongly disagreed that people are willing to save with VSLA. This implies that the majority (37%) of the members disagreed that people save willingly with VSLA. One of the key informants noted;

*"In my view, while saving is undoubtedly important for financial security and preparedness, it may not always guarantee a swift solution when emergencies arise. Emergencies can be unpredictable and often require immediate access to funds that might exceed what individual savings can provide. For instance, consider a sudden medical emergency where hospital bills need to be paid urgently. Relying solely on personal savings might not be sufficient, especially when medical expenses can be exorbitant. In such situations, having access to other financial resources, such as insurance or a support network, can be equally or even more crucial than personal savings. Furthermore, emergencies can come in various forms – natural disasters, unexpected job loss, or unforeseen family crises. Each of these scenarios may demand a different response, and it's unrealistic to expect that saving alone can adequately address all of them. Therefore, while saving is an essential financial habit, it should be complemented with a well-rounded approach to emergency preparedness that includes multiple strategies beyond just personal savings"* (KII A, February 2024).

On the statement that I have more than one source of income revealed that 33 (33%) strongly disagreed, 37 (37%) disagreed, 5 (5%) were not sure, 19 (19%) agreed and 6 (6%) strongly agreed that savings provide financial stability. This shows that the majority (37%) of the respondents disagreed with the statement. Conversely, Key Respondent C said that,

*"Well, I have a somewhat different perspective. I understand that life on the island can be tough, but having multiple income sources has been a lifeline for many of us here. For instance, my family relies on fishing, farming, and some small trade within the camp. These income sources, while they may not always provide large sums, collectively help us maintain a sense of financial stability. It's like a safety net. When one source faces challenges, the others often help us bridge the gap. So, in my experience, I would have to disagree with the findings, at least from my standpoint"* (KII C, February 2024).

In addition, another respondent had this to say;

*"Certainly, living on Kamuli Island, especially in the camps, can be quite challenging. While it's true that we have various income sources like fishing and farming, it's often unpredictable. The prices of fish keep fluctuating, and our crops are susceptible to weather conditions. So, there's a level of financial instability that comes with relying on these sources. Many of us have experienced the reality here is that having multiple sources of income doesn't always equate to financial stability"* (KII A, February 2024).

The statement that I save money on a regular basis shows that 25 (25%) strongly disagree, 44 (44%) disagree, 5 (5%) were not sure, 19 (19%) agreed and 7 (7%) strongly agreed that they save money on a regular basis

saving. This implies that the majority (44%) of the members disagreed that they save money each time they meet.

*"Savings act as a form of collateral when applying for loans with a minimum interest rate of 1% per week. To illustrate, a member with a total savings of 100,000/= can potentially access a loan of up to 300,000/=. This incentivizes members who aspire to secure larger loans to increase their savings, therefore the more you save on every weekly sitting, the higher your chances of getting access to the funds they require for their chosen purposes"* (KII B, February 2024).

The earlier response emphasizes that savings play a crucial role in determining the borrowing capacity within VSLA groups. This underscores the importance of actively promoting VSLA group membership throughout the district and encouraging existing members to boost their savings. Such efforts can significantly enhance the financial well-being and prospects of all participants.

Findings on the statement Is your household income sufficient to meet all basic needs revealed that 24% strongly disagree, 42% disagree, 8% are not sure, 16% agree and 10% strongly agree that saving aid education and health expenses. This implies that the majority 42% of the members disagreed that members are in a position to provide their households with basic needs. One of the key informants noted;

*"While I wholeheartedly believe in the importance of saving money, it's become increasingly challenging to rely solely on personal savings to meet the ever-growing costs of education and healthcare. Take education, for instance; tuition fees seem to rise every year, and it's difficult to keep pace with those increases through savings alone. Additionally, health expenses can be incredibly unpredictable, and even a well-padded savings account may not suffice in the face of a major medical crisis. In such cases, insurance or other financial resources become essential. While saving is undoubtedly a valuable financial habit, it's essential to acknowledge its limitations when it comes to these specific expenses"* (KII B, February 2024).

On the contrary, another respondent stated that;

*"In my personal experience, diligent savings have proven to be a lifeline when it comes to managing these critical aspects of life. Education expenses for my children, for instance, are significant, and without the savings I've accumulated over the years, I'd be facing substantial debt or struggle to provide quality education for them. Similarly, health emergencies can be financially draining, but having a well-maintained savings fund has given me peace of mind and the ability to handle unexpected medical bills without undue stress. For me, saving has truly been a reliable financial tool for ensuring the well-being and prospects of my family"* (KII C, February 2024).

