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Factors Affecting the Performance of Primary Rural Saving and Credit Cooperatives: The Case of Chuko Woreda, Sidama Regional Government, Ethiopia

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Abstract: Member based financial institutions such as Rural Saving and Credit Cooperatives (RuSACCOs) are being recognized both by the government of Ethiopia and development partners' as one of the crucial actors in the establishment of rural financial services. RuSACCOs are challenged with a number of problems which compel their capacity to carry adequate and appropriate services to their customers and to become effective and sustainable in their business. The main purpose of this study was to identify the major factors that affect the performance of rural Savings and credit cooperatives (RuSACCOs) in Chuko Woreda, in Sidama Regional Government. The study had a descriptive nature and applies survey research design. Simple random sampling was employed to select the sample rural saving and credit cooperatives in the study area. To select sample respondents Yamane's (1967) sample size formula was employed. Primary and secondary sources of data were used. Questionnaire, interview and focus group discussion were prepared and administered to selected respondents and purposely selected RuSACCO members, various committee members and cooperative officials at Woreda level. The collected qualitative data were analyzed by content analysis and the quantitative data were analyzed using descriptive statics and inferential statics. To analyze factors that influence the performance RuSACCO, independent sample t-test, ANOVA, chi-square test and linear regression were used to ascertain the variables which significantly influence members' annual savings, loan and loan repayment. Six variables were hypothesized that significantly influence the performance RuSACCO, (Education status, training, income, governance, members' participation, governance budget allocation and access to information. It was found that all the seven variables significantly influence the performance of RuSACCOs. The study concluded that RuSACCOS are becoming appropriate options for the rural households which are providing financial services and products to the rural community. It was recommended that adequate training should be provided based on the RuSACCOs gap (need assessments), focus on knowledge and skill development of RuSACCOs, mainly on basic record management, accounting principle and practice, business management, financial management, cooperative governance and entrepreneurial skills, saving and, internal control and management information.

Index Terms: Performance, rural saving and credit cooperative, factors affecting performance of RuSACCOs.

1. INTRODUCTION

Saving is one of the important variables for economic development that has emerged as the central issue in developing countries at least for two reasons. First, foreign aid inflow to the developing economies has declined during recent years. Second, saving positively affects the growth and development. The greater is the saving rate, the higher is the growth rate a country can attain. For economic development, growth is a must which cannot be achieved without investment or capital accumulation and saving through investment plays a vital role in this process (Pollet, 2009).

In recent years, economists, international organizations, and governments in developing countries have placed increasing emphasis on the mobilization of deposits, not only to increase domestic savings, to achieve sustained economic growth and development but also to strengthen domestic financial intermediaries (Besley, 1995). Similar study by Baharumshah et al. (2003) argues that the existence of positive effects of household savings on economic growth. These events revealed the relevance of saving and especially its allocation in the national economy (Bernhiem and Shoven, 1991).

In Ethiopia, savings and credit cooperatives (SACCOs) as financial intermediaries, are channeling savings into loans, provide saving opportunities for the poor, especially in the rural areas. However, further improvements are necessary to make their services more efficient and sustainable. Thus, understanding the degree to which different obstacles limit the development of quality pro-

poor saving facilities in developing counties like Ethiopia is crucial in designing appropriate policy and programmatic interventions. This study has therefore, attempted to analyze the performance of savings and credit cooperatives in terms of their number, membership sizes, savings mobilization; and identifying major factors affecting the performance of savings and credit cooperatives of RuSACCOs in the study area.

The driving force for commencing this study is that Chuko peoples have indigenous knowledge about saving, for example they save money through offering for someone to fulfill the need one which is known as in Sidama language "Wodoo" for more than 100 years existed through serving the community. But when come to modern cooperative majority are discharged. So, there is no study conducted in the study area to overcome the existing RuSACCOs problem, no any investigation has been done in this organization ,very little is known about the current status and challenges of RuSACCOs for its growth in Chuko woreda. For this and other reasons it is important to undertaken the research .Therefore, this study has explored the major factors affecting the financial performance of saving and credit cooperatives in Chuko woreda in order to make cooperative organization successful.

1.1 Objective of the Study

1.2.1 General objective

The general objective of this study was to explore factors affecting the performance of primary rural saving and credit cooperatives in the case of Chuko woreda, Sidama Regional State, Ethiopia.

1.2.1.1 Specific objectives

- To identify whether educational status has significant regression on performance of rural saving and credit cooperative organizations in the study area.
- To assess whether income has significant regression on performance of rural saving and credit cooperative organizations in the study area.
- To analysis whether Members' participation has significant regression on performance of rural saving and credit cooperative organizations in the study area. To examine whether Governance has significant regression on performance of rural saving and credit cooperative organizations in the study area.
- To examine whether Government budget allocation for RuSACCOs promotion has significant regression on performance of rural saving and credit cooperatives in the study area.
- To examine whether access to Information has significant regression on performance of rural saving and credit cooperative organizations in the study area.

1.3. Research Hypothesis

Ha1: Educational status has significant regression on performance of RuSACCOs in Chuko woreda.

Ha2: Income has significant regression on performance of RuSACCOs in Chuko woreda.

Ha3: Members' participation has significant effect on performance of RuSACCOs in Chuko woreda.

Ha4: Governance has significant regression on performance of RuSACCOs in Chuko woreda.

Ha5: Government Budget allocation for RuSACCOs promotion has significant regression on performance of RuSACCOs in Chuko woreda.

Ha6: Access to Information has significant regression on performance of RuSACCOs in Chuko woreda.

1.4. Operational Definitions

SACCOS: These are savings and credit cooperative organizations which are initiated by both governments and private individuals or firms in order to improve the welfare and income of the general public in which they are located.

Savings: Means the accumulation of money regularly or irregularly by the members of saving and credit cooperative societies to secure or to gain interest rate or both.

Loan/credit /: Is having some one's money for productive, for school fee, etc. and that will pay back at agreed period with additional interest.

Loan repayment: This is to pay back a loan given by a lender. This includes the principle loan given and the interest charged on the loan.

2. REVIEW OF RELATED LITERATURE

2.1 Conceptual Definition

The World Council of Credit Union (WOCCU) defines Savings and credit cooperatives as democratic member-owned financial cooperatives exist to serve their members and communities through provision of convenient and affordable financial services; they are user-owned financial cooperatives that offer savings, credit and other financial services to their members (WOCCU, 2005). This definition tells that the primary objectives of SACCOs is not profit making.

Ouma (1989) defines Savings and Credit Cooperatives (SACCOs) as cooperative based on employment as a common bond, that is, all members who work under one employer form a savings and credit cooperative society and are encouraged to save through a check-off system from their monthly salaries. This way, regular savings are accumulated and it is from this that loans are given.

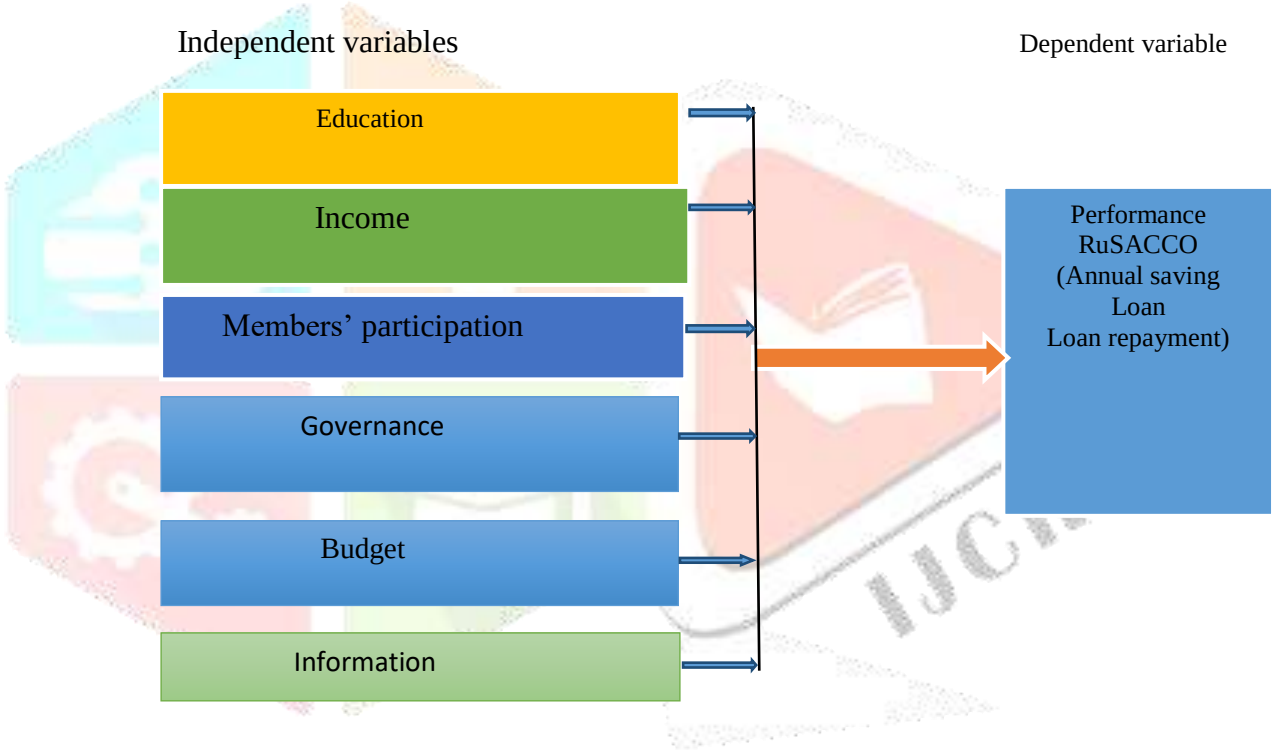
Were (2009) defines SACCOs as member owned institutions whose core business is to encourage thrift and easy access to credit to their members. Members pull resources together in form of savings, and the SACCO uses the mobilized savings to extend small credit facilities to them. From these definitions, several facts emerge clearly. A SACCO is a cooperative financial intermediary institution, owned and controlled by members who use its services.

