

**IMPACT OF SAVING ON THE STARDARD OF LIVING OF HOUSEHOLDS IN
UGANDA**

A CASE STUDY OF KASODO SUB COUNTY, PALLISA DISTRICT

BY

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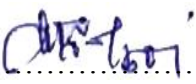
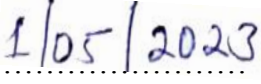
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**A RESEARCH REPORT SUBMITTED TO THE DEPARTMENT OF ECONOMICS
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MAY 2023

DECLARATION

This thesis contains my original work and has not been presented by any other person.

Signature.  Date 

OBOI ZABULON

APPROVAL

This is to certify that this research work of OBOI ZABULON, entitled “IMPACT OF SAVING
ON THE STARDARD OF LIVING OF HOUSEHOLDS IN KASODO SUB COUNTY,
PALLISA DISTRICT.” has been under my supervision and is now ready for submission to the
board of examiners with my approval

Signature.......... Date..........

MR MUGISHA INNOCENT

(SUPERVISOR)

DEDICATION

This thesis is dedicated to my Brother OTUBA GEOFREY who has always encouraged and supported me throughout my studies. It is also dedicated to my parents OSAKO JIMMY and MUDONDO SALUME, who sacrificed their comforts to educate and teach me the value of education.

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Table of Contents

DECLARATION	ii
APPROVAL	iii
DEDICATION	iv
ACKNOWLEDGEMENT	v
First and foremost, I appreciate The Almighty God who has given me life and has been with me since I started education. He has also enabled to complete this research successfully.	v
LIST OF TABLES	ix
LIST OF FIGURES	x
ABSTRACT	xi
CHAPTER ONE	1
1.0 INTRODUCTION	1
1.1 Background	1
1.2 Problem statement	3
1.3. Objectives of the study	3
1.3.1. General objective of the study	3
1.4. Research Questions	4
1.5. Study Scope	4
1.5.1. Content Scope	4
1.5.2. Geographical scope	4
1.5.3. Time scope	4
1.6. Significance of the study	4
CHAPTER TWO	6
LITERATURE REVIEW	6
2.0 Introduction	6
2.1. Savings	6
2.1.1. Importance of Savings	6
2.1.2. The level of savings	6
2.2. Nature of standard of living of households	8
2.3. Relationship between Savings and standard of living of households	9
2.4 Theories of saving	10
CHAPTER THREE	16
METHODOLOGY	16

3.0 Introduction	16
3.1 Research Design	16
3.2 Sample size	16
3.3. Sampling techniques.....	17
3.4. Data collection procedures.....	17
3.5. Area of study.....	17
3.6. Data sources.....	17
3.6.1. Primary sources.....	17
3.6.2. Secondary sources.....	17
3.7.0. DATA COLLECTION METHOD.....	18
3.7.1. INTERVIEW METHOD.....	18
3.8. Data collection instruments.....	18
3.8.1. Interview Guide.....	18
3.8.3 Validity of the instruments.....	18
3.8.4. Reliability of instruments.....	18
3.9. Data Analysis Techniques.....	19
CHAPTER FOUR.....	21
DATA ANALYSIS, PRESENTATION AND INTREPRETATION.....	21
4.0. Introduction.....	21
4.1. Reliability Analysis.....	21
4.2. Background information of Respondents.....	21
4.2.1 Gender of Respondents.....	21
4.2.3. Occupation of the respondents.....	23
4.3 SAVINGS.....	23
4.3.1. State of saving of respondents.....	24
4.3.2 Level of saving of respondents.....	24
4.3.3 How the respondents save.....	25
4.3.4. Future expenses that the household have to pay.....	27
4.3.5 Saving habits of respondents.....	27
4.3.6. Spending and income of households.....	29
4.3.7. Level of saving of respondents.....	29
4.4 NATURE OF STANDARD OF LIVING OF HOUSEHOLDS.....	31
4.4.1 Level of education of respondents.....	31

4.4.2. Family income	32
4.4.3 Household meals per day and medication	35
4.4.4 Household statistics	36
4.5 RELATIONSHIP BETWEEN SAVING AND STANDARD OF LIVING OF HOUSEHOLDS	39
4.5.1. Saving for improving the standard of living of households	39
4.5.2 Relationship between saving and standard of living of households	40
<u>CHAPTER FIVE</u>	42
<u>SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS</u>	42
<u>5.1 Introduction</u>	42
<u>5.2. Summary of findings</u>	42
<u>5.2.1 Level of saving</u>	42
<u>5.2.2 Nature of standard of living of households</u>	42
<u>5.2.3 Relationship between saving and standard of living of households</u>	43
<u>5.3 Discussion of Findings</u>	43
<u>5.3.1. Level of Savings</u>	43
<u>5.3.2 Nature of standard of living of households</u>	44
<u>5.3.3 Relationship between saving and standard of living of households</u>	44
<u>5.4. Conclusions</u>	44
<u>5.5 Recommendations</u>	45
<u>5.5.1. Recommendations for management action</u>	45
<u>5.5.2 Recommendations for further studies</u>	46
REFERENCES	47
APPENDICES	48
Appendix 1: Transmittal letter.	48
Appendix 2: Research Questionnaire.	49

LIST OF TABLES

Table 1:Gender of Respondents	21
Table 2:. Age of respondents	22
Table 3:Occupation of respondents	23
Table 4:State of saving of respondents	24
Table 5:: level of saving of respondents	24
Table 6:: How the respondents save	25
Table 7:: Sacrifice for saving	26
Table 8:. Saving for future expenses	27
Table 9:: Saving habits of respondents	28
Table 10:: Spending and income of households	29
Table 11:Level of saving of respondents	30
Table 12: Level of education of respondents	31
Table 13:Family income per month	33
Table 14:Type of house owned by respondents	34
Table 15:: Item which takes most of the respondent's income	35
Table 16: Household's source of medication	36
Table 17: Number of members in Household	37
Table 18: Number of family members above 65 years	38
Table 19: willingness to save for standard of living improvement	39
Table 20:: Relationship between saving and standard of living of households\	40
Table 21:Relationship between saving and standard of living of households	41

LIST OF FIGURES

Figure 1:A bar graph showing the level of saving of respondents	30
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ABSTRACT

Most of the households in rural areas find it difficult to finance their operations, including their other income-generating activities, owing to their limited and irregular income. Low household incomes threaten to limit the achievement of the UN SDG's as well as Uganda's Vision 2030. There is no single pathway towards improving household income because social and economic fundamentals and the saving culture vary from one region to another.

This study aimed to find out the impact of savings on standard of living of households in Kasodo Sub County, Pallia District. The study adopted a descriptive research design and focused on target population of 70 households in the area. Questionnaires schedules were administered to a sample of 59 respondents selected among rural households in the area.

Households were stratified by distance from the nearest urban Centre and selected using stratified proportionate random sampling. The adult respondents, who were the heads of household, were selected purposively and the research tools administered. The primary data and personal observations were quantified and analyzed using Microsoft excel 2013.

Descriptive statistics, such as frequencies and percentages were used for analysis of all quantitative variables. The Spearman's rank correlation Coefficient was used to establish the relationship between the independent and dependent variables. The results were presented in form of tables. The study concluded that the level of savings among households of Kasodo Sub County is relatively low and this is due to the low levels of income generated from subsistence production practiced in the area.

The study also concluded that the standard of living of households in Kasodo Sub County, Pallisa District is characterized by low levels of education, low monthly family income, subsistence farming since most of the household heads were peasants, medication given freely through the government health centers and also most of the people are self-employed in either small businesses or in subsistence farming.

CHAPTER ONE

1.0 INTRODUCTION

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

1.1 Background

Saving can take various forms and can be classified into three main categories namely formal, semi-formal and informal saving. At the macro level, saving can contribute to long-term economic development such as raising funds for infrastructure development, health and education development. At micro level, saving can enhance household standard of living.

Majority of households in Uganda have small piece of land and this has affected their ability to save hence low investment and low standard of living among households (Kirya 2017).

In the post-colonial era, the gross domestic savings rates in Uganda were highly competitive compared to other African countries. However, Uganda experienced political turmoil and war and macro-economic mismanagement during 1970's under the dictatorial rule of President Idi Amin (1971-1979) that saw the economy crumble down to ruins. Since 1987, the government of Uganda has substantially achieved great success in reforming and stabilizing the economy and implementing the structural reforms.

