



**ADDIS ABABA UNIVERSITY**

**SCHOOL OF GRADUATE STUDIES**

**INSTITUTE OF EDUCATIONAL RESEARCH**

**THE ROLE OF COMMUNITY-BASED SAVING AND CREDIT  
COOPERATIVES IN HELPING THE ACADEMIC ACHIEVEMENT  
OF STUDENTS: THE CASE OF HIGHER 12 SECONDARY SCHOOL.**

**By:**

**Lamesgin Endalew**

January 2015

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**A Thesis submitted to the school of Graduate studies of the Addis Ababa University in  
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**Institute of Educational Research**

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## Table of contents

<b>Contents</b>	<b>Page</b>
Acknowledgements .....	I
Table of contents .....	II
List of Tables .....	V
Acronyms .....	VI
Abstract .....	VII
<b>Chapter One</b>	
1. Introduction .....	1
1.1 Background of the Study .....	1
1.2 Statement of the Problem .....	5
1.3 Objectives of the Study .....	7
1.4 Significance of the Study .....	7
1.5 Scope of the Study .....	8
1.6 Limitations of the Study .....	8
1.7 Organization of the Study .....	8
1.8 Definition of Terms .....	9
<b>Chapter two</b>	
2. Review of Related Literature .....	10
2.1 Basic Concepts of Cooperatives .....	10
2.1.1 Principles of Cooperatives .....	11
2.1.2 Cooperative Values .....	12
2.1.3 Ethical Values .....	12
2.2 Historical Background of Cooperatives .....	13
2.3 Classifications of Cooperatives .....	14
2.3.1 Community Cooperatives .....	15
2.3.2 Consumer Cooperatives, 1900-1950 .....	15
2.3.3 Financial Cooperatives, 1900-1950 .....	16

2.3.3.1 Saving and Credit Cooperatives (SACCOs) .....	16
2.3.3.2 Effect of SACCOs on Access to Education .....	17
2.3.3.3 Saving and Credit Cooperatives in Detail.....	17
2.3.3.4 Household Saving Practices .....	18
2.3.3.5 SACCOs in Ethiopia .....	20
2.3.3.6 The Role of SACCOs .....	23
2.4 Financial Education/ Literacy.....	24
2.5 Family’s Socioeconomic Status and The School Environment for academic Achievement of Students .....	26
2.5.1 Parental Attitude Towards the Education of Their Children .....	26
2.5.2 School Environment and Academic Achievement of Students .....	26
2.6 Universal Primary Education .....	27
2.7 Secondary Education .....	28
2.8 Education and Economic Development .....	29
2.9 Summary and Conceptual Framework Of The Study .....	31

### **Chapter three**

3. Research Design and Methodology .....	33
3.1 Research Design .....	33
3.2 Sampling Techniques .....	34
3.3 Data gathering Instruments .....	35
3.3.1 Questionnaire .....	35
3.3.2 Interview .....	36
3.3.3 Focus group discussion .....	36
3.3.4 Document analysis .....	36
3.4 Methods of Data Analysis .....	37

### **Chapter four**

4 Data Presentation, Analysis and Interpretation .....	38
4.1 Description of the Study Area.....	38
4.2 Background of the Community .....	39
4.3 Description of Mierague CBSACCO .....	39

4.4 Demographic Characteristics of the Participants .....	40
4.5 Data Presentation and Analysis .....	45
4.6 Sources of Participant Parent Members' Income .....	46
4.7 The Role of Mierague CBSACCO on Members' Saving .....	49
4.8 The Role of CBSACCO on Children's Education .....	52

**Chapter Five**

5. Summary, Conclusions and Recommendations .....	58
5.1 Summary .....	58
5.2 Conclusions .....	59
5.3 Recommendations .....	61

References

Appendices

## List of Tables

	Page
Table 1: Summary of target population, sampling Techniques and methods of data collection .....	37
Table 2: Demographic characteristics of participant parent members .....	41
Table 3: Characteristics of teacher and school principal participants .....	44
Table 4: Characteristics of student participants .....	45
Table 5: Monthly income of participant parent members before and after Mierague CBSACCO .....	46
Table 6: Description of mean monthly family's income of participant parent members before and after their involvement in Mierague CBSACCO .....	47
Table 7: Participant parent members' monthly saving amount .....	49
Table 8: Participant parent members' response on the main purpose of saving .....	50
Table 9: Description of participant parent members' mean monthly saving before and after joining this CBSACCO .....	50
Table 10: Participant parent members' response on school age children and their education .....	53
Table 11: Annual educational expenditure of participants Per child before and after joining Mierague CBSACCO .....	53
Table 12: Academic achievement of Mierague CBSACCO members' children in 2006 E.C. ....	54

## **Acronyms**

ATA: Agricultural Transformation Agency

CBSACCOs: Community-Based Saving and Credit Cooperatives

FCA: Federal Cooperative Agency

FCs: Financial Cooperatives

FGI/FGD: Focus Group Interview/Discussion

GDP: Gross Domestic Product

GNP: Gross National Product

GTP: Growth and Transformation Plan

ICA: International Cooperative Alliance

IFAD: International Fund for Agricultural Development

MFIS: Microfinance Institutions

Mierague: Name of the CBSACCO under study

MSC: Microfinance Support Center

PASDEP: Plan for Accelerated and Sustainable Development to end Poverty

RUFIP: Rural Financial Intermediation Program

SACCOs: Saving and Credit cooperatives

SES: Socioeconomic Status

USACCOs: Urban Saving and Credit Cooperatives

## **Abstract**

The primary purpose of this study was to investigate the role of Mierague community based saving and credit cooperative for the academic achievement of students in Higher 12 Secondary School. In this study; saving practice, income capacity and educational expenditure were taken as major independent variables that affect the academic achievement of participant parent members' children. In order to meet the objectives of the study, a community- case study design was employed which is appropriate to gather adequate and intensive information from some group of persons or a program. Mixed research method was also used to capture the best of both quantitative and qualitative approaches. This method is particularly important in complementing the limitations of each method by another. The data used are mainly primary ones. Other sources are secondary data which also include documents. The primary data were collected from participant parent members and school principal that were selected based on availability sampling; teachers and students based on purposive sampling. Accordingly, a total of 36 participants were employed in the study. Data collecting instruments such as questionnaire, interviews, focus group discussion and document review were used for collecting relevant data. Data were analyzed and interpreted using both quantitative and qualitative techniques. The findings of the study indicate that some of participant parent members have shown improvement in affording their children's school expenses. Therefore, based on the majority of findings and conclusions; it is recommended that both the society and the concerned government bodies in the area should work hand- in- hand to make a strong tie between education and economy through community based saving and credit cooperatives that can promote students to be high academic achievers. Similarly, the currently observed high cost of living and increased educational expenditure should be tackled through mutual help associations such as Mierague community based saving and credit cooperative and other multipurpose consumer cooperatives.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

It should be noted that the primary role of any family or adopter is to educate its children in order to develop the individual talent according to the needs of the pupil, the community and the society. However, educational expenditure of any family per student in recent years is skyrocketing. In relation to this, studies showed that income per adult increases has significant contribution to the growth of expenditure per school child. This implies that as per capita income per adult increases, expenditure per school child also increases significantly.

Generally, it is believed that the role of schools in formal education is to promote knowledge, skills and attitudes of every individual student that enables him to cope up with the rapidly changing environment and society; however, it is rarely possible for schools to promote individual student equally in terms of academic achievement in any society. According to Sewnet (1995) in Bereded (2006, P1), many studies showed that most of the secondary school students are at the stage of adolescence. So that they are confronted with various problems. With regard to the problems, most of the students are usually encountered with lower academic achievement. Thus, students' academic achievement can be affected by various factors. Among the various factors which affect the students' performance, socioeconomic status of the family is considered as the most important factor to exert the greatest impact up on the moral, intellectual and academic achievement of students. This condition is aggravated particularly in high schools where students extend more socialization; gain more knowledge, developing skills and attitudes through teaching- learning process.

Furthermore, with regard to the different factors that could facilitate or hamper students' academic achievement, Bridge et al., (1979) in Bereded ( 2006,P3) revealed that SES( income level) of parents is the most influential factor that affects the academic outcomes of students. In line with this, numerous research findings have found that SES and access to resources are extremely important factors that influence the student achievement. When access to resources

both within the family and school are limited, students suffer and lag behind in their academic achievement (Barry, 2006, P26).

In general, the major problems that affect students' academic achievement are economic problems and social problems. Hence, it is clear that SES plays an important role in influencing the academic achievement of students.

Therefore, investing first in education is a must because the only real asset we have is our mind, the most powerful tool we have. Hence, education is the foundation of success or a primary engine for economic growth. For an individual, education creates choices and opportunities, reduces the burden of poverty and builds empowerment. However, even though poor households want their children to be educated, many of them do not send their children to school. Among other constraints, the lack of financial means is basic one (Belete, 2007, p77). This is because their insufficient income does not allow them to cover all educational expenses to their children (Ahmed, 2007, P40). Furthermore, low socioeconomic status prevents access to resources and leads to additional stress and conflict at home and that affect all aspects of a child's life including his academic achievement ( Eamon, 2005) in Barry ( 2006,P24). On the other hand, all the rich children attend high standard, private boarding schools (Kaplan, 2003). Thus, the rich can afford better education for the whole family (Robert, 2008, P6).

As a solution to minimize the gap between such people, financial cooperatives (SACCOS) have increasingly become the source of secured employment and income for millions of the world's poor population. One of the tremendous functions of SACCOS observed in the community is that saving enables parents to provide their children's education, with reported increases in the number of children who were attending school and their purchases of books, school supplies and clothing for their children. Improvement in family diets was also reported, including milk use for family consumption. Regarding this, Yaqub (2003) in Jemal(2009,p16) added that because malnutrition in childhood is negatively correlated with adolescent and young- adult attainments in cognition, education disadvantaged children fall short of achieving their academic potential and are more likely to enter adulthood lacking the skills to compete in the labor market. According to Melchior et al. (2007) in Jemal (2009, P18), further, they are more likely to have health problems and to participate in crime and are unable to participate in the economic growth and well-being of their community. Therefore, improved education for children from poor

families is aimed at rescuing individuals from adult poverty which otherwise all the children will end up as poor adults (Ribich, 1968).

In line with the above facts, as a solution to the problem a particular focus is given to form self-help organizations. Generally, a cooperative association is an organization of financially weak individuals. Individually their resources are so meager that they cannot derive any benefit and improve their conditions. Hence, in order to convert their weakness in to strength, they pool their resources and they work together for mutual benefit (Mathur, 1971, P34). Regarding this fact, Jemal (2008) also added that cooperative is a special group of people with mutual interest to solve their individual problems through common efforts and ultimately attaining economic and social empowerment to the group members and the community. The prime objective of cooperatives is to solve problems that individuals failed to address independently.

Furthermore, studies show that the principle of cooperation is as old as human society which enables humans to live together, work together and help each other for mutual benefit. Human beings have developed out of group life and hence naturally respond to group and social stimuli. Thus, the cooperative spirit is innate and intrinsic in human beings. So that “cooperation not competition is the password for the future.” Hence, the history of modern civilization is, in fact, the history of cooperation, for without it social and economic progress would have been impossible (Mathur, 1971, P1).

According to Jemal (2008, P2), cooperation as a way of life has been and continues to a tradition in finding the solution to the socio-economic problems of the people in Ethiopia. Examples of such cooperation can be found everywhere in the working of mutual aid institutions such as Equb, Edir, or Jigie, Senbete and many others. Bezabih (2009) also said that traditional cooperatives associations existed in Ethiopian society centuries ago in the form of Equb and Edir i.e. traditional forms of cooperation involved community members voluntarily pooling financial resources through “Equb”, which was an association of people having the common objectives of mobilizing resources, especially finance, and distributing it to members on rotating basis. There were also initiatives for labor resource mobilization to overcome seasonal labor peaks, known as “Jigie”, “Wonfel”, among others. There also was Edir, which was an association of people that have the objective of providing social and economic insurance for the members in the events of death, accident, damages to poverty, among others.

The traditional cooperation among the rural community was a ground to the flourishing of modern cooperation in the early 1960s, realizing that these traditional institutions failed to meet the requirements of credit services and equipment needed for productive purposes in full. To solve this problem, cooperative Decree 44/1960 and proclamation 241/1966 provided the legal ground for the development of cooperatives in Ethiopia.

The Socialist government (the Derge regime) decreed a new cooperative proclamation 138/ 1978 to give a legal ground for the cooperatives to be organized. Cooperatives were formed to assist in the implementation of the Government's policy of collective ownership of properties. Membership to a cooperative was also compulsory, which contravened the basic cooperative principles of voluntarily participation (Bezabih, 2009, P5).

Today cooperatives are the most important type of voluntary organizations throughout the World. More specifically, Dagneu (2011) stressed that economic and social needs are the two most important reasons members give priority in forming their cooperatives. In addition, cooperatives are organized, established and managed according to internationally agreed and accepted principles and values. As a result, cooperatives empower the community for their socio-economic advantages aiming that the community is both the means and the end of community development.

Bezabih (2009,P6) also added that currently, cooperatives are organized as an important instrument for socio-economic improvement of the community in that the cooperative proclamation 147/1998 identified clear goals and authorities, which supported a more conducive legal environment for the formation of Ethiopian cooperatives. The goals include social, economic and other motives that require joint actions for attaining a common target. However, the extent to which the cooperatives in Ethiopia have been able to attain these goals has not been adequately analyzed. Similarly, the actual extent of the cooperative movement is unknown.

For sustained economic growth, there is a need for higher quality and quantity of investment. In turn, investment is financed through saving, which is a sacrifice of current consumption. In the absence of a significant flow of foreign capital, the main source of capital accumulation is domestic saving. As a result, it is said, "Saving behavior is a crucial element of the process of economic growth" (Fry, 1998) in Ebson (1999,P1).According to Ebson (1999,P22), some

development economists argue that foreign capital inflow, especially loans and grants, may have a negative impact on domestic saving. Large external debt has a negative impact on private savings in developing countries i.e. brings expectations of high future tax liabilities for its servicing and hence capital flight. But there are others who state that savings and capital inflow tend to complement each other.

According to available data, SACCOs in Ethiopia have existed since as far as 1974. However, the nature and range of their products remained basic and rudimentary. Relatively, the culture of saving is very poor in the country, which needs to be changed if financial resources are going to be available for investment (Gebrehiwot et al., 2011, P13). Because savings mobilization is not an end in itself. The ultimate goal should be its efficient utilization for economic growth (Mahtsentu, 1981, P20). Furthermore, saving and credit cooperatives are expected to mobilize local savings and provide credit to members, thereby encouraging thrift and entrepreneurial activities.

In line with these realities, the research attempted to analyze the role and functions of community-based saving and credit cooperatives for the academic achievement of students in Higher12 Secondary school, analyzing members' participation and identifying the constraints of financial cooperatives in the area.

