

**THE INFLUENCE OF FINANCIAL LITERACY ON INVESTMENT DECISIONS IN
SAVINGS AND CREDIT ASSOCIATIONS: A CASE OF SELECTED SAVINGS
ASSOCIATIONS IN MUKONO DISTRICT**

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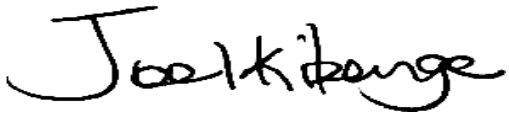


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DECLARATION

I, Kibenge Joel Alfred declare that this is my original dissertation and has never been used for research in any University

A handwritten signature in black ink that reads "Joel Kibenge". The signature is written in a cursive style with a large initial 'J' and a stylized 'K'.

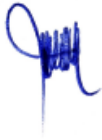
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APPROVAL

This research was prepared under my supervision as the university's research supervisor.

DR. HENRY MUGISHA



Sign:

Date: 15th April 2026

DEDICATION

This research is dedicated to my complete family, most especially my mother intended for her spiritual, financial, and moral support. The efforts of my classmates, particularly my group members, brethren cannot be overlooked. Your academic support, mentoring, and teamwork have propelled us to new heights.

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OPERATIONAL DEFINITIONS OF TERMS

Financial literacy According to Moses Wakanyi (2025), financial literacy is the ability to make well-informed financial decisions based on individual's knowledge and attitudes. Financial literacy is also defined as the ability of SACCO leadership (board members, managers, and administrators) to make informed and prudent financial decisions. This includes comprehending financial principles, identifying risks, and making sound decisions to improve the organization's financial health and sustainability. According to Akims and Jagongo (2017), financial literacy has a positive impact on individual and organizational investment decisions.

Financial Knowledge refers to an individual's understanding of the problem of personal finance, as measured by their level of knowledge about various concepts of personal finance such as interest rate and return on investments (Asih & Khafid, 2020). This entails understanding of financial principles and information possessed by SACCO leadership and SACCO Members.

Financial Behavior: According to Ramesh (2021) financial behavior as the financial management behavior where personal financial resources are managed to maximize profit. The actions and practices SACCO members and the SACCO management team undertake in managing its financial resources. This includes budgeting, investing, saving, lending, and other financial operations that reflect the organization's financial strategies and policies.

Financial Attitudes: According to Ramesh (2021) are a judgement, belief, perspective and way of thinking on financial matters. Financial attitudes also can be referred to as a collective mindset and approach of SACCO management and members toward financial management matters.

Investment Decision: According to Moses Wakanyi (2025) Investment decision refers to the process of selecting and acquiring of investments in which the Organization will invest the funds. Investment decision for SACCOs could also be defined as a process by which SACCO members and the management team assesses and chooses the best investment opportunities.

SACCO: According to Gachenga (2022), A SACCO is a member-driven cooperative registered under cooperative law that aims to support its members' financial requirements through investment, borrowing and saving.

ABSTRACT

Financial literacy remains a critical determinant of investment decisions particularly within cooperative financial institutions in developing economies. In Sub-Saharan Africa and more specifically within Uganda Savings and Credit Cooperative Organizations (SACCOs) continue to face challenges associated with limited financial literacy among members and management which constrains optimal investment outcomes. This study examines the influence of financial literacy conceptualized through financial knowledge, financial behavior and financial attitudes on investment decisions among selected SACCOs in Mukono District.

The study adopted a mixed-methods approach using an explanatory sequential design combining quantitative and qualitative techniques. Quantitative data were collected through a cross-sectional survey of 169 SACCO managers while qualitative insights were obtained from ten key informant interviews involving SACCO leaders and regulatory stakeholders. Statistical analysis including correlation and multiple regression was complemented by thematic analysis to provide an integrated interpretation of findings.