Table 5 on the statement the interest rate is favorable revealed that opinions on the favorability of the interest rate were diverse among respondents. Specifically, 17% strongly disagreed, 42% disagreed, 4% were uncertain, 25% agreed, and 12% strongly agreed that the interest rate was favorable. Notably, the majority (42%) expressed



disagreement with the idea that the interest rate is favorable, while 25% of the surveyed individuals believed that the interest rate is indeed favorable. Key Informant E, during the interview, aligned with the majority perspective by stating;

*"I believe the interest rate is quite high. It can be a burden for some members, especially those who take larger loans. Because cases are usually brought to me concerning members who fail to clear up their loans. This involves selling their belongings like household staff where I have to witness to clear off the loans they owe to the group" (KII E, February 2024).*

A wide range of perspectives regarding the ease of members accessing loans. Specifically, 12% strongly disagreed, 35% disagreed, 3% were uncertain, 28% agreed, and 13% strongly agreed with the notion that members can access loans easily. It's noteworthy that the majority (35%) disagreed with the idea that the interest rate is favorable, while 28% of the surveyed individuals believed that members can easily access loans when needed. For instance, Key Informant F, during the interview, expressed his view by stating that;

*"In my experience, members generally find it quite straightforward to obtain loans. The VSLA group has streamlined the process, and as long as they meet the requirements, members can usually access loans without too much hassle" (KII F, February 2024)*

Moreover, Table 5 displays data illustrating the opinions of survey respondents regarding whether they took a loan to start or expand a business revealed that 17% strongly disagreed 44% disagreed, 2% were uncertain, 28% agreed, and 9% strongly agreed with the concept that loans are taken to fund startups or expand businesses. It is worth highlighting that the largest proportion of respondents (44%) expressed a negative stance on the notion that obtaining loans enhances business expansions. A key informant had this to say;

*"Members do take loans to initiate or expand business ventures within the camp, contributing to the economic sustainability of families. These loans are characterized by their small, short-term nature and low interest rates, making them accessible to self-employed individuals or members interested in launching businesses with minimal capital requirements or small-scale enterprises with a limited number of employees. These loans typically range from 50,000 to 3,000,000 Ugandan Shillings and are intended for business establishment" (KII A, February 2024).*

The findings in Table 5 provide additional insights into the respondents' perspectives on taking loans to improve their houses. Specifically, it reveals that 16% strongly disagreed, 39% disagreed, 3% were unsure, 31% agreed, and 11% strongly agreed to have improved their houses. It's noteworthy that a significant majority (39%) of respondents disagreed that they took loans to improve their houses. A respondent had this to say;

*"There are group members who used loans to purchase solar panels for lighting. In our communities, access to reliable electricity is a big challenge, and many households rely on kerosene lamps for lighting, which poses both safety and health hazards. Recognizing this*

*need for better lighting, some members decided to take loans from the VSLA group to invest in solar panels" (KII C, February 2024).* With loans, members were able to acquire the necessary solar equipment, some cemented their houses, and others bought iron sheets to construct and roof their houses which significantly improved the quality of life for their families. Solar panels provide a safer, more sustainable, and cost-effective source of lighting. Moreover, it has positive implications for the children's education, as they can now study in the evenings without straining their eyes. In this case, the loan from the VSLA group directly contributed to an improvement in housing conditions by providing a clean and reliable source of lighting.

Table 5 provides additional insights into survey participants' perceptions of the loan application process. Specifically, the data indicates that 17 individuals (17%) strongly disagreed, 33 individuals (33%) disagreed, 9 individuals (9%) were uncertain, 31 individuals (31%) agreed, and 10 individuals (10%) strongly agreed with the idea that the loan application process is straightforward. Notably, a substantial majority (33%) of respondents expressed the belief that the process is indeed complicated, while 31% held the view that it is not.