## **1.2 Statement of the Problem**

The consistently increasing cost of living imposes a big burden on the low-income people. Naturally, people of developing societies value children as the source of not only happiness but of wealth, unfortunately they face economic problem to meet demand of their children. To offset the problem, the parents have no option rather than borrowing money from illegal money lenders. The high interest rate of the lender increases the economic problem rather than alleviating it.

Therefore, the first aim of the war against poverty can be viewed as essentially an economic one or raising the incomes of the poor or vice-versa. On the other hand, in the history of economic thought, education has consistently been a favored means of socio-economic improvement, especially for the poor.

Tadesse (2001, P30) further stressed that community-based organizations can be potential sources to economic development. Hence, community-based organizations can improve the living conditions of the people. Thus, conscious communities create their own financial cooperatives to facilitate further investment, including education in order to break poverty cycle in which many find themselves.

Even if the researcher of this study has come across through various literatures, unfortunately he could not find adequate source for this study. Therefore, the first thing that initiated the researcher to conduct this study is that the problem of financial shortage among the poor parents that highly affects the academic achievement of students to the extent of forcing many of the students to withdraw from this high school every year. For instance, the findings of a survey study conducted by Higher 12 Secondary School Charity Club in 2003 E.C. revealed that among eight hundred fifty five respondent students about four hundred fifty students have economic problems to pursue their education properly.

This research, therefore, gives emphasis to the role of CBSACCOs in relation to the academic achievement of students. To this end, conducting a study on socioeconomic factors such as income level of parents that affect the academic achievement of students, the perception of parents/ communities, teachers and students toward the contribution of CBSACCOs to the academic achievement of students, examining the degree of saving practice of parents, students, teachers and other community members in CBSACCOs, investigating the challenges and then forwarding the findings are expected to have practical implications for successful CBSACCOs development so as to encourage the academic achievements of students in Higher 12 Secondary School.

Accordingly, the study attempted to find answers to the following basic research questions:

1. Does income level of parents affect the academic achievement of students in Higher 12 Secondary School?
2. Is saving a common practice in the majority of the surrounding people?
3. What is the role of Mierague CBSACCO in enhancing the culture of saving among the Community members so as to finance their children's education?

4. What is the contribution of Mierague community-based SACCO for the academic Achievement of participant parent members' children in this high school?

### **1.3 Objectives of the Study**

The general objective of the study is to assess the role of Mierague CBSACCO for the academic achievement of members' children in Higher 12 Secondary School and to identify any gap and recommend feasible solutions for improvement in the study area. More specifically, the study tries to:

- Show a better way to participant parent members in educating their children at higher 12 Secondary School.
- Investigate attempts of parents in financing their children's education
- Point out how far financial problem affects the academic achievement of students in this high school.
- Suggest ways of promoting saving habit of the community including child saving for the academic success of Higher 12 Secondary school students.

### **1.4 Significance of the Study**

This study is so significant that investigates the role of Mierague CBSACCO to solve the socio-economic problems of parents that affect the academic achievement of students in Higher 12 Secondary School. Because saving a coin gradually sums up a lot of capital for future investment on education and other socio-economic activities which might not be possible unless and otherwise. Furthermore, the study may have paramount importance for the beneficiaries to examine their perceptions toward CBSACCOs. In addition, the findings of the study may have a broader application in introducing innovative approach to the community for their socio-economic and cultural development. It may also provide some valuable suggestions and recommendations for concerned bodies. Finally, the study may initiate other researchers to undertake in-depth study on the given problem by serving it as pioneer.

## **1.5 Scope of the Study**

This study tries to address how Mierague CBSACCO solves the socio-economic problems of participant parent members for the academic achievement of their children in Higher12 secondary school only i.e. the study confines to one high school with some of the socioeconomic factors since it is difficult to include all components of SES in the area of this study. Furthermore the influence of SES of parents on academic achievement of students could be observed at all educational levels. Because of time and financial constraints and the familiarity of the researcher to many of the parents and other community members, the researcher is forced to delimit his study in this high school. The other reason behind focusing on Higher12 Secondary school students is the low-living standard of the nearby community that affects the academic achievement of students in this high school and due to the nature of the study.

## **1.6 Limitations of the Study**

The following are limitations of this study:

1. Shortage of adequate research documents on the area is one major problem.
2. Problem of getting appropriate participant parent members as they are required for fulfilling the questionnaire and interviewing.
3. The study is limited to only Higher12 Secondary School. Hence, the findings of the study are not generalized for other high schools in Addis Ababa.

However, the study has been completed due to the researcher's effort along with the advisor's strong constructive comment.

## **1.7 Organization of the Study**

The study consists of five chapters. The first chapter deals with background of the study, statement of the problem, objectives of the study, significance of the study, scope of the study, limitation of the study, organization of the study and definitions of Terms and pilot study. Chapter two provides the review of related literature. In chapter three, the research methodology is briefly discussed. Chapter four deals with presentation, analysis and interpretation of the data. Finally, summary, conclusions and recommendations of the study are presented in the fifth

chapter. At the end, reference, questionnaire, the interview guide questions and level of education are annexed to the last part of this thesis.

## 1.8 Definition of Terms

- **Cooperatives**-Different authors defined cooperatives in different ways and meanings. For instance, center for cooperatives (2002) defined cooperative as a private business organization that is owned and controlled by the people who uses its products, supplies or services. Although cooperatives vary in type and membership size, all were formed to meet the specific objectives of members, and are structured to adapt to members' changing needs. Chukwu (1990) in (Jemal, 2008, p2) contemplates cooperative as a democratically controlled business i.e. it is owned and controlled by the members and gives benefit to the members. However, the internationally accepted definition of cooperatives developed by the International cooperative Alliance in 1995 and supported by the Government of Ethiopia and the Federal cooperative Agency is “ An autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly- owned and democratically controlled enterprise( ICA, 1995) in ATA(2012,p8). The statement is often supplemented with the distinguishing features of seven principles adopted by ICA. Moreover, according to the 1995 statement, cooperatives function based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility, and caring for others (ICA, 1995) in Jemal (2008, P4).
- **Academic Achievement**-Refers to student's semester average score.
- **Saving**- Refers to wise use of resources.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

This chapter emphasizes / provides brief review of issues related to cooperatives, primary and secondary education, education and economic development. The review starts from the umbrella term, the conception of cooperatives and then to its components such as CBSACCOS. Generally, topics such as basic concepts of cooperatives, SACCOs, etc. have been discussed as follows.

#### **2.1 Basic Concepts of Cooperatives**

Cooperation has been the very basis of human civilization. The inter-dependence and the mutual help among human-beings have been the basis of social life. However, modern type of cooperative enterprise has its origin in the 19<sup>th</sup> c. and has become one of the most ever-present example forms of business or economic enterprise (Swami,1992) in Jemal(2008,P10). Therefore, cooperatives, as economic enterprises and as self-help organizations, play a meaningful role in uplifting the socio-economic conditions of their members and their local communities. Over the years, cooperative enterprises have been successfully operated locally –owned people- centered business while also serving as catalysts for social organization and cohesion. With their concern for their members and communities, they represent a model of economic enterprise that places high regard for democratic and human values and respect for the environment. As the World today faces unstable financial systems, increased insecurity of food supply, growing inequality worldwide, rapid climate change and increased environmental degradation, it is increasingly compelling to consider the model of economic enterprise that cooperatives offer (FCA, 2006, P18).

FCA (2006, P20) added that cooperatives can contribute to the achievement of the MDGs by 2015 because of their inherent characteristics. Because cooperatives are economic associations, they provide the opportunity for poor people to raise their incomes. Because they are democracies with each member having one vote, they empower people to own their own solutions, and because they pool risks at the level of the enterprise and offer micro-insurance that increase security. In addition, there is increasing evidence indicating that cooperatives also contribute directly and indirectly to meeting several of the other MDGs, such as primary

education for children, gender equality and reducing child mortality. The cooperative enterprise also presents an important model as many of the worlds' poorest and disadvantaged face social exclusion, lack of access to opportunities and growing economic inequality.

ATA (2012, P11) strengthened the above facts as the people of Ethiopia have a very long social history of working together to fulfill their socio-economic needs. Many social events are still taking place in the rural Ethiopia through collective effort. The Government of Ethiopia has identified the cooperative form of business organizations as instrumental to socio-economic development and has paved the way for better cooperative development in the country by creating the legal basis and expansion of human resource development at higher institution levels.

### **2.1.1 Principles of Cooperatives**

According to the definition of cooperatives given by ICA (1995), there are seven basic principles of cooperatives that govern them. The principles clearly define cooperative organizations, give them strength and rational for their public support. Cooperatives are the only business organizations owned by the people who use, controlled by the people who use it and the benefits generated by the cooperative accrue to its users on the basis of their patrons. These activities are commonly referred to as the cornerstone to the contemporary cooperative principles (Jemal, 2008, P12). The seven principles that govern cooperatives include: Voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and information, cooperation among cooperatives and concern for the community.

Cooperative principles, in fact, are fundamental characteristic features which determine the character of cooperation as a form of association. They are the guidelines and ground rules for cooperative enterprises. Without these principles no lasting cooperative system is possible. These principles are not abstract notions as is sometimes believed but are expressions of concrete realities. It is largely on their application that the success of the cooperative organization will depend (Mathur, 1971, P17).

Therefore, the cooperative principles are guidelines by which cooperatives put their values in to practice:

## 2.1.2 Cooperative Values

Cooperatives throughout the world share a set of values that give them their distinctive character:

1. **Self-help**:- In cooperatives, people help each other whilst helping themselves by working together for mutual benefit. Self-help and mutual help are of the essence of cooperation. Hence, mutual aid's motto is, 'Each for all and all for each.' Because cooperation is based on self-help, the emphasis is always on working together. Cooperation has nothing to offer to the man who wishes to sit with folded hands and wait for the government or someone else to alleviate his difficulties.

### 2. Political and Religious Neutrality

A cooperative is an economic enterprise, not an instrument for political or religious action. A cooperative comes in to being to serve its members by improving their economic position, not to serve the members as political or religious groups. In addition, the cooperative society will not compromise its freedom to carry out its proper cooperative tasks through subservience to any political or religious issues.

### 3. Value of Thrift

Thrift implies that a cooperative enterprise should inculcate the habit of savings amongst the members. Thrift is considered to be the first step in self-help. Thrift connotes not only frugality and saving but also economical management and lays stress on avoidance of wasteful expenditure. A man who is not thrifty cannot help himself nor can he help others.

### 4. Equality

Each member will have equal rights and benefits according to their contribution.

5. **Equity**-Members will be treated justly and fairly.

## 2.1.3 Ethical Values

In the tradition of their founders cooperative members believe in the ethical values of:

- Honesty

- Openness
- social responsibility
- caring for others
- Source: FCA (2006) - Document

## **2.2 Historical Background of Cooperatives**

It was during the period of industrial revolution that the full-fledged and self supported economic way of living started to decline due to the transfer of means of production to the limited social groups, owners and employers and left the vast majority to wait to be hired and obtain income for food, shelter, clothing, etc.

The by-products of the industrial revolution: Unemployment, destitution, homelessness and unforeseen evils in the society came in to being abundantly in urban and rural areas of Great Britain, France and Germany and the rest of Europe. Cooperation as a means to alleviate these economic and social evils was first taught and practiced collective way of living to avoid exploitation of man by man and create a mutual society by Robert Owen, a factory owner and industrialist in Great Britain but failed. Doctor William king brought the practical cooperation of the laborers in to reality and solved the crisis faced by working people of the time. From that time on cooperatives started flourishing in the country and throughout Europe in every economic activity (FCA, 2006).

Germany was the first country in the world to apply the principle of cooperation in the field of credit. The cooperative credit movement was started in Germany in the middle of the 19<sup>th</sup> c. In the now-developed countries, cooperatives have had the chance to develop in their own ways over the last two centuries, without much government interference. One of the biggest challenges to cooperatives is the lack of awareness of their business potential among governments and the general public. Whereas the growth of cooperatives in transitional and developing countries at first faced many challenges. In the transitional countries, cooperatives have been viewed as state enterprises; with the collapse of communism, these cooperatives collapsed as well. In the developing countries, cooperatives in the 1950s and 1960s operated under the sponsorship of nationalist governments. These governments saw cooperatives as instruments, taking them over

and using them as parastals within a controlled economy and as mass organizations through which the ruling party could reach the rural population (FCA, 2006).

Cooperatives emerged as part of a sweeping socio-economic transformation, changing the lives of countless people in North America throughout the past two centuries. Cooperatives are neither the causes of basic transformations in society nor an oppositional reaction to such changes; rather they are attempts by people to steer and guide, to influence developments, and to shape their own futures within the changing world. Two related points are that cooperatives are now, and have always been, part of economic transformations. Economic stress and change industrialization in 1880 or globalization in 2001-are reasons for the existence of cooperatives. Also, cooperatives like all other organizations do not stand on their own but are reflections of and reactions to broad social processes. Members and leaders cannot understand cooperatives unless they understand the wider economy and society of which cooperatives are one part. Cooperatives were typically formed by those experiencing difficulty dealing with an aspect of economic change. Their creation came about partly because they offered practical advantages (Fairbain, 1996).

Fairbain (1996) further stated that the combination of these two forms, the association and the enterprise, created the cooperative as a kind of hybrid. In retrospect, it seems inevitable that this combination would emerge, and, indeed, cooperatives were independently invented by many groups. The author further elaborated that cooperative development takes a long initial phase of build up and experimentation and the transformation of the whole of society; however, all movements eventually enter a stabilization phase, in which they have saturated the niches they can easily fill in the economy and society. A period of consolidation of organizations sets in; cooperatives, having spread widely, now sink deeper organizational roots and become more tightly knit. It is important to remember that all these phases are normal. Cooperatives have not failed when they enter a stabilization phase- quite the opposite. They are consolidating because of the extent of their success, and this is not the end of the story. New cycles of expansion or contraction may follow, and frequently, cooperative movements are regenerated by the introduction of new kinds of cooperatives alongside the old.

## **2.3 Classification of Cooperatives**

There are different types of cooperatives. Some of them are:

### **2.3.1 Community Cooperatives**

Community Cooperatives and Community businesses in Britain are established mostly in areas of high unemployment and to parts of the country which have become economically marginal. A community cooperative is a multi-functional business run for the benefit of a local community (Pearce, 1984, P15). Further, the author stated that a community cooperative aims to create ultimately self-supporting jobs for local people, and to be a focus for local development.

Tadesse (2001, P4) explained that potentials exist in a community for understanding local development. Experience showed that development theories propagated from the "Center" to the peripheries since 1960s have been proved infertile and at some instance completely went astray to the expected goal i.e. each development prescription did not meet the intended purpose. It rather aggravated the development process from worse to worst.

The author further explained that considering the period 1960-2000, the four decades in connection with development endeavor were years of rather growing poverty, hunger and war to developing countries in general and Ethiopia in particular. It is still observed that the problems are getting aggravated and ramified day by day. The success in trying to uproot the age-old poverty, fight dependency and establish self-reliance calls for an approach where by potentials of a community are pooled together to address felt needs.