The results reveal that financial literacy significantly influences investment decisions, with financial behavior emerging as the most dominant predictor ($\beta = 0.922$, $p < 0.001$), followed by financial attitudes ($\beta = 0.719$, $p < 0.001$) and financial knowledge ($\beta = 0.326$, $p < 0.001$). Collectively these variables explain a substantial proportion of the variance in investment decisions. Qualitative findings further demonstrated that while financial knowledge enhances awareness and analytical capacity effective investment outcomes are largely driven by disciplined financial behaviors and moderated by prevailing attitudes toward risk. Notably limited understanding of complex financial instruments and the predominance of risk-averse attitudes were found to constrain diversification and innovation in investment choices.

The study concludes that financial literacy operates as a multidimensional construct in which behavior serves as the primary mechanism translating knowledge into actionable investment decisions. It recommends a shift from traditional knowledge-based training toward behavior-oriented interventions

including practical financial training, structured decision-making frameworks and context specific capacity building programs. These findings contribute to both theory and practice by providing empirical evidence on the relative influence of financial literacy components in cooperative financial settings and offering policy relevant insights for strengthening SACCO performance and financial sustainability.

Keywords: Financial literacy, investment decisions, SACCOs, financial behavior, financial knowledge, financial attitudes, Uganda, mixed methods.

CHAPTER ONE

1.1 Introduction

This chapter provides the research background, problem statement, research objectives and questions, research scope, justification, significance, and conceptual framework.

1.2 Background

Investment decisions are a central driver of organizational sustainability and economic growth, particularly within financial cooperatives in developing economies. These decisions determine how financial resources are allocated, the level of risk assumed, and the long-term viability of institutions. In this regard, financial literacy has emerged as a critical determinant of investment behavior, influencing how individuals and organizations interpret financial information, assess risks, and select investment opportunities (Gamba et al., 2008).

In developing countries such as Uganda, financial literacy remains uneven, with many individuals and institutions relying on informal sources of financial information, including peer advice and media channels. This raises concerns about the quality of financial decision-making and the likelihood of suboptimal investment outcomes. Empirical studies indicate that limited financial literacy contributes to irrational investment behavior, poor financial planning, and weak institutional performance (Barclay et al., 2001). These results point to how the size and scope of investment choices have changed, with a need for more understanding of the factors informing these choices. Mohd et al. (2021) also agree by pointing to the fact that investors tend to come up with irrational investment choices, which in turn lead to disappointing financial returns.

SACCOs in Uganda

According to Agaba Moses et al (2023), Savings and Credit Cooperative Organizations (SACCOs) play a pivotal role in Uganda's financial system by promoting financial inclusion, mobilizing savings, and providing credit to underserved populations. As member-based institutions, their performance

depends not only on governance structures but also on the collective financial capability of members and management Gachenga (2022).

Mason and Wilson (2010) articulate that financial literacy within SACCOs encompasses financial knowledge, attitudes, and behaviors that shape both operational and strategic decisions, including investment choices. Despite the growing importance of SACCOs in Uganda evidence suggests that many continue to experience challenges related to poor investment decisions, low returns, and financial instability (Fin Scope Uganda, 2013). Reliance on informal channels for financial information raises critical concerns regarding the quality and reliability of the data individuals use to guide their investment decisions.

While previous research has largely focused on individual financial literacy, there is limited understanding of how organizational financial literacy influences investment decisions within SACCOs. (Allgood and Walstad, 2016; de Goeij et al., 2018; Yew et al., 2017) though an increased scholarly interest in the institutional aspects of financial literacy exists. This study therefore examines the relationship between financial literacy and investment decisions in SACCOs, with specific reference to Mukono District.