2.2. Conceptual framework

Conceptual framework involves forming an idea about the relationship between variables in the study and showing relationship graphically or diagrammatically (Mugenda & Mugenda, 2003).

The conceptual frame work of this study was based on an idea that the savings and credit cooperative societies performance is influenced by several factors and the ones identified will act as a guide to improve the performance of RuSACCO societies and at the same time benefits the members. The conceptual frame working figure 1 portrayed the relationship between the independent and the dependent variables. The study proposed that the factors influencing the performance of RuSACCO societies in the Chuko woreda were determined by, Educational status of household, members' participation, Members source of income, Governance, Government budget allocation for RuSACCO promotion and access to Information.

Figure 2.1 Conceptual framework of the study



Source: (Nassazi, 2013) and modified by the researcher

3. RESEARCH METHODOLOGY

This study utilized mixed method through collecting and analyzing both qualitative and quantitative data. The researcher initially used quantitative method through survey questionnaires and also used semi-structured interviews to substantiate the quantitative data. There are some rationales to use mixed methods approach for this study. First, using such method is advantageous to examine the same phenomenon from multiple perspectives and also to allow new or deeper dimensions to emerge (Cohen et al., 2007; Creswell, 2003). Second, mixed method has benefits that could not be provided by either the quantitative or qualitative approaches when used separately (Creswell, 2003).

3.1Population and Sample

The target population of the study was rural saving and credit cooperatives members in the study area. In Chuko woreda there were 16 rural Keble's and 2 administrative towns. The two administrative towns were not the concern of this study since it was on rural saving and credit cooperatives. Except one Keble there are 20 rural saving and credit cooperatives in the 15 rural Keble's and there are 978 males and 1014 female's members with a total of 1992. In the selected RuSACCOs there are 169 males and 197 females with a total of 366 rural saving and credit cooperative members. So total population of the study is 366 members.

With regards to sample respondents Yamane's (1967) sample size formula: $n= N/1+N (e^2)$ was employed and from each RuSACCO member were selected proportionally as depicted on below $n=366/1+366(0.05)^2$

n=191

Where n= Sample Size
N= Population Size
e= Level of Precision or Sampling of Error which is 5 % (0.05)
Therefore, according to the formula the sample size of the study was 191.

3.2 Data and Sources of Data
This study used both primary sources and secondary data sources. The primary data sources were collected from RuSACCO members through questionnaire, FGD and experts through interview. The secondary data sources were books, journals, research papers, audit reports from cooperative office and related documents.

3.3 Theoretical framework
3.3.1 Dependent Variables
In this study, the dependent variable is financial performance of rural saving and credit cooperative. Performance of SACCOs: was used to mean the level of customer satisfaction in light of the Services offered by this type of co-operatives which services include affordable source of credit, to members. The indicators of financial performance in these organizations included saving, credit and loan repayment. Performance of SACCOs therefore is measured in the light the objectives contained in every organization's by-laws. This is in line with Wanyama (2009) who observes that SACCOs provide savings and credit services to its members as their primary objective.

Savings: Means the accumulation of money regularly or irregularly by the members of saving and credit cooperative societies to secure or to gain interest rate or both. Saving can be defined simply as holding something back from today's consumption for future use. In the SACCO society, saving is an asset to members, and a liability to the SACCO society. In the SACCO society, saving is collected from member to on lend to members. Saving is sources of income to the SACCO society because it lends to members with interest.
Loan/credit/: Is having some one's money for productive, for school fee, etc. and that will pay back at agreed period with additional interest.
Loan repayment: This is to pay back a loan given by a lender. This includes the principle loan given and the interest charged on the loan.

3.3.2 Independent Variables
The following variables are considered to have close association or relation with performance of rural saving and credit cooperative.
Educational status: It is an ordinal independent variable, which refers to the educational status of the households. The hypothesis in this study was that, educated household heads are more likely to participate in RuSACCO and have positive correlation with performance of RuSACCO.
Income: It is a continuous independent variable, which refers to the income of the household from different activities, such as, agriculture, off-farm, livestock production and others.
The higher the amount of annual income might reflect households' strategy of improving its agricultural production and productivity to secure the household basic needs and gradually to change the household members' life style. It was hypothesized that, household which have higher the amount of annual income can save more than those who have low income and have positive correlation with performance of RSACCO.
Members' participation: nominal, dummy independent variable, which refers the participation and involvement in the development of their by-laws and business plan which could influence the performance and destiny of a RuSACCO. It was assumed that members' participation has a positive correlation with performance of RuSACCO.
Governance: nominal independent variable which refers to the managerial and technical capability and commitment level of board members and management committee members. It was assumed that Poor governance and leadership of RuSACCO officials has a negative correlation with performance of RuSACCO.
Government budget allocation for RuSACCOs promotion: nominal, dummy independent variable, which refers to the adequacy of budget allocated by government at woreda level to support the promotion and establishment of RuSACCOs and strengthening them, including the recruitment of adequate and qualified personnel, adequate provision for in-service training of staff and financial literacy training of member farmers, operational expenses and transportation facilities. It was assumed that Government budget allocation for RuSACCOs promotion has a positive correlation with performance of RuSACCO.
Access to Information: Nominal, dummy independent variable which refers to the probability which households have access to information about RuSACCOs. It was hypothesized that household which have source of and access to information a positive correlation with performance of RuSACCO.

3.4 Statistical tools and econometric models
This section elaborates the proper statistical/econometric/financial models which are being used to forward the study from data towards inferences. The detail of methodology is given as follows.

3.4.1 Descriptive Statistics
Both descriptive and inferential statistical analytical techniques were used to analyze the data collected for the study. After collecting data from the field, arrangements were made and organized according to their characteristics and items. Qualitative data which is gathered from respondents through, FGD and interview from management and key experts from different sectors were summarized by grouping respondent's idea and qualitatively describe by words in the interpretation of data. The quantitative data were analyzed using descriptive statics such as percentage, mean, standard deviation and inferential statistics such as independent sample t- test, ANOVA, chi-square test and linear regression analysis.

4. RESULTS AND DISCUSSION

4.1. Demographic Characteristics of Sampled members of RuSACCOS

In this section, results obtained using statistical tools such as mean, percentage, standard deviation and frequency distributions are presented and discussed to examine factors affecting the performance of rural saving and credit cooperatives societies in the study areas. Out of 191 questionnaires distributed, 183 questionnaires were collected back.

4.1.1 Distribution of sample heads by age

Table 4.1 Distribution of sample respondents by age group

No	Age group in years	frequency	percentage	Mean annual saving
1	18-25	47	25.7	566.94
2	26- 41	76	41.5	480.64
3	42-49	49	26.8	392.73
4	above 50	11	6	385.75
	Total	183	100	456.51

Source: Own survey result, 2018

In this study the age group is classified as (18 - 25), age group (26 – 41), (42-49) and above 50 years' age. There were 47(25.7%) young, 76(41.5 %) middle and 16(6 %) old age member respondents. In this study it was assumed that as age increases farmers would acquire knowledge and experience through continuous learning and the level of responsibility to manage the family and the need to accumulate assets for tomorrow becomes high. But the study proved the above that is as age increases the amount savings become decreases.