### **2.3.2 Consumer Cooperatives, 1900-1950**

The term "consumer cooperative" can be applied to all cooperatives that organize people in their capacity as consumers rather than as producers. This category includes credit unions (consumption of financial services), housing cooperatives, medical cooperatives, and many others. The term can also be used in a narrow sense to mean cooperatives formed to purchase goods, typically in the form of cooperative retail stores (Fairbain, 1996, P 6).

Cooperation has always been a feature of humankind. However, the foundation of modern cooperative movement dates back to the late 18<sup>th</sup> and 19<sup>th</sup>c. The first consumer retail cooperative business was set up on Toadlane in Rochdale, England, on December 31, 1884 by twenty eight textile mill workers (Mekonnen, et al, 2007,P20).

### **2.3.3. Financial Cooperatives, 1900-1950**

The popular need for credit was linked to economic change as producers sought capital to modernize farming, fishing, or other business activities. Consumers needed to manage their finances and to handle unforeseen expenditures in an emerging consumer society. And also workplace credit unions offered numerous advantages to both employers and employees. They helped employees avoid financial problems, reduced pressures on employers for salary advances (Fairbain, 1996,p 4).

Financial cooperatives have multiple functions but two of them are fundamental. These are financial intermediation and investment. Furthermore, the members of these financial cooperatives are those who do not have access to other service delivery mechanisms except the cooperatives they establish. The profile of the membership reflects heterogeneous but dominantly middle and low income group.

#### **2.3.3.1. Saving and Credit Cooperatives (SACCOS)**

The SACOs as a financial market agent provide the services of pooling savings for the members, paying the members' interest as an incentive for saving (FCA, 2006, P 30).

Saving refers to using money and other resources wisely. Many people say, "I do not have enough money to save." This is wrong. Nearly everyone has the ability to save. One can save even from a very small income. Saving is a habit. Good habits start early. Have you ever known anyone who saved coins in a jar? You might save only ten cents a week. These add up over years. If you do this regularly, saving one birr or more will become automatic in your life. Wise people say that to handle emergencies such as death, accident, illness, etc., one should have some amount of money in a saving (MOE, 2003, P 102).

When we come to the history of saving and Credit cooperatives in Ethiopia, their history is linked with other cooperatives of the country. It was in the early 1960s, Cooperatives in the country started to be organized and serve their members. But the Feudal Regime proposed cooperatives as instruments for the mobilization of rural resources in Ethiopia for the first time. Source (FCA, 2006).

### **2.3.3.2 Effect of SACCOs on Access to Education**

Saving is a precondition for investment. It can be an effective instrument to overcome economic shocks. For example, educational access to a child born in a very poor household is rare. This is because their insufficient income does not allow them to cover all educational expenses to their children. Thus, it is believed that SACCOs provide Credit and job that help poor households to improve their standard of living and send their children to school (Ahmed, 2007, P 50). In addition, SACCOs are crucial to maintain the quality of education. Child saving is also very important for his learning as well as for his later successful life.

Based on the above premises and diagnosing the overall poor Socio-economic conditions of the area and to end poverty among the poor; a community based saving and credit cooperatives is essential in the area where the saving culture is poor. Therefore, if proper management and planned and organized system is established, the success of CBSACCOs is inevitable.

This verifies that development is the result of social mobilization in all walks of life i.e. in academic, health, agriculture, industry, etc. spheres of occupations. Hence, this paper attempts to analyze the role of Mierague CBSACCO to bring socio-economic development in such very poor areas by mobilizing the community to end poverty. Here, what the researcher reminds the reader is that domestic saving is very crucial for investment. Investment leads to development which in turn brings better life among the poor community.

### **2.3.3.3 Saving and Credit Cooperatives in Detail**

It is a type of financial institution promoting savings as well as providing loans, using principles of self-help and mutual help by encouraging the habit of savings among members. Because the saving and credit cooperative is setup to help deal with members' socio-economic problems. Its main purpose is to promote savings among members and provides loans for productive investment.

Furthermore, Gilbert (2012) stated that saving is closely related to investment in that high rates of investment depend on high rates of saving. Thus, a high saving economy accumulates assets faster and grows faster than a low saving economy. SACCOs are not-for profit- organizations as their basic purpose is to help members save so that SACCOs are cooperatives which provide

their members with convenient and secure means of saving money and obtaining credit at affordable interest rates. It is from the loans that members invested in various business activities which show a strong positive relationship between savings in SACCOs and investment. Therefore, SACCOs do influence the investment culture of their members.

It is true that many millions of poor people in the world do not access to formal sector financial services. So it is believed that MFIs like saving and credit cooperatives should be encouraged and enabled to develop savings services that meet their clients' needs. Consequently, Zoline (2003) said that the government regards cooperative financial institutions as an important alternative to the commercial banking system. The reasons for this are that cooperatives can encourage saving and thrift. Also, loans from cooperatives are not tied to collateral requirements as is the case with commercial bank loans. In addition, most cooperative societies are themselves considered as uncredit worthy by the commercial banks, so the establishment of cooperative financial institutions is essential to their long-term development and that of the cooperative movement. In line with this fact, statehouse (2007) in Distler (2011) confirmed that the government of Uganda has subsidized the founding of SACCOs all over the country. Newly established SACCOs can apply for a start-up grant from the government owned apex. Microfinance support center (MSC) of Uganda also gives out interest free loans to the SACCOs or other subsidized loans. In addition to grants and loans SACCOs can also receive operational support from the government. The government pays salaries and rent for the first two years after the start-up. These support schemes are important elements of the government's "one SACCO per sub-county" initiative, which is part of the wider program "prosperity for all."

#### **2.3.3.4 Household Saving Practices**

Studies show that china, in recent years is the world's largest and fastest growing economy, also has national saving rates that are among the highest in the world. Since it took the first steps toward economic reform in 1978, china's gross national saving rate has averaged 37 percent of gross national product (GNP) and its economy has expanded at remarkable 9 percent a year in per capita terms, lifting 200 million Chinese out of absolute poverty.

In addition, there has been a constant increase in the national saving rate in India through the post-independence period, though with considerable fluctuations from year to year. The national

saving rate increased from about 10 percent in the early 1950s to 17 percent in the early 1970s and then to over 25 percent by the mid 1990s. In international perspective, India has had a high saving rate compared to many other countries except those in East Asia. Whereas the saving rate of Ethiopia to GDP is 9.5% which is, the worst saving rate in the world as compared to china, Bangladesh and South Africa which have a better saving rate in the world. Ethiopia is characterized by poor saving cultures which result in very small domestic savings available for investment. The government knowing this fact has planned in the 5 year GTP of the country (2003-2007E.C.) to increase saving rate from 9.5% to 20% of the GDP. The cause of the poor saving culture indentified in one study includes lack of appropriate saving products, lack of incentive to save, low income level, high level of debt, low interest rate, high inflation and others. The findings of this study suggests that government and other sectors must work in creating awareness of saving in the society, stabilization of inflation, implementing forced saving, modernization and accessibility of the saving institution, stabilization of the income level of the society, reviewing the saving interest rate and others( Aron et al., 2011,P2 ).

Generally, even if the saving performance varies substantially across countries, Sub-Saharan Africa has recorded relatively lower saving rates when compared with other less developed countries(Mwega,1996) in Ebson(1999,P2). In addition, the average national saving rate has been declining steadily since the early 1970s, in tandem with the declining trends in investment and growth such a huge decline in saving rate has led to an expansion of the saving- investment gap. The region has therefore increasingly relied on foreign savings and foreign aid in particular, to finance its capital formation. Such an increased reliance on foreign savings may not be sustainable because of the decline in concessionary capital inflow caused by donor fatigue and increased competition for these resources. There is also concern that this condition may increase external indebtedness and socio-political dependence on sometimes- Un- predictable external forces for the region's development (Eabson ,1999, P1).

In countries such as Ethiopia, where the poor is the dominant one, the existence of strong and capable SACCOs is essential for the overall socio-economic development. This shows that SACCOs has a vital contribution to nationwide as well as household's level financial growth. SACCOs therefore, said to be the life blood of the poor community and plays a crucial role in oiling the wheels of their business activities (Melkamu, 2005, P7). Thus, from the theory, we

know that households are responsible for substantial part of saving in both developed and developing countries. Accordingly, most economic models treat the motivation for saving from the household perspective (Eabson., 1999, P58). This is further confirmed by Mahtsentu(1981,P75) as individuals and private organizations are relatively the major holders of commercial Bank savings. Public enterprises and agencies and domestic banks and other financial institutions / agencies contribute a substantial share next to the share of individual and private organizations. However, cooperatives make a lesser share of total deposits than the other savings groups. It is interesting to observe that their share has shown a consistent increasing trend over the period unlike the others, showing the new area the Bank must direct its saving mobilization activity. By now saving is increasing in connection with the construction of the Great Renaissance Dam and other mega projects being undertaken at the moment. Therefore, awareness raising programs should be undertaken to mobilize the public to direct the saving culture for proper development under the umbrella of CBSACCOs in line with enhancing income generating activities among poor community.

#### **2.3.3.5 SACCOs in Ethiopia**

In the world cooperative history, the SACCOs idea was first conceived in the mind of Raffeisen (1818-1883) in Germany. Similarly USACCOs in Ethiopia has a half century long origin. Hence, the first USACCO was established in 1964 by employees of Ethiopian Airlines. During the same period, USACCO was established by employees of Ethiopian Road Authority and the Telecommunication Agency (Dejene, 1993) in Melkamu(2005,P20). However, according to Dagnew (2004) in Melkamu (2005, P23), the first USACCO was established by the employees of the Ethiopian Road's Authority in 1957.

- According to available data, SACCOs existed since as far back as 1974. However, the nature and range of their products remained basic and rudimentary. In terms of savings products they have compulsory and voluntary savings only. With respect to loans they involve hundred percent security requirements. They provide collateral plus guarantor-based loans with uniform interest rate. From the limited information available, the products appear to be too narrow and basic to be expected to meet the needs and preferences of the members. For the SACCOs to perform, grow and achieve sustainability while at the same time prove to be the instruments of development and

poverty alleviations as envisaged, it is important that they offer products or services that are relevant and appropriate (Gebrehiwot et al.,2011,P13).

Gebrehiwot et al. (2011, P112) further explained /described that SACCOs are supported to be membership based organizations initiated and run by their members for their own benefits. However, majority of the Ethiopian people, both in rural and urban, are leading subsistence life style. Poverty is widespread among many Ethiopian communities. Hence, saving is not a common practice because of the deep-rooted poverty and low standard of living. Consequently, there is generally limited saving capacity among communities. Even when a loan is taken, members' capacity to repay the loan is weak because of high poverty among members. As a result, there is generally poor saving culture and discipline in Ethiopia. Therefore, the expansion of SACCOs both in rural and urban areas is severely constrained by poor saving culture and low awareness about the benefit of the services and low promotional efforts.

Dawit (2011,P85) also stated that as in the case of other types of cooperatives, the saving and credit cooperatives, have also facing constraints in endeavor to provide financial services to their members: These are:

- Saving and credit cooperatives do not have a clear working procedure supported by proclamations. This has limited the support they are receiving for better promotion of such cooperatives;
- The link between saving and credit cooperatives and other financial institutions like banks is not well-Known;
- The saving and credit cooperatives have become very competitive and there is a direct or indirect influence by other financial institutions to undermine their role;
- Inadequate interest and skills of members to engage in investment along with the unfavorable credit provision mechanism of cooperatives for the stated purpose;
- Absence of system for SACCOs to establish banks and insurance companies within the principles of cooperatives;

Similarly, in developing countries like Ethiopia, the margin of income above the subsistence level is narrow, making saving difficult. Other factors such as the rate of growth of population hinder the growth of savings, thereby limiting the amount of capital required for productive

investment. Even if there are people who can afford to save, they either prefer to spend on traditional forms of unproductive investment such as the purchase of jewels and other materials of prestige, or imitate the consumer habits of the industrial society (Mahtsentu, 1981, P4). Moreover, the author stated that as in most LDCs, the inadequacy of measures in Ethiopia to effectively mobilize rural savings due to the assumption that the traditional sector is characterized by the low productivity compared with the modern sector led not only to the low mobilization of savings but also to devote the largest part of their efforts to the provision of credit facilities to the relatively small modern sector. Despite such efforts, mobilization of personal savings is practiced in Ethiopia by a small section of the urban population through traditional forms of saving such as 'Equb' and 'Idir'. The channeling of such savings in to the modern sector through the intermediation of financial institutions is also far from being effective.

In addition, the practice of sound money management by individuals and the regular use of savings and credit facilities (where they exist) of the financial institutions by the broad section of the population is limited. This indicates the gravity of the problem in the mobilization and utilization of savings in the country. Likewise, in many less developed countries like Ethiopia, financial institutions such as SACCOs are usually narrowly distributed. In such countries very few people are accustomed to hold financial assets and making use of SACCOs' facilities. The prevalence of these situation is unfortunate despite the fact that the poorer the country the greater will be the need for financial institutions that mobilize saving and facilitate its utilization. Hence, most of the credits have been channeled in to the trade sector of the economy and personal consumption thereby creating further distortions in the flow of credits and failing to provide adequate credit to the productive sectors of the national economy. This is because saving mobilization is not an end in itself. Its ultimate goal is the efficient allocation to the most productive sectors. The most important of all the functions of SACCOs is the efficient and selective allocation of credits. In order to carry out this function it is important that the SACCOs must have clear policies and strategies that enable to solve economic problems of the country in their crucial order (Mahtsentu, 1981, p 11).

Gebrehiwot et al, (2011,P10) forwarded his view in this regard as despite the ups and downs experienced, SACCOs are now expanding (in terms of number as well as membership) in both rural and urban areas. Many have formed unions and some even have formed cooperative banks.

However, SACCOs still face a number of challenges including low membership base, poor savings culture, lack of separate regulations based on recognition that they are financial institutions and lack of demand driven and diversified financial services.

### **2.3.3.6 The Role of SACCOs**

The general role of SACCOs is to encourage savings by creating local saving activities and then using the pooled funds to make loans for productive, consumer or social purposes to their members (FAB, 2001) in Melkamu (2005,P11). The writer also confirmed that in the global financial market SACCOs play various roles which includes saving and loan service, time deposit, transferring of money, serving non-members as informal bank for deposit, housing loans, insurance and youth saving.

Furthermore, Wegenie (1989, P3) stated that the development of saving cooperatives at present has become a necessity. The state has given a legal ground which encourages their establishment in the directive of 1998. They receive preferential treatment such as access to credit, lowering land tax and other supports from the cooperative agency and the government. Similarly (Mahtsentu, 1981, P1) said that the central issue of economic development is the problem of mobilizing and allocating resources for growth in such a manner that growth becomes self-sustaining. Any rise of the investment rate requires, in its turn a greater proportion of the national production to be saved. Given the low level of income in developing countries, it is in the short-run difficult to raise the rate of net domestic savings, a rate which in those countries hardly exceeds 15 percent of the national product and is mostly below 10 percent compared to 20-30 percent prevailing in the industrial countries.