The economy has over the past three decades established a strong record of prudent macro-economic management and continues to undertake private sector oriented structural reforms. Ugandan Economic growth outpaced the rest of sub-Saharan Africa in the 1990's, reducing the proportion of the population living in poverty from 56% in the early 1990's to about 30% more recently. Continued implementation of sound macroeconomic and structural economic policies have resulted in robust economic growth and increased resilience of the economy to external shocks such as the recent 2007/08 global financial and economic crisis, volatility in oil prices and escalation of food prices in the region as well as internal shocks such as droughts and severe energy shortages (**Namanya 2016**).

In the financial year 2009/10, the Ugandan economy grew by 5.8 and this was among the highest in the East African community and sub-Saharan Africa. Although there was a slowdown in the

growth rate of GDP, it was nevertheless robust given that the country faced adverse external shocks as well as natural disasters during the year. In 2018, Uganda's GDP was estimated to be above 466 US dollars at current prices (**IMF's World outlook, April 2019**).

Uganda's savings rate stagnated at less than 10% in the last decade, well below the sub-Saharan average yet savings are important to Ugandans because of high income volatility, under developed financial systems and lack of social safety net. Such savings, however, are often in the form of non-financial assets or participation in small informal networks and are therefore unable to gather resources for long term investment. Larger formal financial institutions are concentrated in urban areas. In the formal banking sector, weak competition, high overhead costs and poor credit information translate into wide interest spreads. Borrowers pay as much as 24% while savers earn only 4%. Long-term credit is hard to come by with only 12% of all bank loans maturing in more than one year. The agricultural sector particularly lacks access to credit (**Namanya 2016**).

About 80% of the households interviewed earn their income through crop production, wage employment and informal trade. 57% keep their savings in cash forms like livestock and food hoarding in the rural areas while the urban households keep their non-cash savings in form of durables, real estate or plough back in their business

Due to low incomes, high minimum deposit requirements and lack of other savings facilities. Over one-third of the rural households keep their savings in form of cash hoarding at home. The inability of Ugandan economy to generate adequate growth in savings to meet investment needs has widened the saving-investment gap and measures to correct this have only led to reliance on foreign borrowing and donor-assistance to finance planned investment, (Byarugaba 2017)

In order to maintain a higher rate of domestic savings, not only is there need to maintain fiscal discipline but also to enhance savings from the households and the corporate sectors of the economy. Available empirical studies suggest that private savings dominate domestic and national savings, and that household savings constitute the substantial part of these in most countries (**Deaton 2020**).

According to Pallisa District Profile Report 2020, Pallisa District has 75921 households with the total population of 382913 people and Kasodo sub-county has 5343 households with 5.2 average size with a total of 27907 citizens. Over 15% of the households in this area do not save at all. This significantly implies that the level of saving might be very low. This is because most households' incomes are from mainly subsistence agriculture and the financial institutions have failed to mobilize household savings especially in this area hence the impact of savings on household standard of living is not significant.

1.2 Problem statement

Savings play an important role in improving the standard of living of households. The government of Uganda has encouraged households to save for example through encouraging commercial agriculture among households, encouraging households to form saving groups. However a number of people in Kasodo Sub County have not engaged in commercial agriculture and have not joined saving groups, this has made many homes to lack what to eat and inadequate revenue to sustain future demands that can enable them to live a comfortable life like buying a personal car, this calls for government intervention to sensitize people on the benefits of commercial agriculture and saving group groups so that economic growth can be promoted which in turn leads to improved standard of living.

1.3. Objectives of the study

1.3.1. General objective of the study

The general objective of this study was to assess the impact of saving on the standard of living of households in Kasodo Sub County, Pallisa District.

1.3.2 Specific objectives of the study

- i) To assess the level of saving on the standard of living of households in Kasodo Sub County, Pallisa District.
- ii) To examine the nature of standard of living of households in Kasodo Sub County, Pallisa district.
- iii) To establish the relationship between savings and standard of living of households in Kasodo Sub County, Pallisa District.

1.4. Research Questions

- i) What is the level of saving of households in Kasodo Sub County, Pallisa District.
- ii) What is the nature of the standard of living of households in Kasodo Sub County, Pallisa District.
- iii) What is the relationship between savings and standard of living of households in Kasodo Sub County, Pallisa District

1.5. Study Scope

The section presents the scope of the study divided into three parts that is content scope, geographical scope and the time scope.

1.5.1. Content Scope

This study was to mainly to examine the possible impact of saving on the standard of living of households and also established the relationship between savings and standard of living of households in Kasodo Sub County, Pallisa District.

1.5.2. Geographical scope

The study was conducted in Uganda, kasodosub county in Pallisa District is a district in Eastern Uganda.

1.5.3. Time scope

The study was carried out basing on data for a period of four years that is 2018-2022.

1.6. Significance of the study

This sub-section presented ways in which this study is useful to different stakeholders;

i) Households

The results of the study provided households with mechanisms and measures of improving on their savings which leads to increased investments and hence improving on their standard of living.

ii) Government

The results of the study provided the government with possible measures of improving on generation of revenue to the government since the households were encouraged to save in order to increase on the level of investment. This also in turn facilitates economic growth and development because of an increase in government expenditure.

iii) Policy makers

The results obtained by the researcher are useful to policy makers in formulating, revising, modifying and implementing various policies which encourages households to save hence increasing the GDP of the country.

iv) Banks and SACCOs

This study helps banks and SACCOs with ways of encouraging their customers increase their savings and also with skills of motivating more households join commercial banks and SACCOs.

v) Other Researchers

This study is also a reference to other researchers while solving problems concerning saving and household standard of living.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presented the related literature by different scholars about savings and standard of living.

2.1. Savings

Saving is the portion of income not spent on current expenditures. In other words, it is the money set aside for future use and not spent immediately.

2.1.1. Importance of Savings

Savings can be used to accomplish objectives in the short run such as buying mobile phones, or in the long run such as an illness, replace an appliance that cannot be repaired or make an emergency trip. In addition, savings can be invested and as a result, you get a profit on the money you have set aside that is to say, you are not to only have the funds available to spend later, but you also earn money in the process.

Saving money is one of the essential aspects of building wealth and having a financial future. Saving money gives you a way out of the uncertainties of life and provides you with an opportunity to enjoy a quality life. It offers peace of mind knowing that you have a certain amount accumulated for times of your need, according to the ICICI PRUDENTIAL (2019)

2.1.2. The level of savings

Many policy makers and businesses erroneously believe that rural populations, particularly in Africa have no margin for savings over consumption needs. An Econometric model for household's saving behavior was estimated using Data from 113 rural households from Nampula province in Mozambique. The study also finds that Mozambican rural households use their own grassroots associations for many financial services due to the lack of access to formal financial intermediaries. The study concludes that existing economic and financial policies have led to the neglect of the mobilization of savings in rural areas. More specifically, rural households do not have adequate opportunity to save with formal financial intermediaries. Financial policy reform is needed to increase domestic savings for development and to reduce the country's dependence on foreign donor funds (Oliveira Amino 2015).

The mobilization of domestic savings has remained a thriving issue in discussions of ways and means of harnessing resources for development in Africa. This work attempts to examine the role of a deliberate policy of extending offices of banks in rural areas in savings mobilization efforts. Using ordinary least squares methods, data from five African countries that have pursued this policy in recent times are examined to see if there is any significant relationship between the savings rate and their population per bank office ratio. Our results are consistent with the hypothesis that the extension of branch offices of banks to rural areas could help attenuate the poor savings performance in most African economies (Silvanus , 2017).

Christopher Udry (2020) also argued that notwithstanding the problems of measurement, it is clear that savings are dominated by household savings. Survey evidence in turn shows that household savings are primarily in the form of non-financial assets. Financial savings are predominantly directed to informal markets and institutions. The paper documents these trends and provides a simple model of portfolio allocation to guide future research. It is suggested that an array of transaction costs associated with formal financial markets coupled with the risk Management strategies and production activities of households in Africa account for patterns of saving and portfolio allocation observed in the data.

Economists have tended to concentrate on the study of savings as it relates to savings behavior of urban households to the neglect of rural households (Theo Afeikhena Jerome, 2015).

According to Bazibu (2019), saving scheme has been found to have created positive impact on household standard of living manifested in three ways that is household income, asset accumulation and education. He found out that the average monthly income of the old Community Savings and Loan Associations participants was significantly different from and larger than those of the none and new participants. The mean assets accumulated was significantly different from and larger than those of none and new community savings and loan associations participants.

Consumption and Savings are ordinarily studied together in savings and consumption theories. This is because a decision to consume automatically implies another decision of not saving (Makone, 2016).

Epaphra (2016) emphasizes that the GDP growth rate, disposable income, life expectancy rates and population growth rate positively affect national Savings while inflation adversely affect Savings.