The findings in Table 5 further show a wide range of perspectives revealing that the rate at which members pay back is low. Specifically, 6% strongly disagreed, 29% disagreed, 4% were uncertain, 39% agreed, and 22% strongly agreed with the notion that members can access loans easily. It's noteworthy that the majority (39%) disagreed with the idea that the interest rate is favorable, while 22% of the surveyed individuals believed that members can easily access loans when needed. A key informant noted that;

*"Businesses use loans to manage their day-to-day operations. In this community, these loans help cover operational expenses until earnings reach a certain level. When members have good credit and a solid business plan, VSLAs offer short-term financial support for businesses to start and grow" (KII F, February 2024).*

The comment provided by Key Informant F underscores the significance of small loans in facilitating their daily business operations. Within this camp, small businesses often rely on these loans to cover their operational expenses until their earnings reach a sustainable level. When members have a commendable credit history and a well-structured business plan, VSLAs extend financial support which enables businesses to establish themselves and flourish. This highlights the pivotal role that loans play in fostering business growth by ensuring the smooth management of essential operational costs. Another respondent has this to say;

*"Obtaining a loan involves a meticulous process in which members are required to establish a clear repayment strategy. Within the VSLA (Village Savings and Loan Association), a thorough assessment is conducted by reviewing members' passbooks, examining their total share contributions, and assessing their previous repayment history. This comprehensive evaluation aims to determine the borrowers' capacity to repay the loan effectively. This system underscores the importance of due*

*diligence among camp residents" (KII C, February 2024).* More results further highlighted the statement of whether members received entrepreneurship training. To be specific, the data shows that 10 individuals (10%) strongly disagreed, 41 individuals (41%) disagreed, 19 individuals (19%) were uncertain, 22 individuals (22%) agreed, and 8 individuals (8%) strongly agreed that members have received entrepreneurship training. It's worth noting that a significant majority (41%) of respondents held the opinion that the members did not receive the training while 22% believed that members indeed received entrepreneurship training. Key Informant E, in his interview, expressed disagreement with the statement stating that;

*For example, some of them sell charcoal, pancakes, vegetable stalls, fish stalls, some sell fried cassava among others" (KII D, February 2024).*

In addition, the findings on the statement I operate a small business revealed that 22% strongly disagreed, 47% disagreed, 3% were not sure, 18% agreed and 10% strongly agreed that saving upturns working capital. This implies that the majority 47% of the members disagreed that savings provide capital for the members. According to a key informant B, who serves as a trainer, members predominantly initiate and manage their businesses with limited resources. They are responsible for bearing all the risks and rewards associated with their entrepreneurial endeavors.

Additionally, this perspective was corroborated by another key informant, reinforcing the idea that members commonly engage in various income-generating activities such as pancake selling, operating small restaurants, vending vegetables, running retail shops, and making chapattis to augment their earnings. This signifies that a portion of the members has proactively taken the initiative to establish small businesses, aiming to improve their household welfare and ultimately alleviate poverty. In contrast to the prevailing statistics and key informant accounts, one respondent voiced a different perspective. This individual disagreed with the assertion that members have ventured into income-generating activities. Their explanation revolved around the idea that while members may aspire to start businesses, their saving capacity is often insufficient to secure the necessary loans for business initiation. Additionally, they pointed out that those who have managed to kickstart their businesses, often face significant challenges. This respondent emphasized,

*"Many of the businesses that have been started don't even make it through the first year, and sadly, some of the entrepreneurs do not survive the early stages. It's a harsh reality" (KII A, February 2024).*

Findings on a wide range of perspectives in regards to entrepreneurship create employment. Exclusively, 20% strongly disagreed, 40% disagreed, 3% were uncertain, 27% agreed, and 10% strongly agreed that entrepreneurship creates employment. It's worthy to note that the majority (40%) disagreed with the idea that entrepreneurship creates employment while 27% of the surveyed individuals believed that members who have started businesses have employed other people. The

*"From my perspective, it appears that most members have not received entrepreneurship training. I've interacted with several members who lack fundamental business knowledge and skills, which suggests a gap in training." (KII E, February, 2024)*

On the other hand, Key Informant D shared a different perspective had this to say;

*"I've observed that a significant number of members have indeed received entrepreneurship training. They seem better equipped with business skills and strategies, and it reflects positively in their businesses' operations and growth, this is evidenced by the small businesses they've started especially those who didn't have them before for*

responses from qualitative data seem to indicate that the majority of members experience the problem of inadequate capital to start and run some entrepreneurship on a larger scale where they can ably provide jobs for other people within the community. A key informant noted that;

*"The major challenge faced by members to start any business is lack of enough capital to start, these people are innovative and knowledgeable but the capacity to start a business is still quite challenging" (KII B, February 2024).*

It was also highlighted by one of the Key informants C that;