Again, Mahstentu (1981, P3) stressed that the role of domestic savings is also emphasized by the United Nations Commission for development. For example, the Commission in its report concluded that the financing of development must be based on the maximum exploitation of domestic sources of funds. The Commission further emphasized the role of domestic finance in economic development as being the pre-requisite for enabling countries to implement the social, political and economic policies which they consider most suitable for the improvement of their standard of living. The role of foreign finance in economic development can therefore only be of subordinate character. As a concluding remark, Gebrehiwot et al, (2011, P32) said that financial

cooperatives (FCS) have better rural outreach than MFIs. Although not exclusively aimed at serving low-income customers, in many cases, FCS serve a larger number of low-income clients than most MFIs. It is also most important because they do not focus exclusively on low-income clients; they are able to serve their customers without relying on donor support. This does not mean that they have sufficient finance to fully satisfy members' needs. But even though constrained by lack of finance, they remain too self-reliant and depend mainly on internal resources to meet members' needs.

## **2.4 Financial Education/ Literacy**

OECD (2005) in Wolday (2010), financial education /literacy can be defined as it is a process by which financial consumers or investors improve their understanding of financial products and concepts and, through information, instruction and/or objective, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to make other effective actions to improve their financial well-being. Similarly, Robert (2008, P42) defined it as financial literacy is the ability to read and understand financial statements. This ability allows you to identify the strengths and weaknesses of any business. Aflatoun (2013,P155) also defined it as financial education is the process of teaching someone to save, to keep financial records and to design projects for income generation.

Furthermore, Wolday (2010) stated that financial literacy/ education interventions would involve a series of capacity building activities focused at increasing the knowledge of financial concepts, skills and attitudes and to translate this knowledge in to behaviors that results in good financial outcomes both for the finance providers and financially excluded people. Therefore, financial literacy has a primary objective of providing knowledge and skills to manage financial resources effectively. Because at individual level, the lack of financial education leaves people to be more vulnerable to risks and become heavily indebted. Likewise, limited financial information of individuals breeds distrust on the financial providers. Some financial providers could take advantage of less educated finance takers. As a result, misinformed clients and potential clients, who lack financial information and knowledge, will be liability of the financial providers.

If you want to be rich, you need to be financially literate. Here, the rich outsmarted the intellectuals, solely because they understand the power of money, a subject not taught in schools. Because schools focus on scholastic and professional skills, but not on financial skills. However, just as scholastic skills are vitally important, so are financial skills and communication skills. It is agreed that proper physical exercise increases your chances for health, and proper mental exercise increases your chances for wealth. Laziness decreases both health and wealth. Money is one form of power. But what is more powerful is financial education / literacy. Money comes and goes, but if you have the education about how money works, you gain power over it and begin building wealth (Robert, 2013, P8)

Particularly, providing children with financial education which is the building blocks of life at an early stage is very crucial because financial education encourages children and youth to save their resources and start financial and other business enterprises. These early starts up business activity empower them and eventually break the cycle of poverty in which many of us find ourselves. Saving includes not only money but also other material and non-material resources such as culture, values, etc (Aflatoun, 2008, P111). One of the targets of saving is to achieve financial goals. Therefore, saving is an important skill for all of us. It helps us to accumulate valuable assets and practice the disciplines of planning and managing our resources- skills that are essential for many parts of life (Robert, 2008, P111). Successful saving requires improving access to financial services which is an important development tool, because it helps increasing empowerment, increases income and consumption, enhances economic stability which would in the final analysis reduce poverty. Lack of access to financial services, the absence of loan products, micro insurance products, convenient saving instruments, money transfer and various other financial instruments is a major constraint limiting the accumulation of assets by the poor and the development of indigenous enterprises (Wolday, 2010).

Furthermore, financially literate people may still face challenges of becoming financially independent. One is the fear of losing money i.e. there are a lot of poor people who have never lost a dime. To avoid such fear, one should start a habit of saving at an early age because there is a large difference between a person who starts saving at age 20 vs. age 30. For example, a compound interest 8% per year results unbelievable profit (Robert, 2008, P52).

## **2.5 Family's Socioeconomic Status and the School Environment for the Academic Achievement of Students**

Family background is a key to a students' life and outside of school, is the most important influence on the students' learning. The environment at home is a primary socialization agent and influences a child's interest in school and aspiration for the future (Majoribank, 1996) in (Barry, 2006, P7). Moreover, parental attitude and the school environment are further reviewed below.

### **2.5.1 Parental Attitude Towards The Education Of Their Children**

According to Hamstra (1972) in Hassan (2009, P24), the family setting is a very influential and cornerstone of the society; which provides the children with their first experience of life by imparting the values that shape their beliefs, abilities and actions as the very place of socialization. From this, it is clear that the parental attitude and expectations of children's academic activity is the central point for their success or failure depending on their attitude- that is depending on whether it is favorable or unfavorable.

In connection with the parental position in students' academic success, Gritths (1984) in Barry(2006,P18) claims that the intended parents whether their children in school acts are improving self-image, building self-confidence and stronger motivation for better academic success in them.

### **2.5.2 School Environment and Academic Achievement of Students**

A student's educational outcome and academic success is greatly influenced by the type of school that they attend. School factors include school structure, school composition, and school climate. The school one attends is the institutional environment that sets the parameters of students' learning experience (Barry, 2006, P5).

Private schools tend to have both better funding and smaller class sizes than public schools. The additional funding of private schools leads to be better academic performance and more access to resources such as computers, which have been shown to enhance academic achievement. Smaller class sizes create more intimate settings and therefore can increase teacher-student bonding which has also been shown to have a positive effect on student success. Students from low

socioeconomic backgrounds who attend poorly funded schools do not perform well as students from higher social classes (Crosnae et al., 2004; Eamon, 2005) in Hassan (2009,P12).

The skill level of teachers is another indicator of student performance. Students who attend schools with a high number of well qualified teachers perform well (Bali and Alverz, 2003) in (Habtamu, 1999, P26). Research shows that students who trust their teachers are more motivated and as a result perform better in school. Therefore, teachers are the most important inputs in schools; teachers are indispensable actors in the teaching- learning process. The quality and attitude of teachers have a direct impact on the academic performance of students in schools. Odaga and Heneveld(1995) in Degfe(2008,P19) stated that teachers' attitude and the teaching practices have perhaps the most significant implication for the students' academic performance. Accordingly, trained teachers with better qualification and experience could make a positive contribution towards students' performance.

Peer groups may also contribute to the children's academic achievement since they are one of the most potent influences on the day-to-day behaviors of children at school (Degfe, 2008, P20)

## **2.6 Universal Primary Education**

Universalization of elementary education means making education available to all school age child. It signifies that 'education is for all' not a selected few i.e. education is the birth right of every child. Therefore, primary education is compulsory and fee-free in governmental schools. Almost all primary education is general education which aims at producing intelligent, responsible, well-informed citizens. It is designed to transmit a common cultural heritage rather than to develop trained specialists (Encyclopedia, 1996; Vol.6).

Naik (1990) in (Aggarwal, 1993, P 66) also said that the progress of primary education is an index of the general, social and economic development of the country as a whole. Primary education plays an important role in laying the proper foundation of the child's cultural, emotional, intellectual, moral, physical, and social development. Primary education contributes to national development also. Various studies have clearly demonstrated that countries which have made proper provision for primary education are far ahead with those of inadequate provision.

The New Education Policy of Ethiopia has given priority to the primary education. This is because primary education is not only the right of every citizen, but also it is the chief instrument for social and economic growth (MOE, 2002, P 78). The Ministry also added that from the point of view of educational advantage, children attending the first cycle from grades 1 to 4 learn how to read, write, calculate and understand their environment. Any attempt to provide them more than those basic skills would be counter-productive, as their young minds would be strained to absorb more than these basic subjects. Moreover, the education given in the second cycle from grades 7 to 8 is part and parcel of primary education that is offered to all citizens with a view towards broadening their horizon and equipping them with the basic knowledge to positively change their living condition.

Furthermore, MOE (2002) also added that citizens with universal primary education:

- Take better care of their own and their family's health, their average life expectancy increases; because they have better standards of living; are more capable of solving environmental and other problems, lead a better life than those populations that did not benefit from education.
- Those citizens who have completed their primary education are more ready to accept products of new technology and apply them on the ground towards higher productivity; they, thus, earn more and also form a strong base for rural and industrial development since they are more easily trainable, etc.

## **2.7 Secondary Education**

In most contemporary education systems of the world, secondary education consists of the second years of formal education that occurs during adolescence. It is characterized by the transition from compulsory primary education to optional, selective post-secondary or higher education. Secondary education is generally the final stage of compulsory education also varies from country to country.

According to the New Education Policy of Ethiopia, the secondary school is divided in to two, in which grades 9 to 10 focus on general education to help students acquired useful academic knowledge that will prepare them to enroll either in various vocational training programs or in preparatory programs for university level education within a short period. Whereas from grades

11 to 12 the concentration will be on preparing students for higher education or skilled jobs (MOE, 2002,P19).

Secondary education can be taken as a gate way to the opportunities and benefits of economic and social development. In relation to this, over the past two decades the World Bank has advocated lending money for secondary education mainly in countries with high secondary education enrolments. Bank interventions have focused on (a) improving employability and productivity of school leavers through support to vocational secondary schools and (b) increasing country competitiveness by improving the quality of general secondary education to raise the overall productivity and trainability of the labor force. In countries with low secondary enrolment, Bank projects focused on (a) meeting specific shortages of educated manpower in the public and private sectors and (b) improving the social conditions of the poor and reducing inequality by expanding to secondary education (World Bank, 1993, P30)

The World Bank (1993) also recognizes the critical role of secondary education to the economic, social and human capital development around the world. Secondary education is the crucial link between primary schooling, tertiary education and labor market. Policy makers and educators must address the twin challenges increasing “access to” and “quality” and relevance of secondary education for all young people. And, secondary education systematically everywhere will need to be more flexible, relevant and responsive to both local needs and the global environment in the 21<sup>st</sup> c.

Generally, the purpose of secondary education can be to give common knowledge, to prepare for higher education or to train directly in a profession. World Bank (1993) further expressed that secondary education of quality also helps young people realize their full human potential and take their place in society as productive, responsible and democratic citizens. Globalization and the increasing demand for a sophisticated labor force combined with growth of knowledge based economics (the rise in big business and technological advances in factories) gives a sense of urgency to the heightened demand of Secondary education.

## **2.8 Education and Economic Development**

The concept that investment in human capital promotes economic growth dates back to the time of Adam Smith and early classical economists, who emphasized the importance of investing in

human skills (World Bank, 1985, P 16). The Bank also explained that education contributes directly to the growth of national income by improving the skills and productive capabilities of the labor force. In relation to this, (Ray, 1998, P28) said that educated workers receive higher incomes than those who are less educated. Education provides higher lifetime earnings for individuals and higher productivity of educated workers and additional contributions to the national income over their entire working lives for the society.

Regarding the goals of education, Tekeste (1990, P 82) emphasized that viewing the role of education as human investment largely responsible for economic growth and therefore national development, has been more common since the early 1960s. For obvious reasons this new attribute is emphasized in the economic strategies of the developing nations. However, in the long history of formal education, its objectives were remotely connected with economic growth and development. Rather, education was perceived as one of the important ideological mechanisms employed by the ruling classes for the maintenance of social and political stability. Throughout history the real function of education has been ideological and I believe it shall remain so. However, as far as the education Sector has not been seriously engaged in this matter due to the rate of expansion and due to the mistaken belief that formal education could be designed to bring about several results simultaneously i.e. the inculcation of political ideology, scientific knowledge, and production technology. The extreme scarcity of resources, the drastic expansion of the sector, the increase in the number of subjects taught, and the shortening of the whole day all have combined to virtually defeat the purpose of education.

## 2.9 Summary and Conceptual Frame of the Study

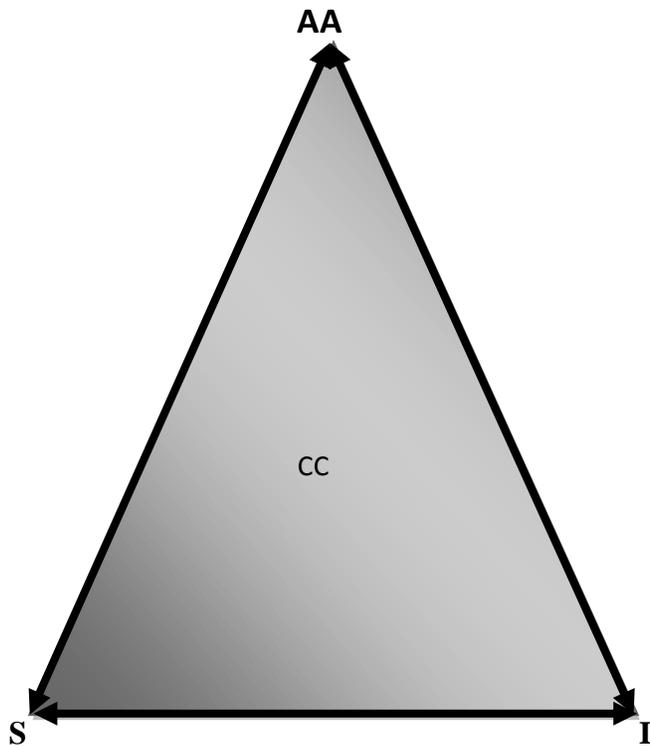
As long as there is cooperative community that can make a strong tie between education and economy, better standard of living among the society is inevitable. Figure1 shows this reality in short. Furthermore, creating cooperative community is possible under the umbrella of Cooperative Associations such as CBSACCOs. In relation to this fact, CBSACCOs has the following advantages:

1. It helps to create cooperative communities
2. It is used to develop good saving habit among the society including children in order to accumulate adequate domestic capital for investment including education.
3. It is used to solve socioeconomic problems of the poor society in general and that of the poor parents in particular. So that it allows the community to participate in different income generating activities. It also helps the society to develop good work culture.
4. It helps to expand entrepreneurial activities among the society which can reduce unemployment problems.
5. It encourages the poor community to fight against poverty through quality education.
6. According to its primary objective, it usually works for the socioeconomic and cultural development of the society at grass root level which is the order of the day throughout the world.

Generally, making a strong tie between education and economy is a very difficult task in developing countries like Ethiopia. However, this can be achieved by mobilizing the community through CBSACCOs. In addition, children of poor parents could not be high academic achievers; most probably due to their parents poor socioeconomic status and poor school environment which can easily be solved by CBSACCOs. Because such poor parents who are members of CBSACCOs can able to accumulate adequate capital to invest on their children's education and improve the school environment on voluntary basis.

In addition, teachers and administrative staff of the school who are members of CBSACCOs can solve their financial problems and engage in different investment choices in collaboration with other community members. This could reduce the current high turnover rate of teachers from schools which are one of the major factors for the poor academic achievement of students.