4.1.2 Distribution of sample heads by family size

Table 4.2 Distribution of family member

No	Distribution of Family size group	Frequency	Percentage	Mean annual saving
1	1-4	46	25.1	548.06
2	5- 8	83	45.4	428.07
3	9-12	54	29.5	410.43
4	above 12	-	-	-
	Total	183	100	462.18
f -value =6.03 sig= 0.03				

Source: Own survey result, 2018

It is observed from Table 4.2 that nearly (25.1%) of the respondents has family size ranges from 1 to 4. While majority (45.4 %) of respondents has 5 to 8 family members, and (29.5%) of the respondents has the family members range from 9 to 12. As the members' family size increases, the number of persons to be fed obviously increases and the amount of savings decreases by Birr 119.99 and 17.64 for the second and third family size groups in that order, which share available income to consume. Therefore, respondent who have large family size save less money than those who have less family size and this have effect on the performance of RuSCCOs.

4.1.3 Gender distribution of respondents

Table 4.3: Distribution of respondents' annual savings by Gender

	Distribution of sex of respondents			Mean Annual Savings	t- value	p-value
No	Sex	Frequency	Percentage			
1	Male	86	46	421.98	2.05	0.042
2	Female	97	54	491.91		
	Total	183	100			

Source: Own survey SPSS output, 2018

Of the total respondents 97(54 %) and 86(46 %) were female and male respectively. The t - test (t - value) of sex distribution members of RuSACCOS the difference between women and men annual savings is statistically significant at 5 percent confidence level (p-value= 0.042). The mean annual savings of female and male members of RuSACCOS were Birr 491.91 and Birr 421.98 respectively. The mean amount of savings of women exceeds by Birr 69.93 than men. This indicates women save more than men's. Therefore, participating women's in RuSACCOs activities will increase saving and improves the performance of RuSACCOs.

In this study in one hand, it is assumed that male household heads have more exposure and access to information and new interventions than female household heads, which might enable them to participate in the RuSACCO movement as early as possible. On the other hand, once female headed households have got information about savings programs and related financial products/services they are strong participants in all aspects of the financial system. In this study gender (sex) difference influences the savings of members of RuSACCOs, because the result of the relationship between sex and mean annual savings of members of RuSACCOs is significant.

4.1.4 Educational Status of the Respondents

Table 4.4 Distribution of respondents by their educational status

No	Distribution of educational status	Number	Percent
1	No formal education	108	59
2	1-4	48	26.2
3	5- 8	14	7.7
4	9-12	9	4.9
4	college Diploma and above	4	2.2
	Total	183	100

Source: Own survey result, 2018

Sample members' education status helps 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 56 (30.6 %) of the respondents were illiterate, 46 (26.8 %) were grade 1-4, 39 (21.3 %) were grade 5-8, 35 (19.1 %) were grade 9-12, and 4 (2.2 %) of them have college Diploma and above. This indicate almost 60 % or more than half of survived respondents have no formal education and this have great effect influence on the performance of RuSACCOs.

4.2 Empirical Findings

This section presents the descriptive and inferential results from the research, based on the hypotheses stated in chapter one. The findings are arranged starting with descriptive statistics then inferential analysis.

4.2.1 Hypothesis 1: Educational effect on performance of RuSACCOs

In order to test hypothesis 1, respondents were asked to rate the items and the responses were presented, analyzed and interpreted below. Moreover, the indicators of each factor were selected and presented to the respondents to be rated on a five point Likert scale from strongly agree= 5 to strongly disagree=1. The response was scaled from 5 to 1, where 5 indicates strongly agree, 4 indicates agree, 3 indicates neutral/undecided, 2 indicates disagree and 1 indicates strongly disagree. For analysis purpose, the mean values were interpreted as: 1-1.49 is strongly disagreeing; 1.50-2.49 is disagreeing; 2.50-3.49 is moderate (undecided); 3.50-4.49 is agree and > 4.50 is strongly agree.

Independent-samples *t*-test is recommended to decide whether there is statistically significant difference between the mean scores of two unrelated groups while one-way ANOVA is recommended to determine whether there are any significant differences between the mean scores of three or more independent groups (Cohen et al., 2007; Heiman, 2011). Therefore, the researcher used independent sample t-test to decide whether there is statistically significant difference between the mean scores of male and female members on saving and ANOVA to decide whether there is statistically significant difference between the mean scores saving across educational level since the independent variable is grouped in to more than two groups.

Table 4.5summarizes statements that were administered to support or refute the hypothesis 1 and a total of 3 questions addressed for this hypothesis and analyzed below.

Table 4.5: Mean and percentage Distribution of Responses for Education and training influence

No	Item	Responses											
		SA		A		UD		D		SDA		M	SD
		f	%	f	%	F	%	f	%	F	%		
1	I know very well the purpose and objectives of RuSACCOs	68	37.2	72	39.3	21	11.5	17	9.3	5	2.7	3.99	1.05
2	I have got training from my RuSACCO	60	32.8	58	31.7	21	11.5	31	16.9	13	7.1	2.79	0.98
3	Sufficient & Effective educational and promotional activities of the RuSACCO were done to increase membership	33	18	35	19.1	36	19.7	62	33.9	17	9.3	3.03	1.28

Source: SPSS output of survey Data, 2018

Note: SA (strongly agree), A(agree), UD (undecided), D (disagree), SDA (strongly disagree) and f(frequency) Educated farmers are expected to have more exposure to the external environment and accumulated knowledge through formal learning which might enable them to pursue livelihood strategy that leads to better income through making use of available opportunities.

As depicted on Table 4.5 item 1, regarding knowing very well the purpose and objectives of RuSACCOs, 68(37.2%) and 13(39.3%) of respondents strongly agreed and agreed respectively with the statement and reported that they know very well the purpose and objectives of RuSACCOs while, 17(9.3%) and 5(2.7%) disagreed and strongly disagreed respectively with the statement and reported that they didn't know very well the purpose and objectives of RuSACCOs with (M=3.99, Std=1.05).

As shown on Table 4.5 item 2 the survey results show that about 60(32.8%) and 58(31.7%) of respondents strongly agreed and agreed respectively confirmed that they didn't got training from heir RuSACCO whereas 31(16.9%) and 13(7.1%) of respondents strongly agreed and agreed respectively got training from their RuSACCO with (M=2.79, Std=0.98). As shown on Table 4.5 item 3 the survey results show that about 62(33.9%) and 17(9.3%) of respondents strongly agreed and agreed respectively confirmed that sufficient & effective educational and promotional activities of the RuSACCO were not done to increase membership whereas 33(18%) and 35(19.1%) of respondents strongly agreed and agreed respectively agreed that sufficient & effective educational and promotional activities of the RuSACCO were done to increase membership with (M=3.03, Std=1.28). To see whether educational status has significant effect on performance of RuSACCOs (annual saving) one-way ANOVA and chi-square tests were employed and presented below Table 4.6.

Table 4.6: Mean distribution of respondents' annual saving

	Distribution of educational status			Mean Annual Savings	Have you borrowed from your RuSACCO?				are you late in repayment of loan			
					Yes		no		Yes		no	
No	School levels	f	%		f	%	f	%	f	%	f	%
1	No formal education	108	59	343.75	55	50.9	53	49.1	34	61.8	21	38.2
2	1-4	48	26.2	523.33	33	13.7	15	31.2	13	39.4	20	60.6
3	5- 8	14	7.7	665.00	13	16.9	1	7.1	3	23.1	10	76.9
4	9-12	9	4.9	850.00	9	14.8	0	0	2	22.2	7	77.8
4	college Diploma and above	4	2.2	1200.0	2	50	2	50	0	0	2	100
	Total	183	100	459.04	112	61.2	71	38.8	52	46.4	60	53.6
	(F-vale =64.14, p-value =.000)				(x^2-value=17.78, p-value= 0.01)				(x^2-value=12.59, p-value= 0.013)			

Source: Own survey result, 2018

One-way ANOVA was used to see whether there is a significance differences on members' amount of saving across educational level. As indicated in Table 4.6 above, ANOVA results showed that there was a significant difference across their educational level (F-vale =64.14, p-value =.000) and it can be seen from the table that the mean annual saving amount of members increases as educational level increases. Therefore, it can be concluded that educational status has significant effect on the performance of RuSACCOs (annual saving).