*"Some members who are into farming, especially those that are into palm tree farming are the ones who occasionally give jobs to some members to help them in planting these trees, and this isn't sustainable because it happens once in a while and most of them prefer to work with the oil palm project directly since their pay is way better" (KII C, February 2024).*

Table 5 offers further insights on whether survey participants have backyard gardens. To be explicit, the data shows that 22 individuals (22%) strongly disagreed, 37 individuals (37%) disagreed, 11 individuals (11%) were uncertain, 20 individuals (20%) agreed, and 10 individuals (10%) strongly agreed that members have received entrepreneurship training. It's worth noting that a significant majority (37%) of respondents held the opinion that most members don't have backyard gardens, only a few do. A key respondent who is a trainer had this to say;

*"As the trainer for these group members, I've had the opportunity to provide them with comprehensive training on backyard gardening techniques. It's been a rewarding experience to see them absorb this knowledge and become equipped to cultivate their vegetables. However, in practice, I've noticed that only a select few have taken the initiative to implement what they've learned. Some members have demonstrated creativity by planting vegetables in bottles or repurposed plastics, while those with larger backyard spaces have also embraced the concept and initiated planting. It's heartening to witness these efforts and the enthusiasm they bring, but it's evident that there's still room for more members to put their training into action. With continued support and encouragement, I believe we can inspire even more of our members to cultivate their backyard gardens for*

*sustainable food production*" (KII C, February 2024).

The data shows that 18 individuals (18%) strongly disagreed, 39 individuals (39%) disagreed, 9 individuals (9%) were not sure, 25 individuals (25%) agreed, and 9 individuals (9%) strongly agreed that members have received entrepreneurship provides skills and knowledge. It's worth noting that a significant majority (41%) of respondents held the opinion that the members did not receive the training while 22% believed that members indeed received entrepreneurship training. The key respondents had the following to say;

*"As a trainer, I have noticed that there is indeed a range of awareness among our group members regarding the benefits of entrepreneurship training. Some individuals actively seek out and embrace the training programs we offer, recognizing the value of acquiring new skills and knowledge. For them, entrepreneurship is a path to personal and professional growth. However, I've also encountered participants who initially held doubts about whether entrepreneurship could provide them with valuable skills and knowledge. Through our training sessions, I've witnessed a transformation in their understanding as they realize the practical skills and knowledge they gain, which empowers them to pursue entrepreneurial ventures with confidence"* (Key Informant

A).

In addition, another key informant had the following to say;

*"As a local leader, I've had the opportunity to engage with members of our community on various topics, including entrepreneurship. There's a spectrum of awareness among our residents. Some individuals are proactive in seeking out entrepreneurship training and are keenly aware of the skills and knowledge it can offer. On the other hand, I've encountered community members who are less informed about these opportunities. They may not fully grasp the potential benefits of entrepreneurship in terms of skill development and knowledge acquisition. As a leader, part of my role is to bridge this awareness gap by promoting and facilitating access to entrepreneurship training, ensuring that more of our residents can benefit from the valuable skills and knowledge it provides"* (Key informant D).

### VSLA and Household Welfare: Inferential Statistics Correlation Analysis Between Savings and Household Welfare

**Table: 6 Pearson Correlation coefficient of the contribution of savings to poverty**

		Savings	Household welfare
<b>Savings</b>	Pearson Correlation	1	.450(**)
	Sig. (2-tailed)		.000
	N	100	100
<b>Poverty</b>	Pearson Correlation	.450(**)	1
	Sig. (2-tailed)	.000	
	N	100	100

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

The Pearson correlation coefficient testing the significance between savings and poverty was 0.450 and positive which indicated a moderate positive significance between savings and poverty. The p-value for the Pearson coefficient (p = 0.000) is less than 5%

significance. This result therefore implied a significant positive relationship between savings and poverty. The analysis went further to establish the significance and magnitude effect of savings on poverty.