Finally, students who are members of CBSACCOs at their early age will be potential investors which in turn initiate them to be visionary as well as high academic achievers.



**Figure 1. Conceptual Framework of the study**

Key: S- Saving

I- Income

AA- Academic Achievement

CC- Cooperative Community

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

Methodology is a widely used term in research which refers to the way that we approach real life problems and seek solutions or describe some phenomena, our assumption, interest and purpose that shape which methodology we use ( Keneth et al., 1988 ). In this study, both quantitative and qualitative research approaches were used to study the problem at hand. Furthermore, Spratt et al. (2004) in Mulugeta (40; 2012) suggested that combining quantitative and qualitative methods sounds like a good idea. Using multiple approaches can capitalize on the strengths of each approach and offset their different weaknesses. It could also provide more comprehensive approach in finding answers to research questions, going beyond the limitation of a single approach.

Hence, the use of quantitative approaches was that it has both the potential of covering as many parents as possible to enable generalization and address various issues including socio-economic status of the targeted parents. Whereas the qualitative approach was useful in complementing and in incorporating the data gathered using interviews and FGD and in enabling to get information about the opinions and perspectives of informants/ participants as articulated in their own words. The qualitative method is an appropriate approach for exploratory studies and for investigating complex interrelationships and phenomena. Regarding the importance of the qualitative approach, Marshal and Rossman (1995) in Emebet (2008, P27) state that such studies are valuable tools in research that gives in depth in to complexities and processes where the phenomenon is little known.

#### **3.1 Research Design**

The major purpose of this study is investigating the role of Mierague community-based SACCO in helping the academic achievement of students in Higher 12 Secondary School. To that end the research was designed based on the “before and after approach” of assessing changes observed in the academic achievements of this CBSACCO members’ children without a control group. The nature of the problem under investigation governs the method to be employed in conducting the research. In view of this, the researcher employed community case study design, having both

quantitative and qualitative methods (mixed research), on the assumption that it would help gather an adequate information from a program, a person or group of persons. So that a researcher can study some people or cases intensively and adequately (Snake, 1995) in Getnet (2010, P27).

Furthermore, according to Dark et al. (1998) in Getnet (2010), the case study is the most suitable methodology when empirical research on a topic is still scarce, because it is a good form of investigating little known, very complex and dynamic phenomena.

Since literature on the role of community-based SACCOs for the academic achievement of students in Higher 12 Secondary School is scant, community case study has been performed aimed at collecting adequate information of the issue.

Therefore, since the primary intention of this study is an in-depth understanding and thick description about the role of CBSACCOs to the academic achievement of students, the researcher employed community case study design at a single high school.

### **3.2 Sampling Techniques**

Out of the many secondary schools in Addis Ababa, Higher 12 Secondary School is selected using purposive sampling technique due to the searcher's experience as a teacher for years within the school and the nearby community including the parents who are members of Mierague community-based SACCO.

In order to get appropriate samples from members of Mierague community-based SACCO who have children in this high school, the researcher conducted subsequent discussions with them in addition to his background information about them and selected appropriate samples on voluntary basis using availability sampling method. In addition, student target population was selected using purposive sampling technique. Moreover, teacher participants who are teaching these students for at least one year are selected purposively. Finally, the school principal is also selected based on his availability.

Hence, the researcher pointed out twenty parents from Mierague community-based SACCO members who have children in Higher 12 Secondary School using availability sampling, as twenty parents who have children in this high school are found in Mierague community-based

SACCO. Moreover, five teachers from this high school were taken using purposive sampling technique. This is because the selected teachers/ participants have direct relation with the academic achievement of these students. Similarly, out of the twenty students whose parents are Mierague CBSACCO members, ten students were purposively selected to make it manageable. Generally, the total sample size includes thirty six respondents/ participants.

### **3.3 Data Gathering Instruments**

To obtain relevant data from different sources, multiple data gathering techniques were employed i.e. questionnaire, interview, FGD and document analysis.

Regarding the appropriateness of data collecting instruments, they are cross-checked by experts including the advisor and defective items are rejected before they are administered to the participants.

#### **3.3.1 Questionnaire**

The questionnaire was employed to collect data from parents who are members of Mierague community-based SACCO. Sigh (2006) in Mulugeta (2012) asserted that questionnaire is the most flexible tool, as it possesses a unique advantage over others in collecting both qualitative and quantitative information. The questionnaire also allows the researcher to hold the responsibility of using relatively large numbers of participants than any other method. The researcher was also convinced that through questionnaire it is possible to gather quantitative data to measure variables like income, educational expenditure, parents' saving practice, number of children attending school in a family and children's academic achievement before and after their parents' involvement in Mierague community-based SACCO in the area. And qualitative data were collected through open-ended questions to understand their views on changes after being members of this SACCO i.e. changes in income, educational expenditure, parents' saving practice, number of children attending school in a family and their children's academic achievement.

In relation to the basic questions, both closed and open-ended types were designed in the medium of English language which later translated in to Amharic. This was done to overcome language barrier and ease the communication process. The questionnaire has two parts. Part I

concerned with personal information, part II concerned with topics such as impact of SACCOs on income, saving, educational expenditure and academic achievement of students.

### **3.3.2 Interview**

An interview is a major instrument of data gathering technique in qualitative research. Hence, semi-structured and unstructured interview questions were prepared to help participants express their ideas freely on that particular issue. Furthermore, the interview questions were so constructed that assured flexibility.

Accordingly, almost all concerned participants were interviewed in a friendly manner within a given time bound.

### **3.3.3 Focus Group Discussion**

The researcher employed this particular data gathering technique to get relevant information from students about saving, educational expenditure, income of parents and other socioeconomic conditions of parents, and the role of teachers, principals, parents and students in the teaching-learning process for the advantage of the students' learning effectiveness. The researcher invited ten out of twenty students purposively selected students for FGD. Semi-structured and unstructured questions were prepared and posed for group interview to investigate the views and ideas of each participant student.

### **3.3.4 Document Analysis**

The students' semester score was cross-checked in order to triangulate the data collected from different sources.

Table 1: Summary of Target Population, Sampling Techniques and Methods of Data Collection

No	Samples/ participants	Sample size	Sampling Technique	Methods of Data collection
I	Quantitative Data Source			
	Parents of SACCO members	20	Availability sampling	Questionnaire
II	Qualitative Data Sources			
	Parents of SACCOs Members	10	Purposive Sampling	Interview
	Students	10	Purposive sampling	FGD having two groups
	Teachers	5	Purposive sampling	Interview
	School Principal	1	Availability sampling	Interview

### 3.4 Methods of Data Analysis

The researcher asked the participants whether they could volunteer to answer questionnaires. They volunteered to fill the questionnaires. The questionnaires were administered at their monthly meeting. All questionnaires were filled and returned on that specific time. Regarding the interview, the interviewees gave their response per the appointed time specified earlier.

After data collection, through questionnaire and interview, the data collected were tabulated and narrated; finally analyzed respectively. Hence, the narrated data support the tabulated ones. Next, interpretation and discussion was made depending on the results obtained from the analysis.

## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSIS AND INTERPRETATION**

This chapter provides the empirical results obtained from parents, students, teachers and school principal through questionnaire, interviews, FGD and document reviews. The data were presented in tables and analyzed using frequencies, percentage and mean values. Besides, qualitative data obtained through FGDs, interviews and document reviews were analyzed briefly under the quantitative analysis to confirm the numerical result.

#### **4.1 Description of the Study Area**

Higher 12 Secondary School is one of the government schools in Addis Ababa. The school is located in Ferensay Lagasion around Gurara adjacent to Film Maekel. The school was first established in 1978 as Higher12 Comprehensive high school around Ras Seyoum residence. Then, it developed to Higher12 Technical and Vocational Education and Training Institute in 2002. The school under discussion transferred its location to the present situation at Gurara. Thus, this school began functioning in 2008 dispensing academic lessons from grades 9-10.

The school has two G<sup>+4</sup> buildings consisting of twenty two classrooms and nine administrative staff offices and one lounge. Even though inadequate, there are two toilet blocks for both teachers and students.

The school runs by one director, two deputy directors, and thirty administrative personnel. The teaching staff members are seventy. Total student population of the school is one thousand one hundred. The objective condition of the school displays high turnover rate of academic and administrative staff members. This state of affairs implies prevalence of a problem that seeks immediate solution.

The subjects that are dispensed by the school: Amharic, English, Mathematics, Physics, Chemistry, Biology, Geography, History, Civics, Sport and Information Technology. In addition, a number of co-curricular activities such as Gender Club, Mini Media Club, Charity Club, Anti-HIV/ AIDS Club, etc. are functional in the school.

## **4.2 Background of the Community**

The area is densely populated and the majorities are below poverty line. Job opportunity is very minimal for the youth in particular and for the whole community in general. Because there are no factories and construction activities in the area.

## **4.3 Description of Mierague CBSACCO**

Foundation of Mierague CBSACCO was not done over night. It took over ten years to arrive at the decision of establishing Mierague CBSACCO. The master mind of Mierague CBSACCO founding were two high school teachers who are living in the area for years. They were concerned as how to overcome poverty. They made study on the subject and reached at the conclusion that there is a tremendous potential source of economy in a society given the opportunity to mobilize it.

To materialize mobilization of members, the condition demanded membership of popular and well reputed, renowned individuals in the society. To convince and attract such imminent and respected individuals, it demanded workable and practical project that can easily be experimented.

Mierague enjoyed the advantage of studying the factors that contribute for the failure of CBSACCOs which had been established before its emergence. Based on the study, Mierague set short, medium and long term plans. To effect its objectives, it made accountability and transparency its primary and binding guide lines. Furthermore, recruiting members was selective that only persons who fulfill the yard-stick were picked among the society. Backing obtained from influential members of the society and issuance of reliable guide-line attracted a number of candidates for membership.

The objective of Mierague was to prove availability of a large capital that can bring about economic development in the society. To mobilize capital, a wise system of accumulating drops to form an ocean of capital and efficient management to run the organization were formulated.

The target focus group for membership was the poor below poverty margin. Thus, fifty-two picked individuals who won confidence and whose commitment to a cause were backed for enrollment. These people were registered and eventually achieved legal membership to Mierague

on November 1, 2004 E.C. Presently, Mierague owns a capital of over 100, 000 Birr in circulation.

Mierague has enhanced life style of its members. It supplies all kinds of consumption goods for low prices and emancipated its members from exploitation. In case of problem or for individual small business activity, they get loan with a small interest rate. Moreover, it is a multi-purpose CBSACCO that has enabled it to create small- scale business centers jointly i.e. poultry, bee-hive, garage, etc. It assigns unemployed members to work in these business centers.

Thus, Mierague is busy working to achieve its objective of emancipating its members from poverty.

#### **4.4 Demographic Characteristics of the Participants**

The demographic characteristics such as age, sex, marital status, educational status of the participants are supportive variables in addition to the major variables such as parents' income level, saving practice and educational expenditure described to show the general characteristics of the sample population/ participants. These groups of participants such as parents of students who are members of Mierague CBSACCO, students, teachers and school principal of Higher 12 Secondary School were asked to indicate their background information through questionnaire, FGD guides and interviews.

In this respect, the collected data were presented and analyzed in terms of their sex, age, marital status, educational level, occupation and service year.

For the sake of convenience in data presentation and analysis, the participants of the study were categorized in to three groups. The first group consists of parents of students who are members of Mierague CBSACCO. The second group comprises of teachers and the school principal. The third group again consists of students in Higher 12 Secondary School whose parents are members of Mierague CBSACCO.

## 1. Participant parent members

Table 2: Demographic Characteristics of Participant Parent Members

No	Items	CBSACCO Members	
		Fr	%
1	Age of participant parents		
	a) 30-40 years	6	30
	b) 41-50 years	6	30
	c) 51-60 years	1	5
	d) 61-70 years	6	30
	e) > 70 years	1	5
	Total	20	100
2	Marital Status		
	a) Married	18	90
	b) Broken family	2	10
	c) Widowed	—	—
	Total	20	100
3	Educational Level		
	a) Elementary education ( grades 1-8)	7	35
	b) Grades 9-12	5	25
	c) Certificate	2	10
	d) Diploma	5	25
	e) First degree and above	1	5
	Total	20	100
4	Sex		
	a) Male	13	65
	b) Female	7	35
	Total	20	100
5	Occupation		
	a) Government employee	6	30
	b) Private employee	5	25
	c) Self employee	1	5
	d) Daily laborer	1	5
	e) Pension	5	25
	f) Domestic work( House wife)	1	10
	Total	20	100
6	Head of the family		
	a) Husband	19	95
	b) Wife	1	5
	Total	20	100
7	Number of family members in a home		
	a) Below 4	4	20
	b) 4-5	10	50
	c) 6-8	4	20
	d) > 8	2	10
	Total	20	100
8	Number of children attending school		
	a) 1-2	12	60
	b) 3-4	8	40
	c) 5-6	-	-
	Total	20	100

A total of twenty participant parent members participated in filling questionnaires and ten of them again for interviews. As it is observed in Table 2, the age range of this group of participants varies from 30 years to 70 years and above. Majority of the participants that accounted to 18 (90%) were between the age range of 30-70 years. Whereas, 2 (10%) constitutes above 70 years. Generally, all the sample parents were 30 and above. From this, it is possible to conclude that parent participant members included in this study were adults who are responsible for their children's education.

As far as parent participant members' sex is concerned, 12 (60%) are males while 8 (40%) are females. Thus, the data indicate that, relatively, large number of men is members of Mierague CBSACCO.

Similarly, regarding marital status of sample participant parent members, the married members are 18 (90%) who dominate the sampled participants. Whereas, about 2 (10%) were broken families. As the data indicate, majority of married participants were included in the study. From this we can conclude that majority of married participants joined this CBSACCO to solve the socioeconomic problems of their children in particular and the whole family members in general.

Regarding participant parent members' educational level, about 7 (35%) of the parents had completed elementary education- almost all of them are above 5<sup>th</sup> grade. Whereas, some 5 (25%) of them had completed secondary education. There were also 2 (10%) certificate, 5(25%) diploma and 1(5%) first degree graduates. The result reveals that majority of the participant parent members are educated who can understand the tremendous functions of saving including their children's education. This calls for the need to expand CBSACCO among the society through educated personnel in general and teachers in particular. They can also help their children academically.

Regarding the participant parent members' main occupation, 5 (25%) are private workers (employees), 6 (30%) government employees, 5 (25%) of them are retired ones, among who four of them are retired teachers. Still, 1 (5%) self employee, 1 (5%) daily laborer, 2 (10%) domestic workers. From this figure, one can be able to suggest that the largest number of participant parent members is both government and private employees who are low paid and retired personnel who do not have sufficient income to lead their family properly. From this discussion, it is possible to

conclude that private and government employees are the main occupation of the majority of participant parent members.

In relation to head of the household, 19 (95%) of them are husbands. Whereas, 1 (5%) of them is wife household head who is in the broken family. This implies that, there is no balance between wife headed and husband headed families, the great majority is husband headed. This type of relationship of families tells us that the economic burden of the family is on the shoulder of the husband. So that Mierague CBSACCO needs to work to empower women members economically.