1.3 Statement of the Problem

Ideally, Savings and Credit Cooperative Organizations (SACCOs) are expected to make sound investment decisions that ensure financial sustainability, protect member savings, and promote long-term growth. These decisions should be guided by adequate financial literacy among both SACCO members and management teams, enabling informed evaluation of risks, returns, and investment opportunities. (Bank of Uganda, 2013). However, in Uganda, many SACCOs continue to experience weak investment performance characterized by poor portfolio choices, low returns, and financial instability. Empirical evidence indicates that financial literacy levels among SACCO members and leaders remain low, limiting their ability to interpret financial information and make informed investment decisions. As a result, many SACCOs rely on informal judgment and intuition rather than structured financial analysis. As SACCOs gain more and more influence in the Ugandan financial landscape, it is even more essential to comprehend the

connection between financial literacy and the investment performance of the organizations. Nevertheless, the level of financial literacy of SACCO members and management teams has been shown to be low as previous studies have shown (Machiavel et al., 2021). According to research by Etoromat (2022), the composition of Sacco Leadership is usually people who do not have formal education to make informed decisions. Several variables explain the low level of financial literacy among the members and management teams for example financial knowledge which is a key factor in financial literacy is relatively lacking (Nandera W, 2024) and (Etoromat L, 2022), financial attitude is always negative amongst the SACCO members (Nalukuma 2016). Other variables include financial behavior and socioeconomic factors, demographic factors, and financial confidence.

Although prior studies have examined financial literacy in relation to household investment behavior and SACCO profitability, limited attention has been given to how financial literacy influences investment decisions at the organizational level within SACCOs. This creates a critical knowledge gap in the various districts such as Mukono, where SACCOs play a significant role in local economic development.

Therefore, this study seeks to examine the influence of financial literacy specifically financial knowledge, financial behavior, and financial attitudes on investment decisions in selected SACCOs in Mukono District.

1.4 General objective of the research

The main objective was to investigate the influence of financial literacy on investment decisions in selected SACCOS in the Mukono district.

1.5 Specific Objectives of the Research

The following objectives guided the research

- i. To examine the effect of financial Knowledge on investment decisions in selected SACCOS in Mukono District.
- ii. To examine the influence of financial behavior on investment decisions in selected SACCOS in Mukono district.

- iii. To examine the influence of financial attitudes on investment decisions in selected SACCOS in Mukono district.

1.6 Research Questions

The research responded to the following research questions:

- i. What was the effect of financial knowledge on investment decisions in selected SACCOS in Mukono district?
- ii. What was the effect of financial behavior on investment decisions in selected SACCOS in Mukono district?
- iii. What role did financial attitudes play in the investment decisions of selected SACCOS in Mukono district?

1.7 Hypotheses of the Study

H1: Financial knowledge has a positive and significant effect on investment decisions in SACCOS.

H2: Financial behavior has a positive and significant effect on investment decisions in SACCOS.

H3: Financial attitude has a positive and significant effect on investment decisions in SACCOS.

1.8 Justification of the Research

SACCOs remain a cornerstone of Uganda's financial inclusion strategy, particularly among low-income and underserved populations. Despite their importance, many SACCOs continue to face challenges related to poor investment decisions, which undermine their sustainability and limit their contribution to economic development. SACCOs have worked to promote social and economic empowerment by adhering to the Rochdale Principles of democratic control, member engagement, and autonomy. These difficulties have been brought to light by previous research carried out yet significant gaps remained untracked. For example, Nalunkuuma (2016) found that a significant obstacle to wise investment decision was the low level of financial literacy among SACCO executives and members. Secondly Wangechi (2018) found out that the diversity of the board had

a positive significance on the strategy that the Sacco would take. The significance of financial literacy in influencing investment decisions received relatively less emphasis in other studies on SACCOs, which had tended to concentrate on governance, loan availability, and financial performance. Furthermore, rather than focusing on organizational investment decisions inside SACCOs, the majority of the material that was currently accessible had focused on household-level financial literacy or general financial inclusion as seen in the previous research done by Fred Kisalirwe and Razack (2016) which looked at financial literacy and household investment decisions which found out that financial literacy positively impacted the house hold investment decisions as financially literate people invested more as compared to their counter parts . This created a significant knowledge gap about the precise ways in which financial literacy affects SACCOs' ability to make investments in Uganda.