**Table 7: Regression results for the effect of savings on household welfare.  
 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.450(a)	.202	.194	.81266

*a Predictors: (Constant), savings on household welfare*

**ANOVA(b)**

Model	Some of Squares	df	Mean Square	F	Sig.
1 Regression	16.399	1	16.399	24.831	.000(a)
Residual	64.721	98	.660		
Total	81.120	99			

*a Predictors: (Constant), savings on Household Welfare*  
*b Dependent Variable: Household welfare*

**Coefficients(a)**

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	B	
(Constant) savings	1.585	.186		8.516	.000
	.347	.070	.450	4.983	.000

*a Dependent Variable: Household welfare*

The coefficient of determination (Adjusted R2) was 0.194 indicating that Savings explain 19.4% of the variation in poverty in Kamuli District. Notably, there is an 80.6% variation in poverty which can be explained by other factors besides the contribution of savings. Regarding the Analysis of Variance (ANOVA) results, the p-value for the F-statistic was On improving household welfare” was accepted. In terms of the magnitude of effect, the standardized beta coefficient was 0.450 indicating that saving dimensions

0.000 which is less than a 5% significant level indicating that the regression model which was fitted to predict the effect of savings on poverty was statistically significant. Hence the alternate hypothesis that; "there is a significant contribution of savings

such as regular savings, accumulated shares, people saving willingly, and having more than one income source would improve household welfare by 45%.

**Correlation analysis between Loans and Household welfare.**

**To establish whether there was an influence between loans and poverty reduction, a correlation analysis was carried out.**

**Table 8 Pearson Correlation coefficient of the contribution of loans on household welfare**

		Loans	Household welfare
<b>Loans</b>	Pearson Correlation	1	.436(**)
	Sig. (2-tailed)		.000
	N	100	100
<b>Poverty</b>	Pearson Correlation	.436(**)	1
	Sig. (2-tailed)	.000	
	N	100	100

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

The Pearson correlation coefficient testing the significance between loans and household welfare was 0.436 and positive which indicated a moderate positive significance between savings and poverty. The p-value for the Pearson coefficient (p = 0.000) is less than 5%

significance. This result therefore implied a significant positive relationship between savings and poverty. The analysis went further to establish the significance and magnitude effect of savings on household welfare.

**Table 9: Regression results for the effect of loans on household welfare.**  
**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.436(a)	.190	.182	.81869

*Predictors: (Constant), loans*

**ANOVA(b)**

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	15.435	1	15.435	23.029	.000(a)
Residual	65.685	98	.670		
Total	81.120	99			

*a Predictors: (Constant), loans*

*b Dependent Variable: household welfare*

**Coefficients(a)**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta	B	Std. Error
(Constant)	1.250	.257		4.863	.000
loan	.417	.087	.436	4.799	.000

*Dependent Variable: Household welfare*

The coefficient of determination (Adjusted R<sup>2</sup>) was 0.182 indicating that loans explain 18.2% of the variation in household welfare in Kamuli District. Remarkably, there is an 81.8% variation in household welfare which can be explained by other factors besides the contribution of loans.

Regarding the Analysis of Variance (ANOVA) results, the p-value for the F-statistic was 0.000 which is less than a 5% significant level indicating that the regression model was fit to predict the effect of

loans on household welfare and was statistically significant. Hence the alternate hypothesis that; "there is a significant contribution of loans on improving household welfare" Was accepted. In terms of magnitude of effect, the standardized beta coefficient was 0.436 indicating that loans for example making the interest rate favorable, members accessing loans with easy, members taking up loans to start businesses, improving their houses, and paying back their loans on time would improve household welfare by 43.6%.

**Correlation analysis between entrepreneurship and household welfare.**

**Table 9: Pearson Correlation coefficient of the contribution of entrepreneurship on household welfare**

		Entrepreneurship	Household welfare
<b>Entrepreneurship</b>	Pearson Correlation	1	.484(**)
	Sig. (2-tailed)		.000
	N	100	100
<b>Poverty</b>	Pearson Correlation	.484(**)	1
	Sig. (2-tailed)	.000	
	N	100	100

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

The Pearson correlation coefficient testing the significance between entrepreneurship and poverty was 0.484 and positive which indicated a moderate positive significance between entrepreneurship and poverty. The p-value for the Pearson coefficient ( $p = 0.000$ ) is less than

5% significance. This result therefore implied a significant positive relationship between entrepreneurship and poverty. The analysis went further to establish the significance and magnitude effect of savings on poverty.