## **2. Teachers and the School Principal**

This group of participants consists of five teachers and one school principal. All are involved in responding for the interview. One of the teachers was a 50 year's old married man with Bachelors Degree in Biology. He has been teaching in different high schools for the last 26 years. Out of the 26 years service, he has been serving for 5 years in this high school. Another teacher was a woman with two Bachelor Degrees. She was a 28 years old and unmarried woman. She has been teaching in an elementary school for the last 6 years and this high school for about 5 years. Another teacher is a 38 years old and unmarried man with master's degree in HPE. He has been teaching in different high schools and this high school for about 5 years. The other two teachers are 32 and 34 years old men who are unmarried. They have Bachelor Degrees in Geography. They have been teaching in different high schools for 8 and 10 years respectively and this high school for about 6 years. Lastly, one of the key participants for the interview was the school principal of this high school. He was a 34 year's old married man with Bachelor Degree in Physics and MA in Instructional Leadership. He had been teaching for more than ten years. By now he has been serving for about 4 years as school principal in this high school.

**Table 3: Teachers and School Principal Participants Personal Data**

No	Teachers and School principal	Fr	%
1	Sex		
	a) Male	5	83.33
	b) Female	1	16.67
	Total	6	100
2	Age		
	a) 28-38	5	83.33
	b) 39-50	1	16.67
	Total	6	100
3	Qualification		
	a) First degree	4	66.67
	b) Masters Degree	2	33.33
	Total	6	100
4	Service year		
	a) 10-20	4	66.67
	b) 21-26	2	33.33
	Total	6	100

According to the personal detail shown in Table 3, teachers and school principal consisted of 5 (83.33%) are males and 1(16.67%) is female. This shows that there might be few female teachers in this high school. Regarding age, the highest proportions 5 (83.33%) were between 28-38 years old whereas, 1(16.67%) is 50 years old within the range of 39-50 years. This indicates that most of the teachers in this high school are youngsters.

In terms of qualification, large proportions 4 (66.67%) of them are first degree holders while 2 (33.33%) of them have Master's Degree. From this, it is possible to deduce that all of them have fulfilled the minimum requirement for high school teachers and school principal which may ensure quality of education.

Table 3 further shows that 4 (66.67%) of them have 10-20 years of service and about 2 (33.33%) of them have served 23 to 26 years. This indicates that majority of them have long years of experience in the profession.

### 3. Students

With regard to participant students' background, six of them are grade nine students, the rest are grade ten. Their age ranges from 14 to 17. Four of the six students in grade nine are male and two of them are female students. Among grade ten participant students, three of them are female while one of them is male. In short, ten students, among who four boys, mean age 15.5 and six

girls, mean age 14.5 were selected from Higher12 Secondary School. The selection was intended for group discussion.

**Table 4: Student Participants Personal Data**

Students	Fr	%
1. Sex		
a) Male	5	50
b) Female	5	50
Total		
2. Age		
a) 14-15 years old	8	80
b) 16 -17 years old	2	20
Total		100
3. Grade		
a) 9 ( Male= 4 and Female= 2)	6	60
b) 10 ( Male=1 and Female= 3)	4	40
Total	10	100

As can be seen from Table 4, the majority of participant students, almost all, 10 (100%) with the age range 14 to 17 years. This age range seems to be with the normal high school age. However, this is the age range when youngsters manifest many socioeconomic problems. Therefore, it is the time when adolescent students need proper socioeconomic support to be high academic achievers.

#### **4.5 Data Presentation and Analysis**

This section focuses on the presentation and analysis of data gathered through questionnaire, interviews and focus group discussion from participant parent members, teachers, school principal and student participants. To make the findings more meaningful, information gathered through interviews and focus group discussion is summed up with the information obtained through questionnaire during analysis when appropriate.

Moreover, the data obtained through questionnaire were analyzed using frequencies, percentage and mean values which are supplemented/ confirmed and strengthened with discussions of qualitative data.

## 4.6 Sources of Participant Parent Members' Income

In assessing participant parent members' income, it is important to understand that the family's income is derived from multiple sources. The demographic result of participant parent members' occupation indicates that the major sources of family's income was derived from monthly salaries from both government and private organizations and pension. Their monthly income before joining Mierague CBSACCO ranges from 400 Birr to 1200 Birr. After joining this CBSACCO, fair improvement has been observed.

**Table 5: Monthly Income of Participant Parent Members Before and After Mierague CBSACCO**

Monthly Income(in birr)	Before		After	
	Fr	%	Fr	%
a) 400-600	8	40	4	20
b) 601-800	5	25	5	25
c) 801-1000	4	20	6	30
d) 1001-1200	3	15	3	15
e) >1200	-	-	2	10
Total	20	100	20	100

Similarly, CBSACCO is a significant source of finance for low income people in areas like Ferensay Legasion. Many studies indicated that participation in CBSACCO resulted in improvement on members' living standard may be observed from the point of increased income. Furthermore, the reviews of various literatures in the area of SACCO indicated that, members' access to financial sources and subsequent income generating activities significantly improve their income.

Accordingly, this study is devoted to assess the income change of some members of Mierague CBSACCO after their participation in this program. To investigate the role of this CBSACCO on members' income, their income levels before and after the program has been compared. As observed in Table 6, participant parent members were asked about the amount of their monthly family income both before and after joining this CBSACCO. The result from their responses indicated that, before joining CBSACCO, monthly income of the majority of participant parent members, 13 (65%) was between the ranges of 400-800 Birr. However, this has improved significantly after becoming member of Mierague CBSACCO. Because the majority of participant parents, 11(55%) of them reported having a monthly income which ranges from Birr 801-1200 and above. Besides, no participant parent earned Birr over 1200. But, after being

members of Mierague CBSACCO, 2(10%) of them reported that, they started to earn income with in this range.

Furthermore, Table 6, the descriptive analysis shows that the mean monthly family’s income of participant parent members before joining Mierague CBSACCO was Birr 708.75. However, after attaining membership, participant parents’ mean monthly income raised to Birr 917.20. Hence, the mean monthly family’s income after joining Mierague CBSACCO is greater than their mean income before their involvement.

**Table 6: Description of Mean Monthly Family’s Income of Participant Parent Members Before and After Their Involvement in Mierague CBSACCO**

Amount of monthly income	No	Mean	Minimum	Maximum
Before Mierague CBSACCO	20	708.75	400	960
After Mierague CBSACCO	20	917.20	400	1800

Therefore, as can be clearly seen, participation of participant parent members in Mierague CBSACCO results in increased family’s income.

Moreover, to strengthen the findings obtained from participant parent members, FGD and interviews were employed. Likewise, the data clearly support the above findings in that the result shows the improvement of income levels of participant parent members after their involvement in Mierague CBSACCO. For example, a 69 years old man by comparing his income level before and after being a member of Mierague CBSACCO stated that:

Before I joined Mierague, I had been in a dire poverty. I had lived on a small monthly income of four hundred Birr. It was only from hand to mouth let alone getting proper food. But, after I became a member to Mierague, I am getting goods of consumption from the organization in lower prices. Furthermore, I got loan from the organization with cheap interest rate and I bought three bullocks for five thousand Birr, I fattened them and sold for eight thousand Birr each in three months. I paid back the loan that I took from the organization. I have continued fattening oxen. My income has improved and my life style has also become better.

Another 40 years old woman explained the role of Mierague CBSACCO on her household’s income improvement as follows:

I have been in great financial problem before joining this CBSACCO to run my mini restaurant or shiro-biet. During those times I used to purchase cereal food items by loan from others since I did not have enough money to spend on my business. Since their interest rate is high and loan time duration is short, I pay all my net profit to them nowadays. On account of this, my small business could not have shown any improvement in long years. Fortunately, after taking loan from this CBSACCO with low interest rate and high duration of time, my income has shown good improvement. Currently, my mini restaurant (shiro-biet) is becoming competitive shop. My income is getting improved from day to day; as also is my living condition. My current income compared with before the loan from Mierague is absolutely changed and highly improved (participant parent member interviewee 9 Dec. 22, 2014).

Another participant parent interviewee woman of 34 explained her income improvement in a different way:

Six years ago I conceived my second child. Unfortunately, I was so needy to meet my daily needs let alone nurturing a baby. I had no money to be admitted to hospital for delivery. Whatever, the condition, I gave birth to a healthy baby by the help of a local mid-wife. Two years later, I joined Mierague CBSACCO. I got a loan of one thousand Birr. I invested the amount on injera and local bread bakery. It was lucrative. I paid off the loan and continued baking and selling injera and local bread. My business so improved that I totally overcome poverty that I could afford not my paying for hospital expense of the third child but also for other expenses (participant parent member interviewee 8, Dec., 22, 2014)

In summary, the data collected using different instruments to assess the role of Mierague CBSACCO's impact on the income of participant parent members revealed that, significant improvement of income is observed in a number of members after becoming members of Mierague CBSACCO. On the contrary a few of Mierague CBSACCO's members have failed to achieve significant positive impact in improving their economic level. These individuals are those who have not fully perceived the essence of saving and the capital they draw for business.

## 4.7 The Role of Mierague CBSACCO on Members' Saving

Saving is one of the most important activities of economic empowerment of the poor and regarded as a key measure of the role of SACCO at the family level. From literatures and researches, poor people's increased participation in SACCO is found to enhance the savings of the poor. Morduch (2005) in Mulugeta (2012, p103) further explains, one of the potentials in SACCO is its role in promoting the savings of the poor to reduce the family's vulnerability to income shocks. This study therefore, wanted to examine if there is enhancement of members' saving after their participation in this program by comparing with their situation before their participation in Mierague CBSACCO.

Accordingly, in Table 7 issues related to the saving behavior of participant parent members before and after Mierague CBSACCO were raised. In this regard, very large number of participant parent members, 14 (70%), indicated that, they started saving just after this program. Whereas, the rest 6 (30%) had started saving before the establishment of Mierague CBSACCO.

Generally, before this CBSACCO, it was few participant parent members who used to save but a large number of participant parent members started saving after joining Mierague CBSACCO. This implies that Mierague CBSACCO plays a great role in promoting the saving habit of the community in the area including participant parent members.

**Table 7: Participant Parent Members' Monthly Saving Amount**

Participant parent members' monthly saving amount( in Birr)	Before		After	
	Fr	%	Fr	%
a) 30-60	4	20	12	60
b) 61-89	2	10	6	30
c) 81-100	-	-	2	10
Total	6	30	20	100

Participant parent members of this CBSACCO usually save for different purposes. Some save with the intention of educating their school age children, others save to reduce family's vulnerability to income shocks, still others for emergency call of their families and so on. With regard to the main purpose of participant parent members' saving, Table 8 shows, majority of the participant parent members, 13 (65%) of them replied that, they save to prevent income shocks of the family and to educate their children, 5 (25%) of them save to expand their mini business. Whereas, the purpose of 2 (10%) of them is to pay for Condominium houses.

**Table 8: Participant Parent Members' Response on the Main Purpose of Saving**

Questionnaire Items	parent Participants	
	Fr	%
1. For what purpose do you save?		
a) To prevent family's income shocks	8	40
b) To educate their children	5	25
c) To expand their mini business	5	25
d) To buy basic items	-	-
e) To pay for condominium	2	10
Total	20	100

Moreover, participant parent members were requested to indicate the amount of their monthly saving before and after joining Mierague CBSACCO (including voluntary and compulsory saving). In this regard, from Table 9, it is revealed that, the mean monthly saving of participant parent members before joining this CBSACCO had been Birr 37.67. On the other hand, after joining this CBSACCO, there were two methods of saving i.e. voluntary and compulsory saving. Accordingly, the mean monthly saving (both voluntary and compulsory) of participant parent members after joining this CBSACCO was found to be 54.15 Birr.

**Table 9: Description of Participant Parent Members' Mean Monthly Saving Before and After Joining This CBSACCO**

Amount of monthly saving (in Birr)	No	Mean	Minimum	Maximum
Before CBSACCO	20	37.67	30	80
After CBSACCO	20	54.15	30	100

As can clearly be seen from Table 9, the mean monthly savings of participant parent members after joining Mierague CBSACCO is greater than the mean monthly saving before joining it. Therefore, it is likely that, the involvement of poor parents in this CBSACCO may help them in building their saving capacity.

Most CBSACCOs provide financial services, mainly saving and loan services to the poor or low-income clients (Ledgrwood, 1999) in Tega (2007p71). He further stated that successful programs link credit supply with saving mobilization. For this reason, loan delivery when combined with saving facility help in smoothing the income of the poor. In this connection, Fidler and Webster (1996) in Tega (2007, p71) argued that saving services enable the poor to accumulate surplus that can be used at a later date to ride out poorness in income or respond to emergencies. They

also argued that promoting saving mobilization through CBSACCO can help in the generation of local funds for sustainable socioeconomic development and contribute to the survival of CBSACCOs for years.

Moreover, an interview and FGD were employed to triangulate the role of this CBSACCO on participant parent members' saving practice. Similar to the findings mentioned above, participant parent members in the interview session assured that their monthly saving is highly increased after their participation in Mierague CBSACCO. A 38 years old married interview participant woman has said the following:

Before I became a member of this CBSACCO, I had no saving anywhere else. I was not familiar with the word saving let alone practicing in it. However, the establishment of Mierague CBSACCO encouraged me to have a saving account of more than 2000 Birr (Participant parent member 10, Dec., 23; 20014).

Another interview participant man who has been a member of Mierague CBSACCO for more than two years mentioned that:

I usually save 35 Birr every month from my small income. I started saving in this CBSACCO for the first time. Before that I was not a member of any financial institute including the bank. Because saving practice was not a common phenomenon in the area before Mierague CBSACCO. My mini business, the selling of different goods on rotating basis is now highly improved after taking loan from the Association. I have 1200 Birr in my saving account. Saving is a lot for me in the future (Participant parent member 6, Dec. 23; 2014).

Moreover, the third interview participant parent member who is 36 years old woman in this issue stated that:

In addition to lack of awareness about the importance of saving, I had no any income before I become government employee. But as soon as I earn an income, I start saving in Mierague CBSACCO on monthly basis voluntarily. By now I save more than one thousand Birr in my saving account (Participant parent member 4, Dec. 23; 2014).

In summary, according to the majority of participant parent members' view in this study, they had not had savings before their being a member of Mierague CBSACCO. By now they are saving with a minimum of 30 Birr every month regularly. Therefore, it is possible to conclude that the establishment of Mierague CBSACCO has led to the improvement of members' saving amount as well as saving habit.

#### **4.8 The Role of CBSACCO on Children's Education**

Many research findings in the field of SACCO show that SACCO is a significant source of finance for poor parents like those in Ferensay Legasion. Participation of poor parents in CBSACCO resulted in improvement on their income which in turn improves the family's living habit of poor parents that enables them to accumulate capital that can be used to educate their children, respond to emergencies and for sustainable socioeconomic development which is otherwise impossible.