The second variable for performance measuring of RuSACCOs is loan and to see weather educational status has effect on the performance of RuSACCOs, chi-square test was employed. The chi-square test proved that (x^2-value=17.78, p-value= 0.01) educational level has significant effect on the performance of RuSACCOs at 0.05 significance level.

The third variable for performance measuring of RuSACCOs is loan repayment and to see weather educational status has effect on loan repayment, chi-square test was employed. As it can be seen from Table 4.6 from 108 respondents who have no formal education members 34 which is 61.8 percent of them were late in loan repayment. In contrast from 2 respondents who have college diploma both of them were not late in loan repayment. This indicates those members who have higher educational level pay their credit on time where as those members who have low educational level didn't pay their credit on time this may be forgetting or ignorance. In addition, chi-square test proved that (x^2-value=12.59, p-value= 0.013) educational level has significant effect on the performance of RuSACCOs (loan repayment) at 0.05 significance level. From the above results, p-values = 0.000, 0.01, 0.013 < 0.05, the study therefore accepts the hypothesis since p-value < 0.05 and concluded that education had a statistically significant and positive effect on performance of RuSACCO.

In addition, the researcher employed independent sample t-test to detects differences between trained and untrained members in the amount of annual saving. The result of the test showed that for 181 degrees of freedom at the 0.05 level of significance, the obtained (F-vale =36.87, p-value =.000)**.** Thus, conclusion would be drawn that there is reliable evidence showing the existence of statistically significant difference between trained and untrained members in the amount of annual saving. It is clear from Table 4.7 respondents who got training save (Birr 677.78) which is more than double than those respondents who didn't got training (Birr 317.16). Therefore, a comparison between trained and untrained members is statistically significant in annual savings and it affects the performance RuSACCOs (annual saving).

This result agrees with Teka G/tekletitledMembers' savings behavior and determinants of savings in rural savings and credit cooperatives" in Alamata and Ofla Woredas of Tigray Region and obtained access to training has positively and significantly at one percent probability level related to the members' savings magnitude in RuSACCOS.

Table 4.7: Mean distribution of trained and untrained respondents annual saving

Description	Response of members (N=183)		Mean annual Savings of member	Have you borrowed from your RuSACCO?				are you late in repayment of loan			
	f	%		yes		no		yes		no	
				F	%	f	%	F	%	f	%
Trained	72	39.3	677.78	58	31.7	14	7.7	5	4.5	43	38.4
Not-Trained	111	60.7	317.16	54	29.5	57	31.1	33	29.5	31	27.7
(F-vale =36.87, p-value =.000)				(x^2-value=18.72, p-value= 0.00)				(x^2-value=20.72, p-value= 0.00)			

Source: SPSS Output of survey Data, 2018

From the above Table it be seen that from 72 members who have got training 58(80.5%) of them borrowed money from their RUSACCOs whereas from 111 members who didn't got training only 54(48.6%) of members borrowed money from their RuSACCOs. This indicates training have significant effect on performance of the RuSACCOs (loan).

Similarly, from the Table 4.7 of 72 members who have got training only 5(6.9%) of them were late in loan repayment whereas from 111 members who didn't got training 33(29.7%) of members were late in loan repayment. This also indicates training has effect on loan repayment and has significant effect on performance of RuSACCOs.

The chi-square test result also showed that there is significant difference between members those who got training and those who didn't got training on loan (x^2-value=18.72, p-value= 0.00) and on loan repayment (x^2-value=20.72, p-value= 0.00) for the second and third performance measuring variables loan and loan repayment. From the above results, p-value = 0.00 < 0.05, the study therefore accepts the hypothesis since p-value < 0.05 and concluded that training had a statistically significant and positive effect on financial performance of RuSACCO.

The cooperative movement in all its facets is dependent on education and training of its members. According to Zeuli et al (2004), members' education can encourage them to become more involved and committed to the cooperatives. Education and training are correlated and interdependent. Therefore, without one, the other cannot be possible. If a RuSACCO is to be a sustainable financial institution in rural Ethiopia, the members should be fully aware of the principles and practices of cooperatives. Cooperatives should promote cooperative education for the members. In less developed countries, lack of capacity building has been an important element contributing to limited rural cooperatives development (Aref, 2011). The success of saving and credit cooperatives requires training of members as well as management. Members have, therefore, to be brought closer to their cooperatives by a process of regular and intensive member education activity so that they participate in the management and business activities without being ignored.

However, the training demand remains still unsatisfied. The majority of FGD participants believe that the number of members in RuSACCOs is limited because of a low level of training and awareness creation. Members wanted to attend training and

education forums to build their level of awareness. Generally, from the above results it was concluded that education and training has significant effect on performance of RuSACCOs. Therefore, the hypothesis is accepted.

4.2.2 Hypothesis 2: Income effect on performance of RuSACCOs

Annual income is the other crucial factor in determining the wellbeing of improving the members saving and better in loan repayment performance of the respondents. The average annual income of the respondents was 4298.58Birr. Table 4.4 below showed that (48.1 %) of the respondents obtain an annual income from agriculture, (18.3 %) from off-farm and (36.6 %) of the annual income from livestock production. Agriculture and livestock production are important income sources for the sample respondents.

Table 4.8 Sources of income and mean annual income from each Source

No	Sources of income	Frequency	Percentage	Mean annual income
1	Agriculture	88	48.1	4875.91
2	Off-farm	28	18.3	3657.14
3	Livestock production	67	36.6	3808.36
	Total	183	100	4298.58

Source: Own survey result, 2018

The amount of income represents the amount of annual income of the household from different activities, such as, agriculture, off-farm, livestock production and others. The higher the amount of annual income might reflect households' strategy of improving its agricultural production and productivity to secure the household basic needs and gradually to change the household members' life style. It was hypothesized that, household which have higher amount of annual income can save more than those who have low income and have positive correlation with performance of RuSACCO.

In order test the hypothesis: annual income has significant influence on performance of RuSACCO, linear regression was employed and the findings are presented in Tables below. The R-square statistic measures the regression model's usefulness in predicting outcomes indicating how much of the dependent variable's variation is due to its relationship with the independent variable(s).

Table 4.9 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.801[a]	.641	.639	139.597

Source: Own survey result, 2018

a. Independent variable: annual income in birr
b. Dependent variable: annual saving

The Model Summary Table 4.9 shows the R-square is .641, meaning 64.1% of the variation in annual saving can be explained by variation in their annual income. The remaining 35.9% can be explained by other factors that are not in the model. In a regression model, the ANOVA F statistic tests whether the model as a whole is significant. In the simple linear regression, there is only one independent variable, so the F-test is testing if this one variable, the annual income, predicts the annual saving better than if we used the average annual saving of members'. The F-test of 323.099 in Table 4.10 is statistically significant, which means that the model is statistically significant in explaining performance of RuSACCO.

Table 4.10 ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6296344.297	1	6296344.297	323.099	.000
	Residual	3527213.353	181	19487.367		
	Total	9823557.650	182			

Source: Own survey result, September, 2018

a. Dependent Variable: annual saving
b. Independent variable: annual income in birr

The unstandardized coefficient of an independent variable (also called B or slope) measures the strength of its relationship with the dependent variable. It is interpreted as the size of the average difference in the dependent variable that corresponds with a one-unit difference in the independent variable.

Table 4.11 regression coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	18.111	26.613		.681	.497
	annual income in birr	.103	.006	.801	17.975	.000

Source: SPSS Output of survey Data, 2018

Dependent Variable: annual saving

From the above Table 4.11 annual income equals 17.97, and is statistically significant, meaning that the regression coefficient for annual income is significantly different from zero. The coefficient of .103 means that for every one-unit increase in annual income, we would expect a .103 unit change in annual saving. The constant is 18.11, and this is the predicted value when annual income equals to zero.

Therefore, income influences the annual savings of members of RuSACCOS positively and significantly at five percent probability level of significance, confirming the hypothesis. A one percent increase or decrease in on annual income, the amount of savings of the members of rural savings and credit cooperative societies will increase or decrease by 0.103 percent. This result agrees with Kifle Tesfamariam (2014) titled Determinants of saving Behavior of cooperative members' survey evidence from Tigrai region, Ethiopia and obtained income has positively and significantly at one percent probability level related to the members' saving. Similar positive result was found by Sameroynina (2005); Brata (1999); Khalek et al. (2009); Schrooten and Stephan (2003) showing that income positively influences household savings.

Opinion of interview: - limited source of income of members, which resulted lack of excess money to save at a RuSACCO, has been indicted by majority of the participant from government office as one of the main reasons for RuSACCOs not able to mobilize adequate saving resource from their members. Market failure, price fluctuations and indebtedness are also common economic risks that in the study areas are facing. Though it is happening infrequently, the rural people in the study area also are experiencing natural risks such as, drought, rainfall shortage, etc.