**Table 10: Regression results for the effect of entrepreneurship on household welfare.**  
**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.484(a)	.234	.226	.79635

a Predictors: (Constant), Entrepreneurship

**ANOVA(b)**

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	18.971	1	18.971	29.914	.000(a)
Residual	62.149	98	.634		
Total	81.120	99			

a Predictors: (Constant), Entrepreneurship

b Dependent Variable: household welfare

**Coefficients(a)**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta	B	Std. Error
(Constant)	1.341	.213		6.306	.000
Entrepreneurship	.406	.074	.484	5.469	.000

a Dependent Variable: household welfare

The coefficient of determination (Adjusted R<sup>2</sup>) was 0.226 indicating that entrepreneurship explains 22.6% of the variation in household welfare in Kamuli District. Remarkably, there is a 77.4% variation in poverty which can be explained by other factors besides the contribution of loans. Regarding the Analysis of Variance (ANOVA) results, the p-value for the F-statistic was 0.0 which is less than a 5% significant level indicating that the regression model was fit to predict the effect of entrepreneurship on household welfare and was statistically significant. Hence alternate hypothesis that; "there is a significant contribution of entrepreneurship on household welfare" was accepted. In terms of magnitude of effect, the standardized beta coefficient was 0.484 indicating that entrepreneurship for example receiving entrepreneurial training, more members venturing into businesses to create more jobs, and members getting all the required skills and knowledge about entrepreneurship would reduce poverty by 48.4%.

**Discussion**

**Contribution of savings and household welfare in Kamuli District**

The study found out that savings don't enhance financial security and stability however a unit increase in savings will lead to 0.168 unit increases in poverty reduction. The second level of Maslow's hierarchy of needs theory which revolves around the need for security and safety disagrees with the findings because this level entails the desire to achieve a sense of stability and protection from various uncertainties, dangers, and fears, among other concerns. When individuals feel financially secure and protected, it can lead to greater life satisfaction, a better quality of life, and a higher sense of well-being, Chipunza, et al. (2023). Moreso, Brooks (2022) asserts that mastering the art of safeguarding your financial stability is a crucial life skill. It doesn't require extraordinary intelligence; rather, it calls for an understanding of some basic principles, the development of a strategic approach, and a willingness to stick to it. Keep in mind that the returns on your

investments are never guaranteed. Just like in other aspects of life, if you diligently plan for financial security and remain open to making necessary adjustments along the way, you can mitigate concerns about the eventual outcome.

The study found out that Members are not willing to save with VSLA. This is not in agreement with Hugh et al (2007) who note that since joining the group is self-selected where no member is forced to join the VSLA, therefore his findings disagree with the study results that members are unwilling to save with their group. Additionally, according to Banerjee et al. (2012), VSLA plays a crucial role in instilling a savings culture within its member groups. Their research findings indicated that individuals who participated in these groups and actively saved were in a more advantageous financial position compared to non-members. This was primarily because their household income had improved. A comparative analysis of the monthly family income and consumption expenditure between group members and non-members revealed a noteworthy increase in the average monthly family income and consumption expenditure, considering current prices. Particularly significant was the financial progress observed among group members who had initiated small businesses following their association with the group.

The research outcomes indicated that saving alone may not necessarily foster financial literacy and independence. However, in contrast, Marsden et al. (2020) argued in their study that saving groups play a pivotal role in advancing financial inclusion and empowerment. This perspective differs from the findings of the study. Moreover, these groups serve as a platform for participants to unlearn, relearn, and acquire various life skills and dynamics. Members can initiate small businesses and practice savings within these groups. Furthermore, Masuda (2021), in his research, highlights that group members gain valuable skills and knowledge that aid them in improving their financial management, thereby achieving greater independence. This contributes to the maturation of financial resilience and stability among the members, facilitated by access to financial education and resources. The results suggest that saving alone may not consistently facilitate investment in income-generating ventures. In contrast, Maganga (2021) in their research highlighted that members often utilize their savings to initiate business enterprises. The study revealed that savings do increase household income, aid education expenditure, and health expenses. These findings concur with Hardi (2018) who found out that VSLA members had lower medical expenditures which reduced health expenses, and also being part of a VSLA improved the education of school-going children hence reducing the rate of dropping out of school within families.

### **Contribution of loans on household welfare in Kamuli District**

The study also found that members don't access loans whenever they want since there is a process that a member has to first fulfill before they get the loans. This is by

Addae-Korankye, A., (2020) in her study noted that a member indeed requires collateral (in this case savings) before going ahead to take a loan. If the amount being requested by the members exceeds the total or available loan fund, the group decides who gets the loan first most times depending on the criterion set out in their constitution Klonner (2008).

The findings show that acquiring loans increases household incomes. Village Savings and Loan Associations provide individuals in rural areas with a safe platform to save small sums of money. These loans help the members to access basic needs for their households hence helping them out of poverty (Allen & Staehle, 2007).