As a result, CBSACCOs help poor parents to increase their income which has an immediate and lasting impact on employment creation and business incubation. Once family's job opportunity and income increase, poor parents can pay the costs of schooling for their children such as school fees, expenses for uniforms, books, transport, clothing, feeding and health care fees. Therefore, CBSACCOs have positive impact on the academic achievement of clients' children. According to Littlefield et al. (2003) in Belete (2007,p77), one of the first things that the poor people do with newly income obtained from CBSACCO activities is to invest in their children's education.

In this study, an attempt was made to see the role of Mierague CBSACCO on school enrollment and annual educational expenditure of members' children in Higher12 Secondary School.

In the following Table 10, participant parent members were asked whether they have school age children or not. Accordingly, all 20 (100) of them responded that they have school age children in their home. This is true because participant parent members were selected among parents whose children attend Higher 12 Secondary School. About 12(60%) of them have 1 or 2 children. About 8(40%) of them have 3 or 4 children. From this fact, it is possible to say that high number of participant parents have 1or 2 school age children. Though this number seems

minimal, it is a challenging task for poor parents to educate even on children properly, under the prevailing social condition.

**Table 10: Participant Parent Members’ Response on School Age Children and Their Education Before and After Mierague CBSACCO**

Items	Participant parents	
	Fr	%
1.Number of school age children before and after this CBSACCO		
a) 1-2	12	60
b) 3-4	8	40
c) 5-6	-	-
Total	20	100

In addition to issues of children’s enrollment in school as observed on the above table 10, participant parent members were also asked the amount they invest on each child per year for education. As can be seen in Table 11, the mean annual educational expenditure before participating in Mierague CBSACCO was 423 Birr while after participating in Mierague CBSACCO, the mean annual educational expenditure is 661 Birr. On the other hand, the minimum and maximum educational expenditure of participant parent members before this CBSACCO was 240 Birr and 720 Birr respectively. However, after their participation in Mierague CBSACCO, the minimum and maximum family educational expenditure ranges from 420 Birr to 960 Birr respectively.

Thus, it is possible to conclude that Mierague CBSACCO has a positive contribution on improving school expenditure of participant parent members for their children.

**Table 11: Annual Educational Expenditure of Participant Parent Members per Child Before and After Participation in Mierague CBSACCO**

Educational Expenditure	No	Mean	Minimum	Maximum
Before Mierague CBSACCO	20	423	240	720
After Mierague CBSACCO	20	661	420	960

To sum up the point:

In addition to the above presented facts about children’s access to school and learning material supply before and after their parents became members of Mierague CBSACCO, the researcher cautiously observed those children’s school documents. His finding is displayed as follows:

6(30%) of them scored 45-49%, 8(40%) of them scored 50-74%, 4(20%) of them scored 75-80% and 2(10%) of them scored above 80% before their parents involved in Mierague CBSACCO. Whereas, after their parents’ participation in this CBSACCO, 2(10%) of them scored 45-49%, 10(50%) of them scored 50-74%, 6(30%) of them scored 75-80% and 2(10%) of them scored above 80% after their parents’ joined in Mierague CBSACCO.

According to some studies, on the basis of students’ average scores, those who scored greater than or equal to 65 points out of 100 were placed high achievers and others who scored less than 50 out of 100 was classified as low achievers. Hence, lower achievers before this CBSACCO were 11(55%) and 9 (45%) were high achievers. Whereas, lower achievers after this CBSACCO were 5 (25%) and 15(75%) were higher achievers. Here, it is possible to say that the academic achievement of participant parent members’ children is by far better after their parents’ involvement in this CBSACCO than before.

**Table 12: Academic Achievement of Mierague CBSACCO Members’ Children in 2006 E.C.**

Students’ Academic Score	Before CBSACCO (First Semester)		After CBSACCO ( Second Semester)	
	Fr	%	Fr	%
a) 45-49	6	30	2	10
b) 50-74	8	40	10	50
c) 75-80	4	20	6	30
d) > 80	2	10	2	10
Total	20	100	20	100

Therefore, it appears that economic improvement of a family has its own role to children’s academic achievement. Children’s school material supply, securing better off food, occupying themselves in their studies without any tension does not only upgrade their academic achievement but also creates self-confidence in the school children.

Furthermore, FGD and participant interviews are other instruments utilized to assess the role of Mierague CBSACCO in participant parent members children's education. The results assured that those children who have been in school are now getting better school expenses like pen, exercise book, reference books, transport cost, clothes, etc. than before their parents joined this CBSACCO. Furthermore, a 41 years old man who has been member of Mierague CBSACCO for more than 2 years said that:

Before joining CBSACCO, I was unable to fully cover the school expenses of my two children. My children also had suffered inferiority complex when observed children of well of families. Once, when living cost began sky-rocketing, my two children reached the verge of quitting school. Fortunately, I became a member to Mierague CBSACCO; I then, obtained the opportunity of getting loan and covered the needed expenses for the schooling of my children. Ever since, I have become in a position of affording my children's expenses without any economic tension.

Another woman of 34 presented her view about the advantages of this CBSACCO membership as follows:

My son who is attending grade nine had had hard time to follow his education. I was and am a needy widow; I had not had the economic ability of providing my child with the necessary school expenses. He was determined to pursue his education. To achieve his objective, he decided to take-up odd job during his school time, he then acquired the needed money for his school expenses. But, his academic achievement remained low, because he could not exerted his whole time on learning. Fortunately, after I became a member to Mierague CBSACCO, I began to get loan payable in a long term with a small amount of interest. My son, therefore, gave up the odd job and has become not only a full time student but also one of the best students of the school academically.

The students from the FGD, agreed that the overall socioeconomic conditions of most of their parents had been low before they joined Mierague CBSACCO and unable to meet their educational expenses. Whereas, after their joining this CBSACCO, their parents' income got improved and they could get a loan whenever necessary without collateral procedures. Hence,

they can afford their children's educational expenses without much difficulty. In relation to this, a student participant in the FGD said that:

His school life had been tiresome and cost him beyond his tolerance. Hence, he fully depend on self –support for all his expenses which he monthly got about six hundred Birr that covered his food and other expenses. His earning was acquired through hard work at the expense of his education. He usually sold kolo in the street during school time. As a result his academic achievement got low. This had happened before his parents' joined Mierague CBSACCO. But, after their joining, this CBSACCO, his parents have become able to cover some of his school expenses. As a result, his self-help duties highly reduced. Hence, he started to attend school daily and study hard which in turn improved his academic achievement (participant student 6, Dec. 22; 2014)

As exemplified by many studies, socioeconomic status of the family affects the academic achievement of their children. The school principal and participant teachers in the interview session of this study underlined poor socioeconomic family background is the major obstacle for the academic achievement of students in Higher12 Secondary School. The school principal pointed out the following regarding this fact:

Most of the children from poor family do not give priority to their education. Because, usually, they do not get adequate economic support from their families. The majority of misbehaving students or low academic achievers comes from economically poor families or from low educational background families. Looking in to members of Mierague CBSACCO, participant parent members' children in our school, most of them have improved their academic achievement after their parents are joined to this CBSACCO (school principal, Dec. 24; 2014).

A participant teacher in the interview session presented the following views:

In most cases, children from the poor are forced to be occupied various income generating activities such as shoe shine, selling kolo, bread, chewing gums, etc. to earn money for existence. In addition, poor parents do not encourage their children to go to school regularly because they demand their children's earning to support them economically. Besides, poor parents could not

able to afford school expenses as they should for their children. As a result, most of their children's academic achievements become low unquestionably. In the case of Mierague CBSACCO participant parent members' children, academic achievement in our school, we have practically verified the improvement attained after their parents' joined Mierague CBSACCO. But, we bear in mind that a lot will be done in further improving the various aspects of members' socioeconomic conditions in the near future (participant teacher 2, Dec. 24; 2014)

To summarize, according to the data collected through different instruments on children's education based on before and after their parents joining the organization, the study asserted that the number of this CBSACCO members' children enrolled in school remained the same; neither increase nor decrease before and after their parents joining Mierague CBSACCO. However, participant parent members indicated that they have met demand of their children better than before their joining Mierague CBSACCO. The study also found that participant parent members' educational expenditure per child increased after joining this CBSACO. Because they are personally afford school expenses of their children. The educational expenditure increment is attributed largely to the income improvement due to the betterment of their saving habit. On the other hand a deviation of facts, although a few has indicated that academic achievement of some Mierague CBSACCO participant parent members' children remained the same before and after their parents' joined Mierague CBSACCO which may be due to other intrinsic and extrinsic factors.

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Summary

In the socioeconomic development process of poor community in general and that of poor parents who have children attending schools in particular, the tremendous role played by CBSACCOS should not be overlooked. There can be no long lasting socioeconomic development success without effective utilization of CBSACCOs and other cooperative choices. Again, socioeconomic empowerment of poor parents is fundamental for their family and society at large. This, in turn enables their children to be high academic achievers. CBSACCOs help the poor in general and poor parents in particular to develop good saving habit. It is this savings that can help them to solve their socioeconomic problems. So that CBSACCOs enables poor parents to send their children to school and help them to be successful in their education.

The objective of the study is therefore, to investigate the role of Mierague CBSACCO to the academic achievement of students in Higher 12 Secondary School in Addis Ababa. For this purpose, the following research questions were formulated/ examined.

- What is the role of Mierague CBSACCO in enhancing the saving culture of participant members?
- To what extent does Mierague CBSACCO improve the income and livelihood of the parent members?
- What is the contribution of Mierague CBSACCO for the academic achievement of parent members' children in this high school?

To conduct the study, both primary and secondary data sources were employed. Both qualitative and quantitative research methods (mixed approaches) were employed to obtain pertinent data from participant parent members. The FGDs were conducted in two groups involving 10 participant students who are grades nine and ten whose parents are members of Mierague CBSACCO. While interviews were carried with 10 participant parent members. Questionnaires were administered to 20 member parents. Moreover, interview was conducted with 5 teachers and 1 school principal. The collected data were then analyzed with the help of statistical tools

such as frequencies, percentage and mean values. The data collected through interview were narrated to support the quantitative data.

## **5.2 Conclusions**

According to the results of the study, improving the income level of parents through CBSACCO promotes the academic achievement of their children. This is a driving force behind Mierague CBSACCO. Hence, the study revealed that participant parent members' income has shown significant improvement after their participation in this CBSACCO. Unlike the unchanged and decreased income level of some participant parents due to their personal problems, the income level of the majority of participant parent members has shown an encouraging improvement.

In relation to saving, it is evidenced from the study that majority of participant parents had not had saving before participating in Mierague CBSACCO. As the study indicates most participant parent members started saving after their participation in this CBSACCO. In addition to increasing their saving amount in Birr as well as their habit of saving, their income and purchasing power have also increased.

As far as educational expenditure of participant parent members for their children concerned, the study reveals improvement as a result of participant parent members' access to loan from this CBSACCO. The loan helps them to cover their children's educational expenses which are very difficult otherwise. The loan also helps them to engage themselves in different income generating activities and thereby improve their income

Regarding education of children, the study asserted that the number of children attending school before and after parents' participation in this CBSACCO remained the same. Because their children have already started schooling. However, the influence of this CBSACCO was greatly observed through participant parents' capacity to cover the educational expenses of their children well after their participation in Mierague CBSACCO which clearly improves the academic achievement of participant parent members' children. But, before their participation, majority of participant parent members were unable to afford the expenses of their children's education which resulted in low school performance.

Furthermore, the present study has identified that as per capita income per participant parent member increases, educational expenditure per school child also increases significantly. This implies that income per participant parent member has significant contribution to the growth of educational expenditure per school child.

The study reveals that the more the member stays in Mierague CBSACCO, the better he is convinced to continue membership. Because he has an access to loan in case of problem, he can run business without economic problem; his saving grows from month to month. In short, he is economically secured in case of emergency.

The study has also shown that, increasing the socioeconomic capacity of poor members using loan with less interest rates and distributing consumption goods with fair price is the main objectives of Mierague CBSACCO. Majority of participant parent members had been denied access to loan from different financial institutions or had been to take loan with unaffordable interest rate, that neither used to fulfill educational expenses of their children properly nor to be engaged in different income generating activities. However, Mierague CBSACCO created easy and affordable access to its members. Before their membership to this CBSACCO, they suffered from economic problems. Over all, Mierague CBSACCO plays a paramount role in the socioeconomic empowerment of poor members in the study area. This CBSACCO promotes the socioeconomic capacity of poor members through saving and providing loans and presenting consumption goods with reasonable price. So that their savings and household income have been significantly improved. The increased income and saving amount also improves their children's education. Participant parent members are able to afford the educational expenses of their children which definitely help them to be good academic achievers. To sum up, participant parent members' saving amount, income, educational expenditure to their children and their children's academic achievement has been improved after their participation in Mierague CBSACCO. These findings indicate that Mierague CBSACCO in line with its principles has done tremendous functions that resulted in achieving a positive and significant role to enhance the socioeconomic empowerment of the targeted poor participant parent members.

Despite the above advantages of the poor participant parent members from their CBSACCO, they have faced several challenges. The study has revealed that high living expenses, difficulty in getting consumption goods directly from importers, producers and factories through Mierague, as well as the unexpected day to day price rise of educational materials are found to be the major problems hindering the progress of different socioeconomic activities of participant parent members in the study area.

Finally, with proper utilization of loan as well as members' commitment in developing good saving habit, CBSACCOs could easily enhance the socioeconomic development of participant parent members in particular and the other members in general.

### **5.3 Recommendations**

To upgrade the socioeconomic life of Mierague CBSACCO participant parent members in particular and other members in general, the recommendations drawn from these findings should be taken into account and be worked on effectively. So, based on the findings, the researcher forwards the following recommendations:

Mierague CBSACCO has demonstrated that unity is strength. The unity of a number of poor individuals has proved that they could create effective team-work. They collaborated in saving small amounts, which developed into a big capital. Mierague provides its members loan with a small interest rate. The poor who had not been guaranteed for loan, they get loan to run small business, to meet their urgent needs, to supply their children with all schooling material including better diet. Thus, it has vividly displayed that if the poor united in saving, they can create a large capital that can overthrow poverty.

In addition, capital accumulation of CBSACCOs mainly ensured through savings. Hence, mobilization of domestic savings enables CBSACCOs to provide sustainable low interest rate funds for poor members. Well-designed saving services are therefore, indispensable characteristics of successful CBSACCOs. Strategies should be designed in such a way that attracts low income members to save. Through regular savings, it is possible to accumulate adequate finance which enables poor parents to cover educational expenses of their children. Successful CBSACCOs are those which integrate loans with various investment choices including education. This will enable members to use their loans effectively and productively.

To upgrade awareness, parents should be oriented to realize not only the advantages of savings but also investing on their children's education should get better.

Developing entrepreneurial activities and promoting saving culture among the society in general and children at their early age in particular is very important. Both at home and in school, it should be practiced along with providing financial education and entrepreneurial training as co-curricular activities in schools.