According to Shihong Zeng, Xinuei Zhang, Xiaowei Wang and Gwongang Zeng, (2019). The positive impact between household saving and housing prices is highly significant. Also the analysis shows that the impact of population aging on housing prices differs under different levels of household savings; thus, population aging affects housing prices through household savings, and the mediator dilutes and weakens this impact. The elderly generation's release of savings could gradually inhibit housing prices. Population aging causes long-run downside risks but not a market meltdown.

Savings mobilization has a positive significant impact on access to credit and the total amount of credit one can borrow as well. Other control variables such as transaction cost and farm size depicted a negative significant impact on access to credit. Land ownership, member of an association, household size, years of family experience and education also showed a positive significant impact on access to credit. (M. AnkrahTwumasi, Y Jiang, 2020).

2.2. Nature of standard of living of households

According to the NDP III document, the goal of the Ugandan government is to increase household incomes and improve the quality of life. Household incomes to increase to 119845 dollars income per capita by 2024/25 and the quality of life to 0.64 Human Development Index scores by 2024/25.

Majority of households in Uganda have small piece of land (Kirya, 2017).

Fernandez (2016) revealed that Household income generation and savings are influenced by demographic variables. Determinants such as age, gender, education or civil social status are shown as important aspects in household income generation for example Fernandez (2016) investigates the determinants of savings from eight countries in Europe. Gender had an impact on the willingness to save.

Changes in household demographics were observed as a key determinant of income source choices (Galvez & Kleit, 2015). Such demographics which were cited by scholars as key determinants of household incomes included gender, age, marital status, professional affiliation and education level of owner of household expenditure (Galvez & Kleit, 2015).

2.3. Relationship between Savings and standard of living of households

According to Barnabas (2017), panel data are used to examine household savings behavior in Uganda and the part that is played by formal financial institutions is mobilizing those savings. It's shown that the probability that the household acquires a deposit instrument from a financial institution increases significantly for both rural and urban households with improvements in several factors. Those factors include the level of information that is made available to the household and the density of financial institutions and the area where the household is located. Among those households that report holding bank savings deposits, the level of net deposits is positively influenced by increases in the availability of credit facilities, lower transaction costs (as reflected by the quality of financial services provided by the institution) and higher permanent income relatively higher real rates of return on physical assets and higher transaction costs (due to reduced accessibility) both have significant negative effects on the level of net deposits held by households.

AP Pati, Dipankar Shome (2018), on whether households still prefer bank deposits, an analysis of shift in savings and savings determinants, he found out that financial sector reforms in recent years has opened up several avenues for households to park their savings. Since households are supposed to be concerned with return, risk and liquidity aspects of their investments is expected that they move from low yielding financial instruments with an objective to explore this possible shift and identify the determinants of savings. An analysis of 26 years data spread equally over pre and post liberalization period has been attempted. The findings suggest that despite the reform, households are still preferring the safe channel of bank deposit schemes rather than switching over to high yielding but risky channels of savings. However, between the two phases, a significant structural shift of savings in bank deposit is observed. Variables like income and

inflation are found to be statistically significant determinants of savings in bank deposit of households.

Descriptive statistics seem to indicate a similar savings pattern in both rural and urban areas but the econometric results do not support this conclusion. Current income strongly affects the savings level in the urban areas whereas the literacy of household's head is key in the rural one. However, the results do not confirm the life cycle hypothesis. The household's size has a significant negative impact only in the urban case while women heads of household save more than men except for highest income levels. The results clearly show that urban and rural households behave differently with regards to Savings (TouhamiAbolelkhalek& Florence Arestoff, 2015).

Seth B Carpenter & Robert T Jensen (2019), Savings are an important determinant of both individual and national wellbeing. Typically, households employ a wide range of mechanisms for saving including both formal and informal institutions. The choice of savings instrument has important micro and macro-economic implications. However, little is known empirically about the patterns of use of these instruments or the factors affecting household decisions/abilities to use them.

2.4 Theories of saving

Saving, a sacrifice of current consumption, provides for the accumulation of capital which in turn produces additional output that can be used for consumption in the future. Saving behavior of citizens and their government brings about the development of poor countries. Moreover, threats of expropriation, repudiation and other hostile acts against foreign suppliers of capital and donor resistance to significant increase in aid means that domestic saving is likely to remain predominant source of capital in developing countries.

This section briefly summarizes the key assumptions and propositions of existing theories of saving and asset accumulation. These “theories,” which are actually at various stages of theoretical development, may be roughly classified into four categories: 1) neoclassical economic; 2) psychological and sociological; 3) behavioral; and 4) institutional.

Neoclassical Economic Theories

Neoclassical economic theories of saving are characterized by several common assumptions. First, individuals are viewed as rational beings who seek to maximize pleasure and minimize pain, and individual utility is assumed to be a function of consumption. Secondly, to most mainstream economists, there is little difference between income and assets. Both represent economic resources that may be used to finance consumption. At the same time, neoclassical economists acknowledge that individuals must make choices between present and future consumption.

These choices are generally believed to be the product of stable, autonomous individual “preferences” and the individual’s opportunity set. An individual’s saving behavior is expected to reflect her preferences for present versus deferred consumption and her income and wealth. The two most well-known neoclassical theories of saving are the life cycle hypothesis (Ando & Modigliani, 1963; Modigliani & Ando, 1957; Modigliani & Brumberg, 1954), and the permanent income hypothesis (Friedman, 1957).

Both of these theories assume that individuals and households are concerned about long-term consumption opportunities and therefore explain saving and consumption in terms of expected future income. Proponents of these models view saving as a way to smooth out consumption in the face of income fluctuations. Since consumption is determined by anticipated lifetime resources (rather than current resources), saving over short periods of time (e.g., a year) is expected to reflect departures of current income from average life resources.

In other words, according to these theories, when current income falls below average expected lifetime income, saving decreases, and individuals and households may even borrow to finance consumption. When current income exceeds average expected life resources, individuals and households save. As its name suggests, the life cycle hypothesis (LCH) posits that consumption and saving will reflect an individual’s age or stage in the life cycle. Since retirement, for most people, is likely to be the most substantial and enduring “income fluctuation,” this model emphasizes saving for retirement as a primary motivation for deferred consumption. (More complex LCH models also consider the desire to leave a bequest and the desire to prepare for emergencies as possible saving motives.)

Young households are expected to have negative saving since they typically have relatively low earnings and incur debt for education, the purchase of homes, and other expenses. In the middle period of the life cycle, saving is likely to be positive because individuals pay their debts and begin to save for retirement. Upon retirement, dissaving is expected to occur again.

Thus, differences in consumption and saving among households are believed to be partly the product of age differences, and the pattern of saving and dissaving creates an inverted U-shaped pattern (“hump saving,” according to Harrod, 1948) across age categories and/or over time (Ando & Modigliani, 1963; Modigliani & Ando, 1957; Modigliani & Brumberg, 1954). Like the life cycle hypothesis, the permanent income hypothesis (PIH) assumes that long term income is the primary determinant of consumption. The PIH, however, assumes that life is indefinitely long and therefore focuses on permanent and transitory income rather than life resources and current income.

In this model, permanent income refers to the present value of lifetime income, and transitory income refers to the difference between measured income and permanent income. Friedman (1957) claims that household consumption will respond to changes in permanent but not transitory income. Observed differences in household saving and consumption are believed to reflect, in part, differences in the relative shares of transitory and permanent income.

Psychological and Sociological Theories

Psychological and sociological theories of saving consider additional determinants of household saving. These theories are grounded in the assumption that consumers’ tastes and aspirations are not fixed, but instead are affected by economic or social stimuli and conditions.

Psychological theories in particular are frequently grounded in a stimulus-organism-response framework whereby change in the environment or information received is viewed as a stimulus which influences the individual (organism) and the response (Katona, 1975, p. 44).

Economic psychologists examine how the effects of external stimuli on economic behavior are conditioned by intervening variables such as motives, aspirations, and expectations (Katona, 1975; Olander & Seipel, 1970; Strumpel, 1972; 1975; Van Raaij, 1989). Katona (1951; 1975) has posited that saving is a function of two sets of factors, ability to save and willingness to save.

The emphasis on ability to save acknowledges that some individuals, because of limited economic resources or special consumption needs, find it more difficult to defer consumption than others. At the same time, those individuals who can postpone consumption still must choose to do so, a decision that requires some degree of willpower. In particular, Katona claims that consumer expectations and sentiment determine households' willingness to save.

Other psychological and sociological propositions consider the effects of families (Cohen, 1994), peers (Duesenberry, 1949), and past savings experiences (Furnham, 1985; Katona, 1975) on consumption patterns, savings-related beliefs, and aspirations for saving.