Feedback of FGDs: The participants of FGDs have discussed and shared their consensus on checklists/question related to income as factor affecting the performance of RuSACOOs in the study area. It was reported by one fourth of FGDs participants that income problems (level of poverty) is one of the bottlenecks hindering rural poor from saving in a RuSACCO. Economic risks such as crop failure and livestock death are also factors contributing to loan default by rural people. Moreover, drought/erratic rainfall is one of natural risks affecting the economic status of RuSACCO members

4.2.3 Hypothesis 3: Members' participation effect on performance of RuSACCOs

Participation of the rural poor in development activities has long been recognized as a vital instrument in genuine rural development. The cooperative exists as a result of its members' active participation. Members join the cooperative for mutual benefit, which can result only when each member feels sense of ownership. Members are owners of their RuSACCO so they have the right to participate in policy formulation and decision making. As a cooperative member, they should also use all cooperative services. RuSACCOs provide members with saving and credit services, and also training services for effective utilization of borrowed funds. RuSACCOs should support cooperative education, for example, in the wise use of financial resources. Table 4.12summarizes statements that were administered to support or refute the hypothesis 3 and a total of 5 questions addressed for this hypothesis and analyzed below.

Table 4.12 Effect of Member's participation on performance of RuSACCOs

No	Item	Responses											
		SA		A		UD		D		SDA		M	SD
		f	%	f	%	F	%	f	%	F	%		
1	I got the opportunity to participate in the RuSACCO annual general assembly and urgent meeting	25	13.7	28	15.3			66	36.1	64	35	2.37	1.44
2	RuSACCOs activities are transparent to all members	22	12	28	15.3	13	7.1	62	33.9	58	31.7	2.42	1.39
3	regulations and policies of RuSACCOs like reports and financial activities are applied transparently	23	12.6	29	15.8	12	6.6	60	32.8	59	32.2	2.44	1.4
4	management committee members are elected democratically by the majority vote of members	23	12.6	37	20.2	11	6	60	32.8	52	28.4	2.56	1.41
5	I actively participate while decisions are made by general assembly	62	33.9	66	36.1			27	14.8	28	15.3	2.36	1.37

Source: Own survey result, 2018

Note: SA (strongly agree), A (agree), UD (undecided), D(disagree), SDA(strongly disagree) and f(frequency)

As depicted on Table 4.12 item 1, regarding getting opportunity to participate in the RuSACCO annual general assembly and urgent meeting, 25(13.7%) and 28(15.3%) of respondents strongly agreed and agreed respectively with the statement while, 66(36.1%) and 64(35%) disagreed and strongly disagreed respectively with the statement and reported that they didn't get the opportunity to participate in the RuSACCO annual general assembly and urgent meeting with (M=2.37, Std=1.44).

As depicted on Table 4.12 item 2, RuSACCOs activities are transparent to all members, 22(12%) and 28(15.3%) of respondents strongly agreed and agreed respectively with the statement while, 62(33.9%) and 58(31.7%) disagreed and strongly disagreed respectively with the statement and reported that RuSACCOs activities are not transparent to all members with (M=2.42, Std= 1.39).

As shown on Table 4.12 item 3 the survey results show that about 60(32.8%) and 59(32.2%) of respondents disagreed and strongly disagreed respectively and confirmed that regulations and policies of RuSACCOs like reports and financial activities are not applied transparently whereas 23(12.6%) and 29(15.8%) of the respondents' strongly agreed and agreed respectively and reported that regulations and policies of RuSACCOs like reports and financial activities are applied transparently with (M=2.44, Std=1.4).

As depicted on Table 4.12 item 4, management committee members are elected democratically by the majority vote of members, 60(32.8%) and 52(28.4%) of respondents disagreed and strongly disagreed respectively with the statement and reported that management committee members are not elected democratically by the majority vote of members whereas 23(12.6%) and 37(20.2%) of the respondents' strongly agreed and agreed respectively and reported that management committee members are elected democratically by the majority vote of members with (M=2.56, Std=1.41).

As depicted on Table 4.12 item 5, regarding actively participating while decisions are made by general assembly, 62(33.9%) and 66(36.1%) of respondents strongly agreed and agreed respectively with the statement while, 27(14.8%) and 28(15.3%) disagreed and strongly disagreed respectively with the statement and reported that they didn't actively participate while decisions are made by general assembly with (M=2.58, Std=1.47).

Generally, from the above table it can be seen that members' participation in RuSACCO activities is weak which has significant effect on the performance of RuSACCOs since majority of the statement means fall under (1.50-2.49 is disagree) category. Therefore, the administered questions support the hypothesis that members' participation has significant effect on the performance of RuSACCOs.

In addition, to see whether members' participation has significant effect on performance of RuSACCOs (annual saving) independent sample t-test test was employed and presented below Table 4.13 Members' participation is nominal independent variable, which refers the participation and involvement in the development of their by-laws and business plan which could influence the performance and destiny of a RuSACCO. It was assumed that members' participation has a positive correlation with performance of RuSACCO.

An independent sample t-test was calculated to detect differences between the amount of annual saving of members who actively participate and not participate in their RuSACCOs. The result of the test showed that for 181 degrees of freedom at the 0.05 level of significance, the obtained (P<0.05**).** Thus, conclusion would be drawn that there is reliable evidence showing the existence of statistically significant difference between members who actively participate and not participate in the amount of saving. Participated and not participated members saved Birr 598.33 and Birr 315.11 respectively (Table 4.13). Therefore, a comparison between participated and not participated members is statistically significant in savings amount and it affects the performance of RuSACCOs (annual saving).

Table 4.13 Independent Samples t- test

	Are you actively participate in your RuSACCO	N	Mean	Std. D	Df	F	Sig.
Annual saving	yes	93	598.33	247.34	181	44.254	.000
	no	90	315.11	76.917			

Source: Own survey result, 2018

To see whether members' participation has significant effect on performance of RuSACCOs (loan) chi-square test was employed and presented below Table 4.14

Table 4.14 Loan * members' participation cross-tabulation

			Are you actively participate in your RuSACCO		Total
			no	Yes	
Have you ever taken a loan from your RuSACCO	no	count	52	19	71
		% of total	28.4%	10.4%	38.8%
	yes	count	38	74	112
		% of total	20.8%	40.4%	61.2
Total		count	90	93	183
		% of total	49.2%	50.8	100%
(x^2-value=26.87, p-value= 0.00)					

Source: Own survey result, 2018

It can be seen from Table that from 112 members who take loan from their RuSACCO 74(40.4%) actively participate, in contrast from 71 members those didn't take loan only 19(10.4%) members actively participate in their RuSACCO. In addition, chi-square test proved that (x^2-value=26.87, p-value= 0.02) members' participation has significant effect on the performance of RuSACCOs (loan) at 0.05 significance level.

Finally, to see whether members' participation has significant effect on performance of RuSACCOs (loan repayment) chi-square test was employed and presented below Table 4.15

Table 4.15 Loan repayment * members' participation cross-tabulation

			Are you actively participate in your RuSACCO		Total
			no	Yes	
Have you ever been late in repayments of your loan	no	count	22	52	74
		% of total	19.6%	46.4%	66.1%
	yes	count	26	12	38
		% of total	23.2%	10.7%	33.9
Total		count	48	64	112
		% of total	42.9%	57.1%	100%
(x^2-value=15.35, p-value= 0.00)					

Source: Own survey result, 2018

It can be seen from Table 4.11that from 64 members who actively participate 52 (46.4%) are not late in loan repayment, in contrast from 48 members those not actively participate 26 (23.2%) are late in loan repayment. In addition, chi-square test proved that (x^2-value=15.35, p-value= 0.00) members' participation has significant effect on the performance of RuSACCOs (loan repayment) at 0.05 significance level. From the above results, p-values = 0.00 < 0.05, the study therefore confirmed the hypothesis since p-value < 0.05 and concluded that participation had a statistically significant and positive effect on financial performance of RuSACCO.

From group discussion and interviews: it was understood that the majority of the members didn't attend the general meeting. In addition, women in most of the RuSACCO meeting did not get involved actively like men. They do not make suggestions for the overall development of the society in the way men do. The reasons may be the traditional role of women in the society and the prevalent misconceptions around women's reproductive and domestic responsibilities and their low level of education.