As the history of many developed countries demonstrates, cooperatives such as CBSACCOs are self-help organizations that can do miracle in poverty eradication. They can unconditionally, bring socioeconomic and cultural development in Ferensay where poverty prevails. Therefore, cooperative policy formulation and proper implementation of its proclamations should be given due attention by the concerned bodies of the government.

Furthermore, the society and the concerned government bodies including schools and other educational institutions should realize that any development gets stream-lined through education. Therefore, these concerned bodies must work hand in hand to create a strong tie between education and developments of all walks of life. Thus, to make a bright future, educational betterment and economic development need be the target, that can be done only through well planned and implemented CBSACCOs just like Mierague.

This study was conducted by targeting only 20 participant parent members of Mierague CBSACCO who have children in Higher 12 Secondary School. So, the study cannot be generalized for the whole schools in the city that needs further investigation.

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**Appendix-I**  
**ADDIS ABABA UNIVERSITY**  
**SCHOOL OF GRADUATE STUDIES**  
**INSTITUTE OF EDUCATIONAL RESEARCH**

**Questionnaire**-to be filled by participant parent members of Mierague community-based SACCO who have children in Higher12 Secondary School who are grades nine and ten students in 2006 E, C, The main purpose of this questionnaire is to collect pertinent and appropriate data to investigate the role of Mierague community-based SACCO in helping the academic achievement of students in Higher12 Secondary School along with income and other socioeconomic status of parents, saving practice and educational expenditure of parents to their children's education.

The information you are going to provide is used purely for the research purpose-You are completely confidential and hence, you are not going to write your name on this form: Therefore, your assistance and genuine response are highly required for the success of this study. I cordially request your collaboration in responding to this questionnaire.

**Thank You in advance**

## Part I: General Information and Personal Data

Name of your community-based SACCO: \_\_\_\_\_

1) Age: a) 30-40   b) 41-50   c) 51-60   d) 61-70   e) 71 and above

2) Sex: Male    Female

3) Marital Status

a) Married   b) Divorced   c) Widowed

4) Your educational background    Your partner's, if any

a) Elementary Education ( Grades 1-8)

b) Grades 9-12 complete

c) Certificate

d) Diploma

e) Degree and above

5) Your occupation/ employment status    Your partner's, if any

a) Government employee

b) Private employee

c) Daily laborer

d) Private business

e) Unemployed

f) Domestic Work/ House Wife

g) Other ( Specify) \_\_\_\_\_

6) Number of family members in a home:

a) Below 4

b) 5-8

c) 9-12

d) More than 12

7. Head of the family:

a) Father

b) Mother

c) Both father and mother

8) Family's Monthly income ( in birr):

Amount in Birr	Before CB SACCO	After CB SACCO
400-600		
6001-800		
801-1000		
1001-1200		
> 1200		

**Part II: Perception of parents towards the contribution of CBSACCOs to: family's income and other socioeconomic status of parents, educational expenditure, saving and children's academic achievement.**

1. How much was your monthly educational expenditure for your child before and after being a member of Mierague CBSACCO?

Educational Expenditure per child(in birr)	Before CBSACCO	After CBSACCO
20-40		
41-60		
61-80		
81-100		
>100		

2. Is your monthly educational expenditure sufficient for your child to attend his/ her education properly in order to be higher achiever?

Yes

No

Reason out your answer briefly \_\_\_\_\_

3. How many times do you take a loan from your CBSACCO to educate your child/ fulfill educational materials for your child and other educational expenses?

a) Once a year   b) Twice a year   c) Three times a year   d) Other (Specify) \_\_\_\_\_

4. If so, how much loan do you take a year in your CBSACCOs for your child's educational expenditure?

- a) 100      b) 200      c) 300      d) 400      e) > 400

5. How many school age children do you have in your family attending schools?

Number of children	Before CB SACCO	After CBSACCO
a) 1-2		
b) 3-4		
c) 5-6		
d) > 6		

6. Number of children attending school after joining Mierague CBSACCO:

- a) Increased    b) Decreased    c) Remained the same    d) I don't know

Reason out your answer \_\_\_\_\_

7. Do you fulfill financial and material resources to educate your child properly?

- Yes       No       If "yes", is it before or after CBSACCO?

Reason out your answer \_\_\_\_\_

8. Do you think that your income has been improved after being a member of your CBSACCO?

- Yes       No

9. How much do you save monthly after being a member of Mierague CBSACCO?

- a) Voluntary Saving \_\_\_\_\_      b) Compulsory saving \_\_\_\_\_

10. Totally, what is your current saving account in your CBSACCO?

- a) 300-600
- b) 601-800
- C) 801-1000
- d) 1001-1200
- e) Other (specify) \_\_\_\_\_

11. How did you become a member of Mierague CBSACCO?

- a) Self interest      b) Members' persuasion      c) Through Coordinator's promotion
- d) Other (specify) \_\_\_\_\_

12. Did you have saving before being a member of your CBSACCO?

Yes                       No

13. If yes, how much was your monthly saving before being a member of Mierague CBSACCO?

\_\_\_\_\_

14. For how long did you save in your CBSACCO?

- a) Less than one year    b) For two years    c) For three years    d) For more than three years
- e) Other (specify) \_\_\_\_\_

15. For what purpose do you save? More than one reason is possible.

- a) To educate children
- b) For medical service of the family
- c) To undertake new business
- d) For emergency cases
- e) For old age use
- f) Other (specify) \_\_\_\_\_

16. What is your source of money for savings?

- a) From monthly salary
- b) From business
- c) From pension
- d) From renting houses
- e) From daily labor work
- f) From family support
- g) Other (specify) \_\_\_\_\_

17. What was your child's average semester score before and after being member of your CBSACCO?

<u>Average Score</u> <u>(I Semester.)</u>	<u>Before CBSACCO</u>	<u>After CBSACCO</u> <u>(II Semester.)</u>
45-49		
50-74		
75-80		
>80		

18. Did your child's average semester score increase after CBSACCO?

Yes

No

Give brief reason for your answer \_\_\_\_\_

19. What major factors do affect your child's academic score?

a) Financial problem      b) School problem    c) peer pressure problem

d) Other (specify) \_\_\_\_\_

20. Suggest any possible solution to a given problem:

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## **Appendix-II**

### **Interviews and FGD Guides**

The following are questions which focus on the role of CBSACCOs, SES of parents and related issues on the academic achievement of students in Higher 12 Secondary School. Therefore, please give your suggestion accordingly.

#### **I. Interview for Higher 12 Secondary School teachers and the school principal**

##### **Part I: General Information and personal Data**

1. Age \_\_\_\_\_ 2) Sex \_\_\_\_\_
- 3) Educational Level \_\_\_\_\_
4. Field of study \_\_\_\_\_
- 5) Service year in teaching/Administration \_\_\_\_\_
6. Marital status \_\_\_\_\_

##### **Part II: Interview Guiding Questions**

1. Do parents provide necessary support to their children's good academic achievement?
2. How is the students' interest towards their education? What about their academic score particularly those children whose parents are members of Mierague CBSACCO?
3. What is the socioeconomic status of parents in general and that of members of Mierague CBSACCO who have children learning in Higher 12 Secondary School? Do you think that the socioeconomic status of parents has influenced the academic achievement of their children?
4. How do you explain the students' academic score before and after their parents being members of Mierague CBSACCO?
5. Can you explain briefly how financial shortage of parents can affect the students' academic score?
6. What other factors affect the students' academic achievement?

## Appendix-III

### II. FGD Guides for students

#### Part I: General Information and personal Data

- 1) Age \_\_\_\_\_ 2) Sex \_\_\_\_\_ 3) Grade \_\_\_\_\_
- 4) Academic Score (2006 E.C.) a) I Semester \_\_\_\_\_ b) II Semester \_\_\_\_\_

#### Part II: Guiding Questions for discussion

- 1) Do you get sufficient financial and material support from your parents for your education?  
  
If so, is it before or after your parents being member of Mierague CBSACCO?
- 2) Do you think that your parents' socioeconomic status has influenced your academic achievement? Explain briefly.
- 3) In your family, who contributed more about your education such as in your study and homework? Reason out briefly. Hint: Mother, father, elder sisters and brothers.
- 4) Can you tell us the time that your academic score shows improvement? If so, is it before or after your parents being member of Mierague CBSACCO?
- 5) How do you see the saving practice of your parents in relation to your education?
- 6) What was your parents' socio-economic status before and after being a member of Mierague CBSACCO?
- 7) Did your parents have good saving habit before being a member of Mierague CBSACCO?
- 8) What other factors other than financial constraints can affect your academic achievement?

## **Appendix-IV**

### **IV. Brief Review of current Educational Levels of Ethiopia**

1. Kindergarten- Between ages of 4-6 years with three years of education.
2. Elementary Education
  - Grades 1-4 –First cycle with the ages of 7-10 years old
  - Grades 5-8 –Second cycle with the ages of 11-14 years old
3. Secondary Education
  - Grades 9-10 –General education with 15-16 years old
  - Grades 11-12 –Preparatory education for Higher education with 17-18 years old
4. Technical and Vocational education
5. Higher education
  - Diploma program
  - Degree program
  - Post graduate program

## **Appendix-V**

### **V. Curriculum of Ethiopia's Education System**

1. 1947/48 = 6-6 structure
2. 1948/49 = 8-4 structure
3. 1958/59 = 4-4-4 structure
4. 1963/64 = 6-2-4 structure
5. 1974/75 = 6-2-4 structure
6. 1981 = 8-2-2 structure
7. 1990/91 = 8-2-2 structure



1. ክፍሎች:-

ሀ) 30-40 ዓመት    ለ) 41-50    ሰ) 51-60    ለ) 61-70    ሰ) 71  
ክፍሎችናባዳ

2. ዓይነት:- ሀ) ወንድ    ለ) ሴት

3. የትዳርደብ:- ሀ) ያገባ    ለ) አገልግሎት    ለ) ከገቢዎቹ የወሰደ

4. የክፍሎች የትዳርደብ አይነት:-

ሀ) አገልግሎት    ለ) ከ9-12ኛ ክፍል ያመነው    ለ) ሠርተኛ    ሰ) ዲፕሎማ    ሰ)  
ዲግሪናባዳ

5. አብረው የሚኖሩ የቤተሰብ አባላት :-

ሀ) ከ4 በታች    ለ) ከ5-8    ለ) ከ9-12    ሰ) ከ12 በላይ

6. የቤተሰብ ኃላፊ:-

ሀ) አባት    ለ) አዳት    ለ) አዳትናአባት

**ክፍሎች**

1. የሚኖሩ አባል አመለካከት የቤተሰብ ኃላፊ የቤተሰብ ወርሃዊ ገቢ በብር ምን ያህል ነው?

ሀ) 400-600    ለ) 601-800    ለ) 801-1000    ሰ) 1001-1200    ሰ) ከ1200 በላይ

2. የሚኖሩ አባል አመለካከት የቤተሰብ ኃላፊ የወርሃዊ የትዳርደብ ወጪ ምን ያህል ነው?

ሀ) ከ20-40 ብር    ለ) 41-60 ብር    ለ) 61-80 ብር    ሰ) ከ81-100 ብር    ሰ) ከ100  
ብር በላይ

3. ስለ የትዳርደብ ወርሃዊ የትዳርደብ ወጪ የትዳርደብ ወጪ ምን ያህል ነው/ ምን ያህል ነው/ ምን ያህል ነው/ ምን ያህል ነው?

- ሀ) አዎን      ሰ) አሳደረገም

ስመስዎአዎጋቢምክንድትደስጡ: -----

4. ስለጅዎየትምህርትወጭከማህበረ.በዓመትስምንድህልጊዜተበድረዉያዉቃት?

- ሀ) አንድጊዜ      ሰ) ሁለትጊዜ      ሐ) ሶስትጊዜ      መ) ሴሳካስደገስሐ -----

5. ስለጅዎየትምህርትወጭተበድረዉ.ከሆነመጠኑምንድህልነዉ?

- ሀ) 100 ብር      ሰ) 200 ብር      ሐ) 300 ብር      መ) 400 ብር      ሠ) ከ400 ብርበላደ

6.

የማህበረ.አባልከመሆንዎበፎትናበኋላሳበቤ.ተሰብዎዉ.ስጥክድሚ.አቸዉ.ስትምህርትየደረሡ.ህላካናትምንድህልትምህርትክየተማሩነዉ?

- ሀ) ከ 1-2      ሰ) ከ 3-4      ሐ) ከ5-6      መ) ከ6 በላይ

7. የማህበረ.አባልከሆኑበኋላየሚማሩህዳናትስጅቸዎቁጥር?

- ሀ) ጨምሯል      ሰ) ቀንሷል      ሐ) ተመሳሳይነዉ      መ) አሳዉ.ቅም

8. ስጅዎንበአግባቡሰማስተማርበቁየገንዘብናየቁሳቁስድጋፍደደጋገቡ?

- ሀ) አደርጋለሁ      ሰ) አሳደርገም

መስዎአደርጋለሁከሆነየማህበረ.አባልከመሆንዎበፎትወደስበኋላ

በቁምክንድትደስጡ: -----

9. የማህበረ.አባልከሆኑበኋላወርሐዊገቢዎጨምሯልን?

- ሀ) ጨምሯል      ሰ) አልጨመረም

10. በቁጠባማህበረ.አማካኝነትበወርምንድህልክየቆጠቡነዉ?

- ሀ) የረቃደኝነትቁጠባ -----      ሰ) የውዴታግዴታቁጠባ -----



18. የቁጠባማህበረሰብ አባልነት ለማረጋገጥ የሚያስፈልጉ የሥነ-ምግባር ምርመራዎች ለምን ያህል ናቸው።

አይነት ምርመራ (1ኛ ስም)	የሥነ-ምግባር ምርመራ (2ኛ ስም)	
ሀ) 45-49		
ለ) 50-74		
ሐ) 75-80		
መ) ከ80 በላይ		

19. የሥነ-ምግባር ምርመራዎች ለምን ያህል ናቸው። ምረቃዎች ለምን ያህል ናቸው?

ሀ) አዎ ለ) አይደለም ሐ) ለምን ያህል ናቸው -----

20. በሥነ-ምግባር ምርመራዎች ለምን ያህል ናቸው። ምርመራዎች ለምን ያህል ናቸው?

ሀ) የግንዛቤ ምርመራ ለ) የት/ቤት ምርመራ ሐ) የሥነ-ምግባር ምርመራ መ) የሥነ-ምግባር ምርመራ

ሠ) ሌሎች ምርመራዎች -----

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## DECLARATION

I, the undersigned, declare that this thesis is my original work and has not been presented for a degree in any other University and that all sources of materials used for this thesis have duly acknowledged.

Name: **Lamesgin Endalew**

Signature \_\_\_\_\_

Date of submission \_\_\_\_\_

This thesis has been submitted for examination with my approval as University advisor.

Name: **Wanna Leka (PhD)**

Signature \_\_\_\_\_

Date of submission \_\_\_\_\_