Behavioral Theories

In addition to economic, psychological, and sociological theories, there are a few behavioral theories of saving. Although these theories are partly rooted in economics, they do not assume that saving and consumption preferences are fixed, nor do they assume that individual economic behavior is determined simply by preferences and economic resources. Instead, individuals are expected to respond to and even create their own behavioral incentives and constraints.

The primary behavioral theory is the behavioral life-cycle hypothesis (Shefrin&Thaler, 1988) which is grounded in an "economic theory of self-control" (Thaler&Shefrin, 1981). Thaler and Shefrin suggest that an individual can be viewed as an organization which includes both a planner and a doer: "The planner is concerned with lifetime utility, while the doer exists only for one period and is completely selfish, or myopic" (1981, p. 394).

In order for the doer to manifest some degree of self-control, his preferences must be modified, his incentives altered, or his set of choices constrained. Quite frequently, according to Thaler and Shefrin, individuals adopt rules which restrict the doer's opportunities to spend. These rules may be externally imposed, although individuals voluntarily place themselves under these restrictions (e.g., a Christmas saving account), or self-imposed (e.g., "rules-of-thumb," such as avoiding borrowing or restrictions on borrowing except for specific purchases). With these rules in mind, household saving is seen as "the result of the successful and sophisticated imposition of welfare-improving, self-imposed constraints on spending" (Maital&Maital, 1994, p. 7).

Institutional Theories

Institutional theories of saving are grounded in the notion that individual and household saving is shaped by the institutional processes through which saving occurs. They are part of a larger body of institutional theory emphasizing that societal institutions shape, and give meaning to, individual behavior (see, e.g., Gordon, 1980; Neale, 1987). Sherraden (1991) has proposed a theory of welfare based on assets which emphasizes the role of institutions in asset accumulation. According to Sherraden, “asset accumulations are primarily the result of institutionalized mechanisms involving explicit connections, rules, incentives, and subsidies” He emphasizes the subsidies provided through housing and retirement-related tax benefits, including deductions for home mortgage interest and property taxes, deferment and exclusion of capital gains on sales of principal residences, exclusions for employment-sponsored pension contributions and earnings, deferments for Individual Retirement Accounts and Keogh Plans, and employer contributions to employee pension plans because these mechanisms for asset accumulation are subsidized or receive preferential tax treatment, Sherraden claims that it is rational for individuals who have access to these institutions to accumulate assets: institutionalized arrangements provide tremendous access and incentives to accumulate assets.

People participate in retirement pension systems because it is easy and attractive to do so. This is not a matter of making superior choices. Instead, choices are made by social policy, and individuals walk into the pattern that has been established.

Saving not only allows for growth in income and increases in consumption but also for the smoothing of consumption in the presence of uncertainty. There are theories of saving behavior supported by evidence, one can begin to judge the desirability of saving decisions and prescribe policies to improve saving behavior can only be discussed with reference to an explicit criterion of standard of living which is value of utility over time. It is also noted that wealth contributes to the standard of living, it does so indirectly.

Saving behavior can emerge from the standard dynamic optimization frame work when consumers facing important income uncertainty are both impatient in the sense that ssif income were certain, they would like to borrow against future income to finance consumption and product in Miles Kimball's sense that they have precautionary saving motive.

In order to generate buffer stock saving behavior, it is necessary that consumer's impatient in the sense that if they faced no income uncertainty, they would want to borrow against their future income in order to consume more today.

Personal saving as a fraction of personal disposal income. A host of studies have tried to explain the secular decline in saving rate that began some times in the mid-1970s. Precautionary saving and recent recession, the flip side of the increasing saving rate recently has been slow consumption growth.

CHAPTER THREE METHODOLOGY

3.0 Introduction

This chapter presents the methodology, explains the research design, sample size, data collection, area of study, sources of data and data collection instruments used by the researcher in the study.

3.1 Research Design

Pauline (2007) defines a research design as a plan of data collection, what data to gather, from whom, how and when to collect data and how to analyze the data obtained. This study adopted a descriptive study design, because it investigates the views of household heads on the relationship between savings and standard of living of households hence the need to generate as much primary data as possible. The study used both qualitative and quantitative approaches to get deeper views and perceptions of respondents about the study variables.

3.2 Sample size

The sample size is the total number of members of a defined class of people selected relevant to the study (Amin, 2005).

Calculating sample size

From $n = \frac{N \times [2(z) \times p \times (1-p) \div 2(e)]}{[N-1 + (2(z) \times p \times (1-p) \div 2(e))]}$

Where N is total population of households to be involved=70

P is current conversion rate=0.5

Z is the value at 95% confidence interval =1.96

Margin error e=0.05

$n = 70 \times \frac{2(1.96) \times 0.5 \times (1-0.5) \div 2(0.05)}{[70-1 + (2(1.96) \times 0.5 \times (1-0.5) \div 2(0.05))]}$

n=59

Therefore, the sample size was 59.

3.3. Sampling techniques.

The required sample of respondents was selected using simple random sampling technique. Simple sampling technique is a type of probability sampling in which the researcher randomly selects a subset of participants from a population. In simple random sampling, subjects were selected in such a way that each member of the population has equal chance of being selected (Kothari, 2012).

3.4. Data collection procedures.

A letter was presented to each respondent as a way of showing good faith. The drop and pick method was preferred for questionnaire administration to give respondents enough time to give well thought out responses. According to Pole and Lampard (2010), a self-administered questionnaire is appropriate tool to elicit self-report on people's opinions, attitudes, beliefs and values. Research assistants presented themselves with 50 semi structured questionnaires to the respondents across the area of study.

3.5. Area of study.

The study was conducted in Uganda, Kasodsub county in Pallisa district. Pallisa District is a district in Eastern Uganda.

3.6. Data sources.

3.6.1. Primary sources.

Data was collected from households and other stakeholders. Household heads was interviewed, given questionnaires and direct observations was made on aspects like sex, location, among others.

3.6.2. Secondary sources

Data was got by reviewing publications, official documents, text books and vital sources from internet, newspapers, journals and magazines. Data was also collected from the Uganda bureau of Statistics.

3.7.0. DATA COLLECTION METHOD.

3.7.1. INTERVIEW METHOD.

The study used interview method in the course of obtaining information where 50 people were involved. The interview was conducted through face-to-face interaction with the respondents

3.8. Data collection instruments

3.8.1. Interview Guide

An interview guide was administered to the household heads in the area of study, village chairpersons and other stakeholders. The interview guide was used because it allows getting deeper views and perceptions of respondents about the study variables. The interview guide also helped in bridging the link created in the questionnaires through the understanding the perceptions of the respondents better because it was a social encounter which caters for respondents who were more willing to talk than write as they would prefer to remain anonymous.

3.8.3 Validity of the instruments

Validity is the accuracy and meaningfulness of inferences, based on the research results. This was ensured by conducting a pilot study which ascertained the validity of the questionnaire. According to Bell (2010), this was both face to face and questionnaire content. Content validity draws an inference from test scores to a large domain of items similar to those on the test. Content validity is concerned with sample population representativeness. Sekaran and Bougie (2010) stated that the knowledge and skills converged by the test items should be representative to the larger domain of knowledge and skills.

3.8.4. Reliability of instruments

The pilot testing was conducted by administering the questionnaire to 10 Representatives of the interest groups. These respondents and the results of their responses was not be included in the final sample. The pilot group was selected through random sampling. Sekaran and Bougie (2010) recommend that questionnaire pre-test should be done at the personal level in order to observe respondent's reactions and attitudes. Instrument reliability is the extent to which a research instrument produces similar results on different occasions under similar conditions. It is the degree of consistency with which it measures whatever it is meant to measure (Bryman&Bell, 2011). Reliability is concerned with the question of whether the results of study are repeatable;

spearman's rank correlation coefficient was used where necessary to work out the correlation to ensure the reliability.

3.9. Data Analysis Techniques

Before processing data from respondents, the completed questionnaires were edited for completeness and consistency. The data was then coded to enable the responses to be grouped into various categories and corresponding tables. Data was then analyzed using Microsoft Excel. Descriptive statistics such as frequencies, percentages, mean score and standard deviation was computed for all quantitative variables and information was organized, sorted out and coded in the tables. Inferential data analysis was done using of relationship between variables, including Pearson correlation coefficient and regression analysis. According to Tanton (2011), in many statistical methods that use parametric measures (at least approximately) the variables measured are normally distributed. Pearson correlation coefficient was used to determine the strength and direction of the relationship between the dependent variable (standard of living of households) and the independent variable (savings).

Limitations and the delimitations of the study.