The study findings indicated that loans play a significant role in facilitating the acquisition of assets. Khan et al. (2020) observed in their research that members utilize the loans they obtain for productive purposes, such as purchasing items like mattresses, cookware, land, and solar panels, among others.

The study's results also demonstrated that loans serve as startup capital and contribute to the initiation or expansion of existing businesses. This aligns with the findings of Arthur and Turkson (2021), who found that self-help groups extend loans to economically disadvantaged individuals who face limitations in accessing traditional borrowing avenues. Through this credit provision, these individuals are empowered to launch small businesses, ultimately enhancing their economic well-being. Access to credit not only alleviates poverty levels but also promotes investments in profitable ventures that generate income. Furthermore, loans strengthen the financial capabilities of women, enabling them to overcome traditional stereotypes and put their financial resources to more effective use, as suggested by Singh (2015). This highlights the transformative impact of loans on individuals, particularly women, by providing them with opportunities to enhance their financial independence and contribute to economic growth. Also in 2018, Jaka and Shava found that women who were members of savings groups had better access to credit and were more likely to invest in income-generating activities.

### **Contribution of Entrepreneurship on household welfare in Kamuli District.**

The study findings showed that there is a moderate relationship between entrepreneurship and household improvement. This is in agreement with previous research by Tackie, E. A., Chen, H., Ahakwa, I., Atingabili, S., & Ansah, K. A. (2022) established a correlation between indigenous enterprises and the improvement in household welfare. The study findings show that most respondents disagreed that members have ventured into businesses. This is in agreement with Daher, M., Rosati, A., & Jaramillo, A. (2022) who in their study found that a significant hurdle faced by aspiring entrepreneurs is the absence of initial capital. Most entrepreneurship programs primarily rely on credit, which places financial burdens on families during the critical early stages of their small businesses. Unfortunately, this often results in

repayment challenges, leading to financial losses rather than profits. In this context, it can be argued that savings represent a more viable and sustainable approach to kickstarting small businesses.

The study findings shed light on the prevailing perception among the majority of respondents, who concurred that entrepreneurship plays a pivotal role in employment generation. This aligns with the research conducted by Datta and Sahu (2021), which uncovered a similar trend within the context of obtaining loans. Their study revealed that acquiring loans had a positive impact on group members, facilitating their engagement in entrepreneurial endeavors aimed at creating jobs within their communities. This, in turn, contributed to an incremental improvement in the overall living standards of these individuals over time. This convergence of views underscores the significance of entrepreneurship, not only as a means of individual economic empowerment but also as a catalyst for community development. It emphasizes the critical role that access to loans and entrepreneurial activities can play in addressing unemployment challenges, especially in disadvantaged areas. Furthermore, it highlights the potential for microfinance initiatives and self-help groups to facilitate job creation and elevate the quality of life for individuals and communities, aligning with the broader goals of poverty alleviation and sustainable development.

The study findings showed that several respondents disagreed that entrepreneurship provides knowledge and skills. This is in agreement with the research conducted in Ghana by Asitik, A.J., (2023) revealed that the limited availability of financial resources and the suboptimal level of human capital within communities present significant obstacles to achieving substantial entrepreneurial skills and knowledge, growth, and long-term viability. In contrast, Karlan, D., & Valdivia, M. (2011) found out that individuals from low-income backgrounds who are self-employed typically lacked formal training in business skills therefore an enhancement in business knowledge gained through training positively influences entrepreneurial skills, ultimately leading to improvement in household welfare.

## Conclusion

### Contribution of saving on household welfare improvement in Kamuli District

A significant portion of respondents expressed skepticism regarding the capacity of savings to enhance financial security, stability, and independence a divergence from conventional wisdom underscoring the need for a nuanced understanding of the role of savings in low-resource communities.

A substantial proportion of respondents disagreed with the idea that people willingly save within the VSLA framework highlighting a critical area for exploration and intervention.

A moderate positive correlation between savings and household welfare improvement, empirical evidence challenges the skepticism expressed by some respondents

and highlights the tangible impact that savings can have on improving household welfare.

In conclusion, this study provides a multifaceted view of the relationship between savings and household welfare improvement in Kamuli District. It challenges conventional assumptions about the universality of savings' impact on financial security and willingness to save within VSLAs. Nevertheless, it offers empirical evidence of the positive correlation between savings and household welfare improvement, highlighting the potential of savings as a means of economic empowerment. The study underscores the importance of context-specific interventions, inclusive financial education, and innovative approaches to balance risk management and member engagement within VSLAs.