4.2.4 Hypothesis 4: Governance effect on performance of RuSACCOs

Table 4.16summarizes statements that were administered to support or refute the hypothesis 4 and a total of 5 questions addressed for this hypothesis and analyzed below.

Table 4.16 Effect of Governance on performance of RuSACCOs

No	Item	Responses											
		SA		A		UD		D		SDA		M	SD
		f	%	f	%	F	%	F	%	F	%		
1	Management committee facilitate services according the request of the member	16	8.7	19	10.4	32	17.5	72	39	44	24	2.4	1.21
2	Management committee of RuSACCO follow performance of the organization according to by-law	18	9.8	19	10.4	39	21.3	67	36.6	40	21.9	2.5	1.22
3	RuSACCO management committee discuss with concerned bodies and NGOS concerning the problem of the organization	16	8.7	19	10.4	34	18.6	71	38.8	43	23.5	2.42	1.21
4	Committee members know their duties and responsibilities properly	11	6	11	6	34	18.6	79	43.2	48	26.2	2.22	1.1
5	Committee members working according to the RuSACCO bylaw and approved plan of the general assembly	13	7.1	16	8.7	34	18.6	75	41	45	24.6	2.33	1.15

Source: Own survey result, 2018

Note: SA (strongly agree), A (agree), UD(undecided), D(disagree), SDA(strongly disagree) and f(frequency)

As depicted on Table 4.16 item 1, regarding management committee facilitate services according the request of the member, 72(39%) and 44(24%) of respondents strongly disagreed and disagreed respectively with the statement while, 16(8.7%) and 19(10.4%) of respondents agreed and strongly agreed respectively with the statement and reported that management committee facilitate services according the request of the member with (M=2.4, Std=1.21).

As shown on Table 4.16 item 2 the survey results show that about 40 (21.95%) and 67(36.6%) of the respondents strongly disagreed and disagreed respectively and confirmed that management committee of RuSACCO didn't follow performance of the organization according to by-law whereas 18 (9.8%) and 19(10.4%) of the respondents' agreed and strongly agreed respectively with the statement reported that management committee of RuSACCO follow performance of the organization according to by-law with (M=2.5, Std=1.22).

As shown on Table 4.16 item 3 the survey results show that about 71 (38.8%) and 43(23.5%) of the respondents strongly disagreed and disagreed respectively with the statement and confirmed that RuSACCO management committee doesn't discuss with concerned bodies and NGOS concerning the problem of the organization whereas 16(8.7%) and 19(10.4%) of the respondents' agreed and strongly agreed respectively and reported that RuSACCO management committee discuss with concerned bodies and NGOS concerning the problem of the organization with (M=2.42, Std=1.21).

As depicted on Table 4.16 item 4, regarding committee members know their duties and responsibilities, 79(43.2%) and 48(26.2%) of the respondents strongly disagreed and disagreed respectively with the statement and reported that management committee members didn't know their duties and responsibilities whereas 11(6%) and 11(6%) of the respondents' agreed and strongly agreed respectively and reported management committee members know their duties and responsibilities with (M=2.22, Std=1.11).

As depicted on Table 4.16 item 5, regarding committee members working according to the RuSACCO bylaw and approved plan of the general assembly, 75(41%) and 45(24.6%) of the respondents strongly disagreed and disagreed respectively with the statement whereas 13(7.1%) and 16(8.7%) of the respondents' agreed and strongly agreed respectively and reported that committee members working according to the RuSACCO bylaw and approved plan of the general assembly with (M=2.33, Std=1.15).

Generally, from the above table it can be seen that good governance and has significant effect on the performance of RuSACCOs since majority of the statement means fall under (1.50-2.49 is disagree) category. Therefore, the administered questions support the hypothesis that governance or leadership has significant effect on the performance of RuSACCOs.

An independent sample t-test was calculated to detect differences between annual saving of members where there is technically capability and committed board members and management committee and where there is no technically capability and committed board members and management committee not. The result of the test showed that for 181 degrees of freedom at the 0.05 level of significance, the obtained (P<0.05 level**).** Thus, conclusion would be drawn that there is reliable evidence showing the existence of statistically significant difference in amount of saving, loan and loan repayment where there is technical capability and committed board members and management committee and not.

It can be seen that from table from 74 members who says there is good governance saved Birr 669.59 and from 109 members who says there is no good governance saved Birr 316.10. this clearly shows even though their number is high, due to lack of good governance they didn't save more. Therefore, a comparison between members who say there is good governance and who says there is no good governance is statistically significant in savings amount and it affects the performance of RuSACCOs (annual saving)

Table 4.17 Independent Samples t- test

	Is there good governance in your RuSACCO	N	Mean	Std. Deviation	df	F	Sig.
Annual saving	yes	109	316.10	77.553	181	38.68	.000
	No	74	669.59	224.11			

Source: Own survey result, 2018

To see whether members' governance has significant effect on performance of RuSACCOs (loan) chi-square test was employed and presented below Table 4.18.

Table 4.18 Loan * governance cross-tabulation

			Is there good governance in your RuSACCO		Total
			no	Yes	
Have you ever taken a loan from your RuSACCO	no	count	57	14	71
		% of total	31.1.4%	7.7%	38.8%
	yes	count	52	60	112
		% of total	28.4%	32.8%	61.2
Total		count	109	74	183
		% of total	59.6%	40.4	100%
(x^2-value=20.68, p-value= 0.00)					

Source: Own survey result, 2018

It can be seen from Table that from 112 members who take loan from their RuSACCO 60(32.8%) members say there is good governance in your RuSACCO, in contrast from 71 members those didn't take loan only 14(7.7%) say there is good governance in their RuSACCO. In addition, chi-square test proved that (x^2-value=20.68, p-value= 0.00) governance has significant effect on the performance of RuSACCOs (loan) at 0.05 significance level. Finally, to see whether governance has significant effect on performance of RuSACCOs (loan repayment) similarly chi-square test was employed and presented below Table 4.19.

Table 4.19 Loan repayment * members' participation cross-tabulation

			Is there good governance in your RuSACCO		Total
			no	Yes	
Have you ever been late in repayments of your loan	no	count	27	47	74
		% of total	24.1%	42%	66.1%
	yes	count	33	5	38
		% of total	29.5%	4.5%	33.9
Total		count	60	52	112
		% of total	53.6%	46.4%	100%
(x^2-value=25.59, p-value= 0.00)					

Source: Own survey result, 2018

It can be seen from Table 4.19 that from 52 members who says there is good governance 47 (42%) are not late in loan repayment, in contrast from 48 members says there is no good governance 33 (29.5%) are late in loan repayment. In addition, chi-square test proved that (x^2-value=25.59, p-value= 0.00) governance has significant effect on the performance of RuSACCOs (loan repayment) at 0.05 significance level.

Opinion of FGD and interview: The skills, knowledge and commitment level of the executive committee of RuSACCOs, who have the responsibility to effectively manage and transform the institution, is considered to be critical for their organizational success. The management body of a RuSACCO is expected to devise mechanisms to best serve the growing financial needs of members. It was informed by participants that the capacity of majority of these committees has not been improved. This is mainly because of the absence provision of relevant trainings through woreda cooperative offices and NGOs operating in the area. The low educational level of the management puts a challenge on the leaders to devise a better working system and develop innovative financial products suited to the needs of rural poor. Their low level of education limits the understanding of

operational details of the institution they run. They also lack understanding of the nature of financial services and the technicalities involved in the process.

4.2.5 Hypothesis 5: Government budget allocation effect on performance of RuSACCOs

Table 4.20summarizes statements that were administered to support or refute the hypothesis 5 and a total of 6 questions addressed for this hypothesis and analyzed below.

Table 4.20 Effect of Government budget allocation on performance of RuSACCOs

No	item	Responses											
		SA		A		UD		D		SDA		M	SD
		f	%	f	%	F	%	F	%	F	%		
1	Adequate budget is allocated by government at woreda level to support the promotion and establishment of RuSACCOs	13	7.1	16	8.7	34	18.6	75	41	45	24.6	2.33	1.15
2	Limited Human Resource capacity, both in terms of quality and quantity(promoters, auditors, saving and credit expert, etc)	50	27.3	63	34.4	13	7.1	33	18	24	13.1	3.45	1.39
3	Adequate provision for in-service training of staff and financial literacy training were given to members	12	6.6	14	7.7	22	12	82	44.8	53	29	2.18	1.13
4	Adequate operational expenses were allocated	13	7.1	16	8.7	34	18.6	75	41	45	24.6	2.28	1.161
5	Limited logistical and transport facilities (vehicle, motorbike, office space, office furniture and equipment, IT facilities etc.)	87	47.5	54	29.5	14	7.7	19	10.4	9	4.9	4.04	1.19
6	Small account size of loans is offered by RUSACCOs	50	27.3	96	52.5	13	7.1	19	10.4	5	2.7	3.91	1.0

Source: Own survey result, 2018

Note: SA (strongly agree), A (agree), UD(undecided), D(disagree), SDA(strongly disagree) and f(frequency)

As shown on Table 4.20 item 1 the survey results show that about, 75(41%) and 45(24.6%) of the respondents disagreed and strongly disagreed respectively confirmed that adequate budget is not allocated by government at woreda level to support the promotion and establishment of RuSACCOs whereas 13(7.1%) and 16(8.7%) of respondents strongly agreed and agreed respectively and reported that adequate budget is allocated by government at woreda level to support the promotion and establishment of RuSACCOs with (M=2.33, Std=1.15).