Financial problems in that the funds to support the study was limited since I was depending on my parents and my brother. This was solved by borrowing money from fellow students and other friends to add on the funds from parents and my brother.

Contradicting information from various sources and this led to confusion and wrong information to be recorded. This was solved during data analysis by ignoring slight deviations by considering them as errors.

Ignorance; Some respondents did not have the knowledge about the existence of saving and how saving works. This was solved by giving clear explanations of what saving is to the respondents.

Insufficient data; This arose since some people were not interested in participating in the study. This made it difficult to identify significant relationships in data. People not interested were given time to think otherwise.

Time constraints; Time was also limited due to the deadline for submission set by the university and also because of many other things to be done alongside research like school practice. Proper balancing of time by allocating enough time for research and for doing other things respectively was also undertaken in order to solve the problem of time constraints.

Language barrier. This is because Kasodo Sub County consists of people of different tribes who speak different languages some of which I do not know hence limiting the research process. This was solved by the use of interpreters who were able to translate English to local languages and local languages to English.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTREPRETATION.

4.0. Introduction.

This chapter presented results in tables, graphs and pie charts and then interpreted them. The results were discussed and compared with findings of other researchers in the same field of study. The chapter contained findings on the characteristics of the respondents, their opinions on savings and standard of living of households in Kasodo sub county, Pallisa District. In order to extrapolate the findings, the discussion of the results expounds the collective reactions of the respondents.

4.1. Reliability Analysis

A pilot study was carried out to determine reliability of the questionnaires. The pilot study involved 5 respondents. Reliability Analysis was subsequently done using the Cronbach's alpha, which measures the internal consistency by establishing if certain items within a scale measure the same construct.

4.2. Background information of Respondents

The study sought to inquire about the characteristics of individual respondents including the gender, age and the occupation.

4.2.1 Gender of Respondents

The respondents were requested to indicate their gender. The results are as shown in the table 1

Table 1:Gender of Respondents.

Gender	Frequency	Percentage
Males	46	92.0
Females	04	8.0
Total	50	100

Source: Primary data

The findings in table above revealed that majority of the respondents, 92.0% were males while 8.0% of the respondents were females. This implies that most of the households in Kasodo Sub County are headed by men.

The results obtained above indicate that majority of the respondents that's 92% were males while 8% of the respondents were females. This implies that most of the households in Kasodo Sub county, Pallisa District are headed by men.

4.2.2. Age of the Respondents

The respondents were requested to indicate age. The respondent's age is presented on the table below.

Table 2:. Age of respondents

Age	Frequency	Percentage
Below 25	02	4.0
26-40	09	18.0
41-50	15	30.0
51-60	12	24.0
61-70	08	16.0
Above 70	04	8.0
Total	50	100

Source: Primary Source

The results on table 3 above revealed that the majority of respondents that's 30.0% were between the age of 41-50, 24.0% were between 51-60 years, 18.0% were between the age of 26-40, 16.0% were between 61-70 years then 8.0% were above 70 years and then only 4.0% were below 25 years. These results indicated that most of the respondents were between the age of 41 and 60

years which implies that most of the respondents were mature enough and were therefore able to give reliable information about saving and standard of living of households in Kasodo Sub County.

4.2.3. Occupation of the respondents

The respondents were requested to indicate their occupations on the questionnaire. This was categorized into service sector, business sector, profession, peasant and others. The results were summarized on table 3 below.

Table 3:Occupation of respondents

Occupation	Frequency	Percentage
Service	05	10.0
Business	10	20.0
Profession	09	18.0
Peasant	23	46.0
Others	03	6.0
Total	50	100.0

Source: Primary data

According to the data presented above, the largest proportion of respondents were peasants taking a percentage of 46.0%, followed by those involved in business covering a percentage of 20.0%, then 18.0% of the respondents are in profession while the 10.0% of the respondents are in service for example police and 6.0% are in other occupations. This implies that most of the household heads in Kasodo Sub County are peasants and this must be the major cause to low income.

4.3 SAVINGS

This study sought to find out the level of savings among households in Kasodo Sub County, Pallisa District.

4.3.1. State of saving of respondents

Respondents were asked to indicate the state of saving that is whether they save or not. The results are presented on the table below.

Table 4: State of saving of respondents.

State of saving	Frequency	Percentage
Save	47	94.0
Do not save	03	6.0
Total	50	100.0

Source: Primary data

The findings in table 4.5 above revealed that most of the respondents that's 94.0% save while few of the respondents that's only 6.0% do not save. These were mainly households with surplus crops or milk to transport to the market for sale. These findings indicate that majority of households in Kasodo Sub County, Pallisa District do save.

4.3.2 Level of saving of respondents

The respondents were also requested to indicate the level of their saving in percentages. The results are shown in table 5 below;

Table 5:: level of saving of respondents

Level of saving	Frequency	Percentage
Below 25%	24	48.0
25%	14	28.0
50%	08	16.0
75%	01	2.0
Nearly all	00	0.0

Practically none	03	6.0
Total	50	100.0

Source: Primary data

According to the table 6 above, it was revealed that 48.0% of the respondents save below 25% of their income, 28.0% save 25% of their income, 16.0% of the respondents save 50% of their income, 2.0% of the respondents save 75% of their income and also none of the respondents (0.0%) save nearly all their income while only 6.0% save practically none of their income. These results imply that the level of saving in Kasodo Sub County is relatively low. This is because most of the households save below 50% of their income.

4.3.3 How the respondents save

The respondents were asked to indicate the ways they save their money. The findings were presented on the table 6 below.

Table 6:: How the respondents save

How respondents save	Frequency	Percentage
Bank or other financial institutions	06	12.0
Microfinance	04	8.0
SACCO	13	26.0
Cooperatives	01	2.0
Savings and credit groups	20	40.0
Friends and family	00	0.0
Others	03	12.0
Total	50	100.0

Source: Primary data

Table 6 above clearly shows that most of the respondents that's 40.0% save their money with the savings and credit groups, 26.0% save in SACCOs (the most common SACCO used by the respondents is Kasanvu SACCO located in Nabitende Parish, Pallisa District). 12.0% of the respondents save their money in banks and other financial institutions like Centenary bank, Stanbic bank, among others. 8.0% of the respondents save their money with the microfinance institutions and the 2.0% of the respondents save in cooperatives while none (0.0%) of the respondents save with family and friends. 12.0% of the respondents use other ways in saving their money while 6.0% do not save. The findings above also indicate that the households of Kasodo Sub County have enough knowledge on saving and on how to save their money.

The respondents gave their reasons for saving in the ways indicated above and nearly all the respondents who save pointed out that the above institutions are secure and give loans which enables them to develop.

Respondents were also requested to indicate whether anyone in their family have ever skipped a meal in order to make sure that he/she saves in the past four weeks. The results obtained are clearly summarized on table 7 below;

Table 7:: Sacrifice for saving

Response	Frequency	Percentage
Yes	07	14.0
No	43	86.0
Total	50	100.0

Source: Primary source

From the results obtained above, most of the respondents that is 43 family heads making 86.0% clearly declared that none of them and their family members have ever skipped a meal for purposes of saving while 7 respondents indicated that at least some of the family members have ever skipped a meal in order to make sure that they save. This clearly implies that the enthusiasm for saving within the people of Kasodo Sub County is still relatively low.

4.3.4. Future expenses that the household have to pay

The respondents were also requested to give answers on whether the household has expenses they expect to pay within the next 5-10 years. The results indicated that 48 of the 50 respondents (96.0%) and their households at least have expenses to be paid within the next 5-10 years while 2 respondents that's 4.0% do not have any expenses they expect to pay within 5-10 years. This implies that most of the households in Kasodo Sub County have future plans.

The respondents were further requested to state in the questionnaire whether they save for the above expenses or not. The results are clearly shown in the table below;

Table 8:: Saving for future expenses

Response	Frequency	Percentage
Save for future expenses	41	82.0
Do not save for future expenses	09	18.0
Total	50	100.0

Source: Primary data

The findings above revealed that 82.0% of the respondents and their families save for future expenses while 18.0% of the respondents do not save for future expenses. This implies that that most of the households in Kasodo Sub County save for their future expenses though their savings are always very low due to the observation made.

