



**FINANCIAL LITERACY AND PROFITABILITY OF SACCOS IN PALLISA DISTRICT;
A CASE STUDY OF PALLISA TEACHERS' SACCO, EASTERN UGANDA**

BY

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**A RESEARCH REPORT SUBMITTED TO BUSITEMA UNIVERSITY FACULTY
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THE REQUIREMENT FOR THE AWARD OF BACHELOR OF
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AUGUST, 2024

DECLARATION

DECLARATION

I **Nandera Winfrida**, hereby declare that the contents of this research report are my original work and no other study has been conducted on the topic

Signature..........

Date:.....*21/9/2024*.....

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APPROVAL

APPROVAL.

This is to certify that this research report by **NANDERA WINERIDA** on the topic "**financial literacy and profitability of SACCOs in Pallisa district; a case study of Pallisa teachers' SACCO**", will be submitted for examination with approval of my supervisor for the award of a Bachelor's degree in Business Administration at Busitema University.

ACADEMIC SUPERVISOR

MR. WANDAMBISHA BRIAN

Sign: 

Date: 2/07/2025

DEDICATION

This work is dedicated to my parents Wandera John and Adongo Topister, brothers Mangeni Nelson and Bwire Ben for their moral support, encouragement and understanding. To all my friends, course mates, lecturers, and the Almighty God for His unceasing blessings without which it is impossible to ensure the research report submission a reality

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LIST OF ABBREVIATIONS

- PDLG** - Pallisa district local government
- SACCO** - Saving and Credit Cooperative Organizations
- PTS** - Pallisa teachers' Sacco

ABSTRACT

The study aimed at examining financial literacy and profitability of SACCOs in Pallisa District. This study was guided by the following research objectives; to examine the relationship between member financial behavior and profitability of SACCOs, to determine the relationship between operational efficiency and profitability SACCOs, to assess the effect of risk management on the profitability of SACCOs in Pallisa district. A cross sectional research design was adopted from a sample of 80 members to enable the collection and analysis of quantitative data and to ensure that the study accurately describes the true nature of the prevailing conditions, demography and quantitative description of trends, attitudes to effectively address the research problem. The study gathered primary data which was established through questionnaire tool to randomly selected SACCO. This was recommended since it guarantees confidentiality to the respondents. Descriptive statistics were used in the data analysis and information presented in statistical forms. Correlations and linear regression analysis were also used to analyze the relationship between financial literacy and profitability of SACCOs. The findings presented showed that there is an effect of financial behavior on profitability of SACCOs; and the effect of financial attitude on profitability of SACCOs.

CHAPTER ONE

BACKGROUND OF STUDY

1.0 Introduction

This chapter comprises of the background of the study, statement of the problem, general objective, specific objectives, research questions, scope of the study, significance of the study and the conceptual framework.

1.1 Background of study

SACCOS are referred to as cooperative financial models where savings are mobilized from the members and credit access encouraged for improvement of standards of living (Ndiege et al., 2016). The World Co-operative Monitor has revealed a global turnover of 2.2 trillion USD for the world's top 300 co-operatives. Co-operatives generate partial or full-time employment for at least 250 million individuals worldwide, either in or within the scope of co-operatives, making up almost 12% of the entire employed population of the G20 countries (ICA, 2015). SACCOs are essential in promoting financial inclusion and economic development, particularly in rural areas. Financial literacy is the knowledge of basic financial concepts, such as the ability to do calculations related to interest rates, understanding inflation and risk diversification, and having the knowledge to make informed decisions about financial products and services" (Lusardi & Mitchell, 2014). This study will investigate the impact of financial literacy on the profitability of SACCOs in Pallisa District, Uganda.

Profitability refers to the ability of a business or investment to generate profit, typically expressed as a ratio or percentage (Marshall, 1890). It's a measure of how efficiently a company utilizes its resources to generate earnings relative to its expenses. Profitability measures the extent to which a business generates a profit from the factors of production: labor, management and capital. Profitability analysis focuses on the relationship between revenues and expenses and on the level of profits relative to the size of investment in the business (Obara,2013).

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