### Contribution of loans to poverty reduction in Kamuli District

A significant portion of respondents expressed skepticism about the efficacy of loans in various aspects of life, including income generation, education, healthcare, business expansion, and asset acquisition, qualitative data from key informants provided a more nuanced perspective. Key informants emphasized that loans obtained through VSLAs play a crucial role in supporting small businesses, initiating entrepreneurial endeavors, and addressing unforeseen financial emergencies.

### Contribution of entrepreneurship to household improvement in Kamuli District

The data highlighted a divergence of perspectives among survey participants and key informants regarding various facets of entrepreneurship in the community. These discrepancies reflected the intricacies of the local entrepreneurial landscape, where opinions ranged from skepticism about the provision of entrepreneurship training to the challenges faced by aspiring entrepreneurs in securing capital for their ventures.

Findings underscored the critical role of entrepreneurship as a potential pathway to household improvement. While a significant portion of respondents believed that entrepreneurship had the potential to create employment opportunities and improve productivity, it was clear that numerous challenges, including limited access to capital and skills gaps, hindered the realization of this potential. This recognition highlights the importance of targeted interventions aimed at addressing these specific barriers, such as facilitating access to affordable financing options and providing comprehensive entrepreneurship training programs.

## Recommendation

It is crucial to focus on enhancing financial literacy and education among the members of VSLAs in Kamuli District by Providing regular training sessions on the benefits and best practices of savings to help members better understand how saving leads to improved household income, financial security, and independence. VSLAs should reconsider the punitive fines imposed on members who fail to repay their loans promptly.



Excessive fines can discourage members from saving and seeking loans within the VSLAs. A fair and reasonable penalty system should be put in place to promote a more conducive savings environment.

VSLA trainers and leaders should actively promote the benefits of savings, especially in terms of using savings to invest in income-generating activities. Members should be educated on how savings can lead to start-up capital for small businesses, which can contribute to improved household income.

Encourage members to diversify their saving methods. While VSLAs provide one avenue for savings, members should also be aware of and encouraged to explore other savings options, such as formal banking and investment opportunities that can complement their VSLA savings.

There should be a focus on strengthening the link between savings and investment in income-generating activities. Encourage members to use their savings to create sustainable businesses and livelihoods, which can significantly impact poverty reduction.

Efforts should be made to implement a robust monitoring and evaluation system to track the impact of savings on household income, education, health, and household welfare improvement. Regular assessments can help in making data-driven decisions to improve the effectiveness of VSLAs.

There should be advocacy for policies that support and promote savings, particularly within the context of VSLAs. Government agencies should recognize the role of these groups in household welfare improvement and provide the necessary support and incentives.

### Acknowledgment

I would like to express my heartfelt gratitude to several individuals and institutions who played a significant role in the completion of this research. First and foremost, I extend my deepest appreciation to my parents for their unwavering support and assistance throughout this journey. Their encouragement and belief in my abilities were instrumental in enabling me to reach the culmination of this research. I am profoundly grateful to my dedicated supervisor, Dr. Sendagi Muhamad from the Team University, whose expert guidance and mentorship were invaluable in turning this research project from a mere concept into a tangible reality. Without their technical expertise and continuous support, this study would have remained an unattainable aspiration. I would also like to acknowledge and thank the authorities of Kamuli District for granting me the necessary permissions and authorizations to conduct this study within the district. Their cooperation and facilitation were pivotal in ensuring the smooth execution of the research. My sincere appreciation goes out to the respondents who willingly shared their insights and knowledge, which significantly contributed to the findings of this study. Their openness and willingness to participate were vital in making this research a success. In conclusion, I extend my gratitude to everyone who supported and believed in the significance of this research project. Your collective contributions

were indispensable in bringing this study to fruition. Thank you all for your unwavering support and assistance.

### List of abbreviations

KII: Key informant interview  
MFIs: Micro Finance Institutions  
UNDP: United Nations Development Program  
VSLAs: Village Savings and Loan Associations

### Source of funding

The study was not funded.

### Conflict of interest

The author did not declare any conflict of interest.

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### Author contributions

Ambrose Wolukawu: Principal investigator led all study procedures

Muhamad Sendagi: Supervisor for the research project

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**PUBLISHER DETAILS:**

**Student's Journal of Health Research (SJHR)**

(ISSN 2709-9997) Online

(ISSN 3006-1059) Print

Category: Non-Governmental & Non-profit Organization

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