4.3.5 Saving habits of respondents

The respondents were also asked to choose on the questionnaire which statement best describes their saving habits and their responses were recorded and summarized on table 9 below;

Table 9:: Saving habits of respondents

Saving habit	Frequency	Percentage
Don't save	3	6.0
Usually save More than income	1	2.0
Usually spend about as much as income	8	16.0
Save whatever is left over at the end of the month (No regular plan for saving)	20	40.0
Save income of one family member and spend the other.	0	0.0
Spend regular income, save the other income	8	16.0
Save regularly by putting money aside each month	10	20.0
Total	50	100.0

Source: Primary data

The results presented in table 9 above shows that most of the respondents that's 40.0% save whatever is left over the end of the month which means that they have no regular plan for their saving. 16.0% of the respondents usually spend about as much as their income and also another 16.0% of the respondents spend regular income and save the other income. 20.0% of the respondents save regularly by putting money aside each month, 6.0% of the respondents do not save, and 2.0% of the respondents usually save more than income and then none of the respondents save income of one family member and spend the other. This means that most of the

respondents do not have a regular plan for saving. Due to such, it has led to low levels of saving amongst the households.

4.3.6. Spending and income of households

The respondents were also asked whether over the past year if their family's spending exceeded their income, spending was the same as family income or if spending was less than family income. The results obtained were recorded and summarized as shown in table 10 below;

Table 10:: Spending and income of households

Spending and income of households	Frequency	Percentage
Spending exceeded family income	37	74.0
Spending was the same as family income	9	18.0
Spending was less than family income	4	8.0
Total	50	100.0

Source: Primary data

The findings above indicate that most of the respondents that's 74.0% spend more than their income, 18.0% spend as much as family income and then only 8.0% spend less than their family income. This implies that most of the households in Kasodo Sub County spend more than their income. This limits their level of saving hence others even end up not saving regularly or even not saving completely. This is because since their spending is greater than their income, they look for other ways of covering the gap for example borrowing which in turn limits their level of saving.

4.3.7. Level of saving of respondents

Respondents were then asked to classify their level of saving and the results were presented in table 11 below;

Table 11:Level of saving of respondents.

Level of Savings	Frequency	Percentage
Too low	2	4.0
Low	31	62.0
Moderate	11	22.0
High	3	6.0
Too high	3	6.0
Don't know	0	0.0
Total	50	100.0

Source: Primary data

Figure 1:A bar graph showing the level of saving of respondents

Source: Primary data

From the bar graph above, it is clearly shown that most of the respondents ranked their level of saving to be low taking a percentage of 62.0%, followed by those who ranked their level of

saving to be moderate taking a percentage of 22.0%. The third category of respondents ranked their level of saving as high and those who indicated that their level of saving is too high. Both of these groups of respondents took a percentage of 6.0% each. Also 4.0% of the respondents indicated that their level of saving is too low while none of the respondents that's 0.0% doesn't know their level of saving. This implies that the respondents were aware of their level of saving. Most of the household' level of saving is low. This is because most of the people in Kasodo Sub county are peasants who carryout majorly subsistence production in which they get little or no income hence limiting the level of saving.

4.4 NATURE OF STANDARD OF LIVING OF HOUSEHOLDS

This study sought to find out the nature of standard of living among households in Kasodo Sub County, Pallisa District and the findings were presented as below.

4.4.1 Level of education of respondents

Respondents were requested to indicate their highest level of education. The results are presented in the table 12 below;

Table 12: Level of education of respondents.

Level of education	Frequency	Percentage
None	10	20.0
Primary	15	30.0
O` level	10	20.0
A `level	4	8.0
Certificate	5	10.0
Diploma	4	8.0
Bachelor	2	4.0
Masters	0	0.0
Total	50	100.0

Source: Primary data

From the results presented in table 12 above, 30.0% ended their education in primary level, 20.0% of the respondents didn't achieve any level of education and the other 20.0% of the respondents managed to reach in O'level then 8.0% of the respondents ended in A 'level and the other 8.0% are diploma holders. Also 10.0% of the respondents managed to get certificates in different fields for example in primary education, driving, mechanics, nursing, among others while only 4.0% of the respondents managed to get a Bachelor and finally none of the respondents had a master's and above level of education. This implies that the level of education of most of the respondents is very low since 50.0% of the respondents are below certificate level.

Respondents were also asked to indicate their current employment status. The results indicated that 31 of the 50 respondents were self-employed making a percentage of 62.0%. This is mostly in the agricultural sector, 12 of the respondents were full time employees making a percentage of 24.0%. Also 4 of the respondents were unemployed making a percentage of 8.0% while 2 of the respondents were students which covered a percentage of 4.0% and finally only 1 respondent was retired taking a percentage of 2.0% of the sample size. This implies that most of the household heads in Kasodo Sub County are self-employed mostly in the agricultural sector which is mostly operated on a small scale.

4.4.2. Family income

The respondents were also requested to indicate an estimate of their total monthly family income. The findings were recorded and summarized as shown in table 13 below

Table 13: Family income per month

Total monthly family income (shillings)	Frequency	Percentage
Below 200,000	10	20.0
200,000-400,000	24	48.0
400,000-600,000	5	10.0
600,000-800,000	6	12.0
800,000-1,000,000	3	6.0
Above 1,000,000	2	4.0
Total	50	100.0

Source: Primary source

According to the results summarized above, most of the respondents that's 48.0%, their total monthly income was between shillings 200,000-400,000, 20.0% of the respondents' family income below shillings 200, 000, 12.0% of the respondents' family income between shillings 600,000-800,000. Also 10.0% of the respondents, their family income was between shillings 400,000-600,000 while 6.0% of the respondents, their family income was between 800,000-1,000,000 shillings and only 4.0% of the respondents got a family income of above 1,000,000 shillings. This implies that most of the household's family income was less than shillings 500,000 per month. Those with the monthly family income of 500,000 shillings and above were those either employed in government and those carrying out agriculture on a large scale.

Respondents were also requested to indicate whether they own a house or not. The results obtained revealed that 94.0% of the respondents were owning a house while 6.0% of the respondents were not owning a house. This implied that most of the households in Kasodo Sub County own at least a house while a few without a house are renting.

Respondents owning a house were further requested to indicate on the questionnaire the type of house they are owning and the results obtained were recorded and summarized as in the table below;

Table 14: Type of house owned by respondents

Type of house	Frequency	Percentage
Grass thatched	8	17.0
Temporary	2	4.3
Semi-permanent	23	48.9
Permanent	14	29.8
Total	47	100.0

Source: Primary source

The results above show that the largest proportion of the respondents that's 48.9% of the respondents own semi-permanent houses, then followed by 29.8% of the respondents who own permanent houses. 17.0% of the respondents own grass thatched houses and 4.3% own temporary houses. This implied that the number of households with permanent houses is still very low in Kasodo Sub County, Pallisa District.

Furthermore, the respondents were requested to identify the item which takes most of their income and the results were summarized in table 15 below;

Table 15:: Item which takes most of the respondent's income

Item	Frequency	Percentage
Food	13	26.0
Education	24	48.0
Medical care	9	18.0
Utilities	1	2.0
Others	3	6.0
Total	50	100.0

Source: Primary source

From the table above, it is clearly shown that the largest proportion (48.0%) of the respondents spend their income on education, followed by 26.0% of the respondents who spend most of their income on food and then followed by 18.0% who spend most of their income on medication. Only 2.0% spend most of their income on utilities. This is because most of the areas in Kasodo Sub county are rural areas where there are few or no utilities to be paid for. 6.0% of the respondents spend most of their income on other items rather than those mentioned above.

4.4.3 Household meals per day and medication

The respondents were also requested to indicate the number of meals their household gets per day. The findings indicated that most of the households (75.0%) always have two meals per day that's lunch and supper. 15.0% of the respondents answered that they are always able to get three meals per day that's breakfast, lunch and supper. Also 9.0% of the respondents stated that they always have only and only one meal per day. The remaining 1.0% of the respondents revealed that they are always able to obtain four meals per day that's breakfast, lunch, dinner and supper.

This respondent also went ahead and answered on the question asked about how their household get medication. The results obtained were recorded and summarized in the table 16 below;

Table 16: Household's source of medication

Source of medication	Frequency	Percentage
Government	30	60.0
Private	18	36.0
Insurance	0	0.0
Self-medication	2	4.0
Others	0	0.0
Total	50	100.0

Source: Primary data

The findings above revealed that 60.0% of the respondents obtain medication from the government that is through government health centers like Kasodo Health Center II1, Pallisa main hospital, among others. Also 36.0 of the respondents from private health units while 4.0% of the respondents always get self-medication that is through natural medicine. None of the respondents uses insurance or other sources of medication.

4.4.4 Household statistics

Respondents were requested to indicate the number of members in their Household. Table 17 shows a summary of the results obtained.

Table 17: Number of members in Household.