As shown on Table 4.20 item 2 the survey results show that about 50(27.3%) and 63(34.4%) of respondents strongly agreed and agreed respectively and confirmed that there is limited human resource capacity, both in terms of quality and quantity (promoters, auditors, saving and credit expert, etc.) whereas 33(18%) and 24(13.1%) of the respondents disagreed and strongly disagreed respectively with the statement with (M=3.45, Std=1.39).

As depicted on Table 4.20 item 3, regarding Adequate provision for in-service training of staff and financial literacy training were given to members, 82(44.8%) and 53(29%) of the respondents disagreed and strongly disagreed respectively with the statement and reported that adequate provision for in-service training of staff and financial literacy training were not given to members whereas 12(6.6%) and 14(7.7%) of the respondents strongly agreed and agreed respectively with the statement with (M=2.18, Std=1.16).

As shown on Table 4.20 item 4 the survey results show that about 75(41%) and 45(24.6%) of the respondents disagreed and strongly disagreed respectively and confirmed that Adequate operational expenses were not allocated whereas 13(7.1%) and 16(8.7%) of the respondents strongly agreed and agreed respectively with the statement and reported that adequate operational expenses were allocated with (M=2.28, Std=1.16).

As depicted on Table 4.20 item 5, regarding the presence of limited logistical and transport facilities (vehicle, motorbike, office space, office furniture and equipment, IT facilities etc.), 87(47.5%) and 54(29.5%) of the respondents strongly agreed and agreed respectively with the statement and reported that there were no adequate logistical and transport facilities (vehicle, motorbike, office space, office furniture and equipment, IT facilities etc.), whereas 19(10.4%) and 9(4.9%) of the respondents disagreed and strongly disagreed respectively with (M=4.04, Std=1.19).

As depicted on Table 4.20 item 6, regarding the Small account size of loans offered by RuSACCOs, 50(27.3%) and 96(52.5%) of the respondents strongly agreed and agreed respectively with the statement and reported that Small account size of loans is offered by RuSACCOs whereas 19(10.4%) and 5(2.7%) of the respondents disagreed and strongly disagreed respectively with (M=3.91, Std=1.0).

Generally, from the above table it can be seen that adequate budget is not allocated by the government, adequate provision of in service training were not given which has significant effect on the performance of RuSACCOs since of the means of statement 1,3 and 4 fall under (1.50-2.49 is disagree) category while, the means of statement 2, 5 and 6 fall under (3.50-4.49 is agree) Therefore, the administered questions support the hypothesis that government budget allocation has significant effect on the performance of RuSACCOs. In addition, to see whether government budget allocation has significant effect on performance of RuSACCOs (annual saving) independent sample t-test test was employed and presented below Table 4.13

An independent sample t-test was calculated to detect differences between the amount of annual saving of members who says adequate budget is allocated by government at woreda level to support the promotion and establishment of RuSACCOs and those who says not adequate budget is allocated by government at woreda level to support the promotion and establishment of RuSACCOs. The result of the test showed that for 181 degrees of freedom at the 0.05 level of significance, the obtained ($P<0.05$**).** Thus, conclusion would be drawn that there is reliable evidence showing the existence of statistically significant difference between members who says adequate budget is allocated by government at woreda level to support the promotion and establishment of RuSACCOs and not allocated in the amount of saving.

It can be seen from the table below those members who says adequate budget is allocated to their RuSACCO by government to support the promotion and establishment of RuSACCOs saved Birr 673.86 and those who says adequate budget is not allocated to their RuSACCO by government at to support the promotion and establishment of RuSACCOs saved Birr 325.97. This may be due to those RuSACCOs who got adequate budget from the government may give training to their members to save for better future. Therefore, a comparison between the two members is statistically significant in savings amount and it affects the performance of RuSACCOs (annual saving).

Table 4.21 Independent Samples t- test

	Do the government allocate adequate budget	N	Mean	Std. Deviation	df	F	Sig.
Annual saving	yes	113	325.97	96.824	181	28.82	.000
	no	70	673.86	226.583			

Source: Own survey result, 2018

To see whether members' government budget allocation has significant effect on performance of RuSACCOs (loan) chi-square test was employed and presented below Table 4.22

Table 4.22 Loan * government budget allocation cross-tabulation

			do the government allocate adequate budget		total
			no	Yes	
Have you ever taken a loan from your RuSACCO	no	count	55	16	71
		% of total	30.1%	8.7%	38.8%
	yes	count	53	59	112
		% of total	29%	32.2%	61.2
Total		count	108	75	183
		% of total	59%	41%	100%
(x^2-value=20.68, p-value= 0.00)					

Source: Own survey result, 2018

It can be seen from Table that from 112 members who take loan from their RuSACCO, 59(32.2%) members say government allocate adequate budget while 53(29%) members say government doesn't allocate adequate budget, in contrast, from 71 members those didn't take loan only 16(8.7%) say government allocate adequate budget but majority 55(30.1%) says government doesn't allocate adequate budget in their RuSACCO. In addition, chi-square test proved that (x^2-value=20.68, p-value= 0.00) government budget allocation has significant effect on the performance of RuSACCOs (loan) at 0.05 significance level. Finally, to see whether government budget allocation has significant effect on performance of RuSACCOs (loan repayment) similarly chi-square test was employed and presented below Table 4.23

Table4.23 Loan repayment * government budget allocation cross-tabulation

			Do the government allocate adequate budget		Total
			no	Yes	
Have you ever been late in repayments of your loan	no	count	31	43	74
		% of total	27.7%	38.4%	66.1%
	yes	count	30	8	38
		% of total	26.8%	7.1%	33.9
Total		count	61	51	112
		% of total	54.5%	44.5%	100%
(x^2-value=13.9, p-value= 0.00)					

Source: Own survey result, 2018

It can be seen from Table 4.23 that from 51 members who says there is adequate government budget allocation majority 43 (38.5%) are not late in loan repayment, only 8 (7.8%) are late in repayment of loan in contrast, from 61 members says there is no adequate government budget allocation 30 (26.8%) are late in loan repayment and 31(27.7%) are late. In addition, chi-square test proved that (x^2-value=13.9, p-value= 0.00) governance has significant effect on the performance of RuSACCOs (loan repayment) at 0.05 significance level.

Opinion of FGD and interview: It was claimed by some of focus group discussant that the government is trying to support RuSACCOs to the extent of its capacity. But majority of them, however, have dared to provide genuine response to the researcher's question pertaining to capacity gaps observed in the government office. According to the latter respondents view, the government offices are being constrained by shortage of transport facilities (motor bikes) for government staffs to frequently travel to the field for provision of monitoring and technical support to RuSACCOs. Shortages of financial resource (operational budget) and the capacities of RuSACCOs in terms of facilities such as office spaces, office furniture and equipment, safe lockers and books of account have been mentioned as the major problems.

From interview with woreda office it was understood that the quality and quantity of professional and skilled manpower is one of the determining factors for the operational efficiency and effectiveness of an institution. Delivering financial services requires relevant knowhow and academic background. In this regard, none of the sample RuSACCOs has adequate staff with skilled manpower. In terms of academic background and relevance, most of the staffs are uncertified and less-skilled. They don't have

knowhow and skill on management, marketing, accounting, record keeping, reporting and similar aspects of operation. In addition, the staffs do not have work motivation because of low or no payment. The main reason for this is that RuSACCOs have no financial capacity to hire professionals.

In addition, it was learnt from the interview that the government has been trying to address this problem using woreda cooperative office accountants such as by mentoring and improving the skills of RuSACCOs staff. The attempt to institute a formal record keeping system is a good start. But effectiveness of the system partly depends on the extent of effort made to build up the capacity of bookkeepers and on the continuous supply of the standard format for accounting documents and records. Since the permanent staffs of most RuSACCOs do not have appropriate skills to generate reports, it is the staffs from woreda cooperative promotion office that close the book of accounts of RuSACCOs and generate financial statements.