This study addresses this gap by examining the relationship between financial literacy and investment decisions at the organizational level, using SACCOs in Mukono District as a case study. By adopting an empirical approach, the study provides evidence on how financial knowledge, behavior, and attitudes influence investment outcomes, thereby offering insights for policy design, SACCO management, and financial education interventions.

The fact that SACCOs continued to play a crucial role in Uganda's efforts to achieve equitable and sustainable development highlighted the importance of this investigation (Opolot, 2024). Enhancing their financial literacy to make better investment decisions could boost organizational performance, protect member savings, and promote economic resilience at the local level. As a result, this research was both necessary and current since it filled the knowledge gap in the scholarly literature and provided useful advice for development partners, SACCO management, and legislators who wanted to create more robust and sustainable financial cooperatives.

1.9.1 Significance of the research

This research made major contributions to both academic literature and practical administration of Savings and Credit Cooperative Organizations (SACCOs), especially in Uganda, as detailed below.

First of all, it advanced academic knowledge of how financial literacy affected collective organizations like SACCOs' decision over investments. Few studies had focused on cooperatives, despite the fact that financial literacy had been extensively examined in the literature in regard to conventional financial institutions and individual families. For instance, Al-Tamimi and Kalli (2009) connected low literacy levels to bad investment choices in the United Arab Emirates, while Lusardi and Mitchell (2014) showed that financial literacy enhanced household saving and investment outcomes, lastly fred Kisalirwe and Razack (2016) had looked at financial literacy and household investment decisions in which found out that financial literacy positively impacted the house hold investment decisions as financially literate people invested more as compared to their counter parts. However, rather than cooperative, member-owned organizations like SACCOs, a lot of the previous research concentrated on individuals in residential or business settings. This work broadened theoretical applications to a new setting where collective choice structures predominate by merging theories like the Upper echelon's theory and the theory of planned behavior into group-based investment decisions.

Secondly, earlier research had identified some of the difficulties SACCOs encounter in Uganda, but it had left significant gaps. For example, Nalunkuuma (2016) noted that low financial literacy was a hindrance to the expansion of SACCO investments, but they did not conduct an empirical investigation into the ways in which literacy affected investment choices. Similarly, Opolot (2024) had highlighted the role of SACCOs in the local economic growth and financial inclusion, but got minimal focus on their organizational investment choices. This research filled these gaps by considering the SACCOs specific to Mukono District only, which provided more localized empirical evidence that had often been left out in general discussions.

Thirdly, the results provided the regulators and policymakers with practical information. Scholars like Machiavel et al. (2021) had noted the importance of SACCOs in promoting financial inclusion among low-income earners who did not have contact to conventional banking institutions. However, many of the policy debates had focused on the availability of credit and the way it was governed, whereby financial literacy as a strategic enabler of sound investment behavior was never addressed. The research will be used to establish regulation frameworks and capacity-building initiatives that would entrench financial literacy as a business requirement by clarifying the impact that financial knowledge, behaviour and attitudes have on collective investment decision by SACCOs.

This research has more socioeconomic implications. The objectives that can be achieved with high financial literacy in SACCOs are increasing institutional endurance, reducing the threat of foolish investment decisions, and increasing the overall investment performance. This has resulted in the savings of the members being secure, increased investment opportunity, alleviation of poverty and the economic empowerment of communities. Besides addressing a local gap in the literature, this research formed a basis of future comparative studies in the context of the emerging economies, and placed the results of the research in the framework of the SACCO industry in Uganda.