Number of members	Frequency	Percentage
One	0	0.0
Two	2	4.0
Three	5	10.0
Four	4	8.0
Five	6	12.0
Six	10	20.0
Seven	8	16.0
More than seven	15	30.0
Total	50	100.0

Source: Primary data

According to the findings above, the largest proportion of respondents that's 30.0% have more than seven members in their family, 16.0% of the respondents have seven members, 20.0% of the respondents have six members, 12.0% of the respondents have five members, 8.0% of the respondents have four members, 10.0% of the respondents have three members. 4.0% of the respondents have two members and then no respondent has one member in the household.

Furthermore, respondents were also requested to identify the number of family members who are financially dependant. The results in sighted that 78.0% of the respondents have more than four dependants. This implies that dependence burden on household heads in Kasodo Sub County. The results also showed that 22.0% of the respondents have four and less dependants.

The respondents were then asked to give a reply on the number of children they and their spouses are having, the number of children who are studying and the number of family members above the age of 65 years.

The findings revealed that over 65.0% of the respondents have more than 4 children of which 50.0% then we're still studying and the other 50.0% either finished or dropped out of school. 35.0% of the respondents have less than four children of which 80.0% of them are at school while the remaining 20.0% of the children finished education and few of them dropped out of school. This implied that most of those with few children are able to educate them than those with many children.

On the number of family members above 65years, respondents gave their responses and they were recorded and summarized in the table 18 below;

Table 18: Number of family members above 65 years

Family members above 65 years	Frequency	Percentage
Zero	20	40.0
One	18	36.0
Two	4	8.0
Three	7	14.0
Four	1	2.0
More than four	0	0.0
Total	50	100.0

Source: Primary data

The results obtained revealed that 40.0% of the respondents do not have any member who is above 65 years old in their Household. Then 36.0% of the respondents revealed that they have only one respondent who is 65years old. The respondents who indicated that they have two members who are above 65years old were 8.0% of the total respondents while only 2.0% of the respondents indicated that they have four members who are above 65 years old in their Household. None of the respondents had above four members in their household who are above 65 years old.

4.5 RELATIONSHIP BETWEEN SAVING AND STANDARD OF LIVING OF HOUSEHOLDS

This study sought to investigate the relationship between saving and standard of living of households in Kasodo Sub County, Pallisa District.

4.5.1. Saving for improving the standard of living of households

The respondents who save for improving their standard of living were asked to indicate on the questionnaire whether they wish to stop doing so or no. The results are shown in table 19 below;

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Table 19: willingness to save for standard of living improvement

Response	Frequency	Percentage
Yes	5	12.0%
No	38	88.0%
Total	43	100.0%

Source: Primary data

The results above revealed that most of the respondents (88.0%) who save in order to improve the standard of living of their households do not wish to stop mainly because it is the backbone of their standard of living while 12.0% wish to stop saving mainly because they are always disappointed by the entities where they save from like banks, SACCOs, among others which charge high interest rates from them and they also accumulate many debts.

The respondents were also asked whether the money they save for purposes of improving the standard of living of their Households in turn plays its role or not. Still 88.0% said that saving in turn leads to improvement in standard of living of Households while the 12.0% resisted that it doesn't since to them saving is a way of generating more debts.

4.5.2 Relationship between saving and standard of living of households

Respondents were kindly requested to rate the extent to which savings influence the standard of living of households and the extent to which standard of living of households influences savings.

On the table below, X represents the number of respondents on extent to which savings influences the standard of living of households while Y represents the number of respondents on the extent to which the standard of living of households influences the level of savings.

Table 20:: Relationship between saving and standard of living of households\

Extent	Do not influence	Very low extent	Low extent	Moderate	High extent	Very high extent
X	6	3	4	9	12	16
Y	8	4	2	8	11	17

The relationship between saving and the standard of living of respondents was established using the spearman's rank correlation coefficient as shown below;

Table 21: Relationship between saving and standard of living of households

Extent	Do not influence	Very low extent	Low extent	Moderate	High extent	Very high extent
X	6	3	4	9	12	16
Y	8	4	2	8	11	17
R_x	4	6	5	3	2	1
R_y	3.5	5	6	3.5	2	1
D	0.5	1	-1	-0.5	0	0
d²	0.25	1	1	0.25	0	0

Sum of $d^2 = 2.5$

Spearman's rank correlation coefficient = $1 - (6 * \text{sum of } d^2) / n(n^2 - 1)$

$$= 1 - (6 * 2.5) / (6^2 - 1)$$

$$= 1 - 15 / (6 * 35)$$

$$= 1 - (15 / 210)$$

$$= 1 - 0.0714$$

$$= 0.93$$

Therefore, the Rank Correlation Coefficient is 0.93. This implies that there is a very high positive relationship between saving and standard of living of households in Kasodo sub county, Pallisa District.

CHAPTER FIVE

SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The purpose of the study was to assess the impact of saving on the standard of living of households in Kasodo Sub County, Pallisa District. The specific objectives were to assess the level of savings of households in Kasodo sub county, Pallisa District, to examine the nature of standard of living of households in Kasodo sub county, Pallisa District and also to establish the relationship between saving and standard of living of households in Kasodo sub county, Pallisa District. The chapter presents the summary of key findings, discussions, conclusions made from the findings and the recommendations arising from the study. The limitations of the findings are indicated and attention drawn to areas requiring further study.

5.2. Summary of findings

5.2.1 Level of saving

This study found that most of the respondents (62.0%) of the respondents have a low level of saving, 24.0% have moderate level of savings followed 8.0% who have a high level of saving and also another 8.0% of the respondents who have too high level of savings. 6.0% of the respondents are those whose level of savings is too low and also none of the respondents didn't know their level of savings. This implies that the level of savings in Kasodo sub county if considered in average are generally low. This is because most of the households in Kasodo Sub County are peasants with large numbers of family members which means that there is an increased consumption of resources which in turn limits savings.

5.2.2 Nature of standard of living of households

The study found out that the standard of living of households is characterized by low levels of education where 30.0% of the respondents studied only up to primary level, 20.0% didn't receive any education, 20.0% studied up to O level and the rest studied beyond O level. The standard of living of households in Kasodo sub county is also characterized by low total monthly income where over 68.0% of the respondents are earned 400,000 shillings and below per month and only 4.0% earned above 1,000,000 shillings. Most of the respondents (48.9%) owned semi-permanent houses and only 29.8% owned permanent houses. Most of the households (75.0%)

always had two meals per day, 15.0% always three meals per day and 9.0% had only one meal per day while 1.0% were able to get four meals per day.

5.2.3 Relationship between saving and standard of living of households

Using the spearman's rank correlation Coefficient approach which was obtained as 0.93, the study found out that there is a very high positive relationship between saving and standard of living of households in Kasodo Sub county, Pallisa District. This relationship was also confirmed by observing that the households with high levels of saving had better standard of living than those with low levels of savings.

5.3 Discussion of Findings

5.3.1. Level of Savings

The study found out that the level of savings in Kasodo Sub County, Pallisa District is generally low and this was linked to the reason that most of the households are peasants and with large families which also has large rate of consumption which limits savings. This is in line with Oliveira Amino (2015) who noted that policy makers and businesses erroneously believe that rural populations, particularly in Africa have no margin for savings over consumption needs.

In agreement with udry (2020) who urged that savings are dominated by household savings, the study also revealed that most of the households save at least above 1.0% of their family monthly income especially with the savings and credit groups which were at least in every village. However, these savings and credit groups were embedded with poor management since people save with them. The money saved is in turn always given as loans to different people who in turn don't repay hence leading to low levels of savings.

According to the study findings, another cause of low levels of savings was that there is no regular plan for saving amongst most of the households in Kasodo Sub county, Pallisa District and this was because some the households even save without a specific goal which makes their savings meaningless. The study also revealed that most of the households in Kasodo Sub County spent even more than their income which lead to accumulation of debts and that made them to divert the saving into consumption and debt repayment hence leading to low levels of saving in the area.

5.3.2 Nature of standard of living of households

In agreement with Pigou (2015), who stressed that the only obvious way of measuring standard of living is in terms of money, so in this study, money was commonly used as a measure of standard of living.

In relation to Fernandez (2016) who revealed that household income generation and savings are influenced by demographic variables. The study found out that the income as well as the standard of living of households in Kasodo Sub county, Pallisa District, was greatly influenced by demographic variables like age, gender, education, among others. However, education greatly influenced the standard of living of households for example household heads with higher levels of education had high levels of income and better standard of living as compared to those with low levels of education. Gender had a great impact on willingness to save.

The study also found out that the standard of living of households in Kasodo Sub County is characterized by low levels of education, low levels of monthly family income, large families and crop production carried out mostly on subsistence level.