4.2.6 Hypothesis 6: Information effect on performance of RuSACCOs

Table 4.24summarizes statements that were administered to support or refute the hypothesis 6 and a total of 4 questions addressed for this hypothesis and analyzed below

Table 4.24 Effect of information on performance of RuSACCOs

No	item	Responses										M	SD
		SA		A		UD		D		SDA			
		f	%	f	%	F	%	f	%	F	%		
1	RuSACCOs members are well informed about the market situation	13	7.1	16	8.7	30	16.4	79	43.2	45	24.6	2.31	1.15
2	RuSACCOs shares all vital information that could affect their decision	11	6	16	8.4	34	18.6	75	41	47	25.7	2.28	1.22
3	I have regular communication with RuSACCO about any change that helps my business grow	13	7.1	16	8.4	34	18.6	79	43.2	41	22.4	2.35	1.13
4	RuSACCO supplies me technical information	13	7.1	17	9.3	32	17.5	75	41	46	25.1	2.32	1.16

Source: Own survey result, 2018

Note: SA (strongly agree), A (agree), UD (undecided), D(disagree), SDA(strongly disagree) and f(frequency)

As depicted on Table 4.24 item 1, regarding RuSACCOs members are well informed about the market situation, 79(43.2%) and 45(24.6%) of respondents disagreed and strongly disagreed respectively with the statement and reported that RuSACCOs members are not well informed about the market situation while, 13(7.1%) and 16(8.7%) of respondents strongly agreed and greed with the statement and reported that RuSACCOs members are well informed about the market situation with (M=2.31, Std=1.15).

As depicted on Table 4.24 item 2, regarding RuSACCOs shares all vital information that could affect their decision, 75(41%) and 47(25.7%) of respondents disagreed and strongly disagreed respectively with the statement and reported that RuSACCOs didn't shares all vital information that could affect their decision while, 11(6%) and 16(8.7%) of respondents strongly agreed and greed with the statement and reported that RuSACCOs shares all vital information that could affect their decision with (M=2.28, Std=1.22).

As depicted on Table 4.24 item 3, regarding having a regular communication with RuSACCO about any change that helps their business grow, 79(43.2%) and 41(22.4%) of respondents disagreed and strongly disagreed respectively with the statement whereas, 13(7.1%) and 16(8.7%) of respondents strongly agreed and greed with the statement and reported that they have regular communication with RuSACCO about any change that helps their business grow with (M=2.35, Std=1.13).

As depicted on Table 4.24 item 4, regarding RuSACCO supplies me technical information, 75(41%) and 46(25.1%) of respondents disagreed and strongly disagreed respectively with the statement whereas, 13(7.1%) and 17(9.3%) of respondents strongly agreed and greed with the statement and reported that RuSACCO supplies me technical information with (M=2.32, Std=1.16).

Generally, from the above table it can be seen that information sharing to it members is weak which has significant effect on the performance of RuSACCOs since of the means of statements fall under (1.50-2.49 is disagree) category Therefore, the

administered questions support the hypothesis that information has significant effect on the performance of RuSACCOs. An independent sample t-test was calculated to detect differences between the amount of annual saving of members who have access to information and those who have no access to information. The result of the test showed that for 181 degrees of freedom at the 0.05 level of significance, the obtained (P<0.05**).** Thus, conclusion would be drawn that there is reliable evidence showing the existence of statistically significant difference between members who have access to information and not have access in the amount of saving.

Table 4.25 Independent Samples t- test

	Do you have access to information	N	Mean	Std. Deviation	df	F	Sig.
Annual saving	yes	114	324.56	83.291	181	33.16	.000
	no	69	681.26	229.178			

Source: Own survey result, 2018

To see whether members' government budget allocation has significant effect on performance of RuSACCOs (loan) chi-square test was employed and presented below Table 4.22.

Table 4.26 Loan * government budget allocation cross-tabulation

Item			Do you have access to information		total
			no	Yes	
Have you ever taken a loan from your RUSACCO	no	count	60	11	71
		% of total	32.8%	6%	38.8%
	yes	count	54	58	112
		% of total	29.5%	31.7%	61.2
Total		count	114	69	183
		% of total	62.3%	37.7%	100%
(x^2-value=24.37, p-value= 0.00)					

Source: Own survey result, 2018

It can be seen from table that from 69 members who have access to information majority 58(31.7%) take loan from their RuSACCO, only 11(6%) members who have no access didn't take loan say government allocate adequate budget while 53(29%) and from 114 members have no access information only 54(29.5%) members take loan 60(32.8%) didn't take loan. In addition, chi-square test proved that (x^2-value=24.37, p-value= 0.00) access to information has significant effect on the performance of RuSACCOs (loan) at 0.05 significance level. Finally, to see whether access to information has significant effect on performance of RuSACCOs (loan repayment) similarly chi-square test was employed and presented below Table 4.27

Table 4.27 Loan repayment * government budget allocation cross-tabulation

			Do you have access to information		Total
			no	Yes	
Have you ever been late in repayments of your loan	no	count	29	45	74
		% of total	25.9%	40.2%	66.1%
	yes	count	33	5	38
		% of total	29.5%	4.5%	33.9
Total		count	62	50	112
		% of total	55.4%	44.6%	100%
(x^2-value=23.7, p-value= 0.00)					

Source: Own survey result, 2018

It can be seen from table 4.23 that from 50 members who have access to information majority 45 (40.2%) are not late in loan repayment, only 5 (4.5%) are late in repayment and from those who have no access to information from 62 members 33 (29.5%) are not late in loan repayment and 29(25.9%) are late. In addition, chi-square test proved that (x^2-value=23.7, p-value= 0.00) access to information has significant effect on the performance of RuSACCOs (loan repayment) at 0.05 significance level.

5. Conclusions

On the basis of the data analysis, interpretations and summary made the following conclusions are drawn. Educational status and training has significant effect on performance of rural saving and credit cooperatives. Educational statuses of members and officials have its own effect on steady management of RUSACCOs and availability of committed members through long year service of saving and credit cooperatives. Educated households were likely to save more, have more access to credit and timely repayment of loan than uneducated households because of their ability to read and understand regulations concerning importance of saving, the loan and repayment. It was found out that majority of RUSACCOs' management in the study area have been still characterized with limited knowledge and skill in understanding and disseminating the organizational vision, mission, goals and objectives among RUSACCOs members.

Income has significant effect on performance of rural saving and credit cooperatives. The study found that income influences the annual savings of members of RuSACCOs positively and significantly at five percent probability level of significance, confirming the hypothesis that income has positive relationship with annual income.

Members' participation has significant effect on performance of rural saving and credit cooperatives. The study revealed those members' participation and involvement in the development of their by-laws and business plan significantly affects the performance of a RuSACCOs. It was assumed that members' participation has a positive correlation with performance of RuSACCO. It was concluded that the existence of statistically significant difference between members who actively participate and not participate in the amount of saving, loan and loan repayment.

Governance has significant effect on performance of rural saving and credit cooperatives. It was found that managerial and technical capability and commitment level of board members and management committee members significantly affects the performance of a RuSACCOs. It was assumed that Poor governance and leadership of RuSACCOs officials has a negative correlation with performance of RuSACCOs. It was concluded that there is statistically significant difference in amount of saving, loan and loan repayment where there is technical capability and committed board members and management committee and not.
Government budget allocation for RuSACCO promotion has significant effect on performance of rural saving and credit cooperatives. The study revealed that adequacy of budget allocated by government at woreda level to support the promotion and establishment of RuSACCOs and strengthening them, including the recruitment of adequate and qualified personnel, adequate provision for in-service training of staff and financial literacy training of member farmers, operational expenses and transportation facilities significantly affects the performance of a RuSACCOs. It was assumed that Government budget allocation for RuSACCOs promotion has a positive correlation with performance of RuSACCOs.

The study concluded that there is statistically significant difference in amount of saving, loan and loan repayment in RuSACCOs where Government allocated adequate budget for RuSACCOs promotion. Access to Information has significant effect on performance of rural saving and credit cooperatives. It was found that access to information about RuSACCOs significantly affects the performance of a RuSACCOs. It was hypothesized that household which have access to information a positive correlation with performance of RuSACCO. Conclusion would be drawn that there is reliable evidence showing the existence of statistically significant difference between members who have access to information and not have access in the amount of saving loan and loan repayment.

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