5.3.3 Relationship between saving and standard of living of households

The study found out that the level of savings is greatly influences the standard of living of households for example an increase in the level of income leads to increased level of savings of households. This is in agreement with TouhamiAbolelkhalek and Florence Arestoff (2015) who stressed that current income strongly affects savings.

The study finally revealed that the impact of saving on the standard of living of households in Kasodo Sub County was that an increase in the level of savings of households leads to improvement in the standard of living of households and a reduction in the level of savings by households leads to a poor standard of living of households.

5.4. Conclusions

From the findings above, the study concluded that there was low level of savings in Kasodo Sub county. It was noted that the level of consumption among households is very high where households even spend more than their income. It was also noted that most of the households in Kasodo Sub County do not have a regular plan for saving. This has led to the low levels of saving.

The study also concluded that the standard of living of households in Kasodo Sub County was characterized by low levels of education, low monthly family income, subsistence farming since most of the household heads were peasants, medication given freely through the government health centers and also most of the people are self-employed in either small businesses or in subsistence farming.

The study finally concluded that there is a positive relationship between saving and standard of living of households in Kasodo Sub county. This is because households with higher levels of savings are having a better standard of living as compared to those with low levels of saving.

5.5 Recommendations

5.5.1. Recommendations for management action

The government and other stake holders should carryout massive sensitization in the area, clearly informing the households on how to balance their income as far as saving and consumption is concerned as this helps to reduce the consumption and increase the rate of savings. This should be done alongside informing people the importance of savings on households.

Family planning methods should also be adopted by the married people as this helps them to produce children whom they can Care for. This helps to reduce over dependency which in turn leads to reduced consumption and increased savings in Kasodo Sub County.

The education sector should be promoted and encouraged by different stakeholders in the Sub County. This can be done by persuading the government to construct schools near the household's residents and also providing bursaries and scholarships where necessary.

Households should be encouraged to engage in commercial farming alongside meaningful non-farm activities in order to generate high income for saving and for improving the standard of living of households.

Banks and other financial institutions should lower interest rates charged on savings deposits in order to encourage households in Kasodo Sub County to save.

Extension agents should provide information to Farmers about which sector is more profitable in terms of their income earning motive. This will increase the income of households hence increasing the level of savings and the standard of living of households.

The government should also expand the access to modern technology of farming in order to obtain efficiency in production since most of the households in Kasodo Sub County own large pieces of land. This increases on the level of savings.

The government should also provide credit facilities to households in Kasodo Sub County on a lower interest rate which most of the households can afford.

5.5.2 Recommendations for further studies

This study advocates for further studies to be carried out in other areas such as savings and the income of households, gender and the level of saving and education among others. Such studies may be carried out using other measures.

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APPENDICES

Appendix 1: Transmittal letter.

OBOI ZABULON

BUSITEMA UNIVERSITY

P.O.BOX 236

Dear Sir/Madam,

REF: REASEARCH ON SAVING AND STANDARD OF LIVING OF HOUSEHOLDS IN KASODO SUB COUNTY IN PALLISA DISTRICT.

The researcher is a student at Busitema University at the Faculty of science and Education carrying out a study on saving and standard of living of households in Kasodo sub county, Pallisa District. This is an academic research that is part of the partial fulfillment for the award of a Degree in Science Education. I kindly request your input through filling this questionnaire. Kindly note that your honest responses is to be purely for academic purpose and as such, is very confidential. Any additional information relevant to this research is highly welcomed. Your acceptance to complete this questionnaire is greatly appreciated. Thank you in advance.

Yours Sincerely

OBOI ZABULON

Appendix 2: Research Questionnaire.

This questionnaire is to collect data for purely academic purposes, the study aims to find out the level of saving, the nature of the standard of living of households and the relationship between saving and the standard of living of households in Kasodo Sub County, Pallisa District.

All the information to be filled in this questionnaire is to be treated confidentially and will not be exposed to the public. Do not put any name or identification on this questionnaire.

Answer all questions as indicated by either ticking the option that applies or by filling in the blank spaces provided.

SECTION A: BACKGROUND INFORMATION.

1. Please indicate your gender.

Male Female

2. What is your age bracket?

Below 25 25 to 40 40 to 65 Above 65

3. What is your occupation?

.....

SECTION B: THE LEVEL OF SAVING.

4. Do you save regularly?

YES NO

5. People have different reasons for saving even though they may not be saving all the time. What is your family’s most important reason for saving? If you do not save, please explain what would be your reason for saving if you were saving now?

Children’s education Retirement Home purchase

Health care Investment others

6. Which percentage of your income do you save?

Below 25% 25% 50% 75% nearly
all practically none

7. How do you save your money?

Banks or other formal financial institution Microfinance SACCO

Cooperative Savings and credit group

Friends and family others

8. Give the reason why you save your money with your answer in 7 above.

.....
.....

9. In the past four (4) weeks, has anyone in your household skipped a meal to save money?

YES NO

10. In the next 5 to 10 years, are there any foreseeable major expenses that you and your family expect to have to pay for your selves such as education expenses, purchase of new home, health care costs, or anything else?

YES NO

11. Are saving for these expenses now?

YES NO

12. Which of the following statements is best in describing your saving habits?

Don't save

Usually save more of the income

Usually spend about as much as income

Save whatever is leftover at the end of the month (No regular plan for saving)

Save the income of one family member and spend the other []

Spend regular income, save the other income []

Save regularly by putting money aside each month []

13. Over the past year, would you say that your family's spending exceeded your family's income, that it was about the same as your income or that you spent less than your income? (Spending includes durables like purchase of your home and cars).

Spending exceeded family income []

Spending was about the same as family income []

Spending was less than family income []

14. If your spending was more than your income, what did you do to make up the difference?

Borrowed money []

Spent out of saving/investment []

Got behind on payments; didn't pay bills []

Help from others []

Did nothing []

Declared bankruptcy []

Sold assets []

Not appropriate []

Others (specify).....

15. Where would you classify your level of saving?

Too low [] Low [] Moderate [] High []

Too high [] don't know []

SECTION C: NATURE OF STANDARD OF LIVING OF HOUSEHOLDS.

16. What is your highest level of education?

None [] Primary [] O' level [] A' level [] DIPLOMA []
Bachelors [] Post graduate [] Doctorate []

17. What is your current employment?

Full time employee [] Part time employee [] Self-employed []
Unemployed [] Retired [] Student []

18. Please give an estimate of your total monthly family income. This figure should include salaries, wages, pensions, dividends, interests and all other income for every member of your family living in your household in shillings.

Below 200,000 [] 200,000 t0 400,000 [] 400,000 to 600,000 []
600,000 to 800,000 [] 800,000 t0 1,000,000 [] above 1, 000, 0000 []

19. Do you and your family own a house?

YES [] NO []

20. If you own a house, please indicate the type of house you own.

Grass thatched [] Temporary [] Semi permanent []
Permanent []

21. Which of the following takes most of your household's income?

FOOD [] Education [] Medical care []
Utilities [] Others []

22. How many meals do you and your household have per day?

None [] One [] Two [] Three [] More than
three []

23. Where do you and your household get most of medication from?

Government [] Private [] Insurance []
Self-medication [] Others []

24. How many people usually live in your household? This includes you but excludes people who do not usually live there and who are financially dependent.

One [] Two [] Three [] Four [] Five [] Six []
Seven [] More than seven []

25. How many members in your family are financially dependent?

One [] Two [] Three [] Four [] Five [] Six []
Seven [] More than seven []

26. How many children do you and/or your spouse have if you are married?

Zero [] One [] Two [] Three [] Four [] Five
[] Six [] Seven [] More than seven []

27. How many of you children are studying?
.....

28. How many members of your household are above the age of 65 years?

Zero [] One [] Two [] Three [] Four []
Five [] Six [] Seven [] More than seven []

SECTION D: RELATIONSHIP BETWEEN SAVING AND THE STANDARD OF LIVING OF HOUSEHOLDS

29. Do you and/or your household save money for purposes of improving on the standard of living of your household?

YES [] NO []

30. Would you wish to stop saving money in order to improve on the of your household?

YES [] NO []

31. Give the reason for your answer in 30 above.

.....

32. Does the money you save for purposes of your households in turn improve the on the standard of living of your household?

YES [] NO []

33. to what extent does saving lead to an improvement in the standard of living of your household

Do not improve [] Very low extent [] Low extent []

High extent [] Very high extent [] don't know []

34. Does the standard of living of your household affect the level of saving?

YES [] NO []

35. To what extent does the standard of living of your household affect your level of saving?

Do not affect [] very low extent [] low extent []

High extent [] Very high extent [] don't know []

THANK YOU FOR PARTICIPATING!