1.9.2 Content Scope

This research was interested in the influence of financial literacy on investment decisions inside Savings and Credit Cooperative Organizations (SACCOs). It investigated SACCOs' understanding of financial concepts, their investment decisions, and how financial knowledge affected the quality and results of these decisions. The report also identified issues caused by a lack of financial literacy and recommended solutions to improve it, with the goal of improving SACCO investment performance through informed decisions.

1.9.3 Geographical Scope

The research focused on Mukono District, which is located in central Uganda. Mukono is bordered by Buikwe District to the east, Kayunga District along the Sezibwa River to the north, Luwero District to the northwest, and Kampala and

Wakiso Districts to the southwest. As stated by the 2024 Uganda Population and Housing Census, Mukono has a population of 929,224 and a land area of around 1,875.1 km². Mukono, located 27 kilometers east of Kampala's core business center, is a developing municipal council with a thriving economy and an increasing population. The research focused on SACCOs in Mukono Municipality, the district's most urbanized area, where SACCOs with significant financial capability are more likely to engage in sophisticated financial and investment decisions. Mukono District was selected due to its strategic position as a rapidly urbanizing area with a high concentration of SACCOs operating across both rural and semi-urban settings. This diversity provides a suitable context for examining variations in financial literacy and investment behavior. Additionally, the district reflects broader trends in Uganda's financial inclusion landscape, making the findings relevant to similar contexts.

1.10 Conceptual Framework

The conceptual framework provided a visual representation of the relationship between the independent and dependent variables in this research. The conceptual framework of this study is grounded in Upper echelons Theory and the Theory of Planned Behavior. Upper echelons Theory posits that leaders' views do represent the organizations while the Theory of Planned Behavior explains how attitudes and behaviors shape decision making processes.

Based on these theories, financial literacy is operationalized into three key dimensions: financial knowledge, financial behavior, and financial attitude, as these represent the most empirically validated components in financial literacy research. Other factors such as macroeconomic conditions and regulatory influences were excluded to maintain focus on internal organizational determinants and ensure model parsimony.

This followed the structure from previous studies by Lusardi and Mitchell (2007, 2014) but adapted to a SACCO context.

The three aspects of the dependent variable, Investment Decisions, are: Investment Outcomes, and Investment Knowledge Utilization in Decision Making.

These were utilized to quantify the effect of financial literacy on investment decision, investment success, and knowledge utilization in investment decisions.

The association between investment decisions and financial knowledge is influenced by SACCO members and SACCO management teams' interpretation of financial information as well as their shared opinion regarding risk and reward. SACCO members and SACCO Management teams with financial knowledge should be able to comprehend other forms of investments more, manage corresponding risks, and make clear choices resulting in better financial performances (Lusardi & Mitchell, 2014).

Financial Awareness provided SACCO members and SACCO management teams with knowledge of such vital financial notions, interest rate and inflation, and time value of money. Financial Awareness was identified as critical in determining the financial well-being of possible investments and it defined the choice of investment opportunities, hence affecting the quality of investment returns.

Financial Mindset had a great impact on affecting the investment culture of the SACCO members and the SACCO Management team. Spend and save attitude, perception of debt, and goal orientation on finances determined the kind of investment products chosen. For example, SACCO members and SACCO Management staff with a positive outlook on risk and growth would seek high yielding investments, while cautious SACCOs would seek secure safe investments. Both the size and performance of investments are determined by such attitudes.

Members' financial habits of SACCO and the SACCO's Board of management, including their budget compliance, risk appetite, and investment diversification, had direct effects on the investment choices made. Repeated financial behaviors like budgeting and saving investment funds, resulted in rationale and calculation-based investment choices, which translated to long-term financial stability (van Rooij, Lusardi, & Alessie, 2011).

Through the development of enhanced financial literacy across these dimensions, SACCO members and the SACCO Management were able to make more informed, strategic investment choices that reflect in enhanced financial performance, sustainability, and ultimately economic empowerment of members.

Figure 2.1 Conceptual framework of Financial Literacy and Investment Decision
Financial Literacy

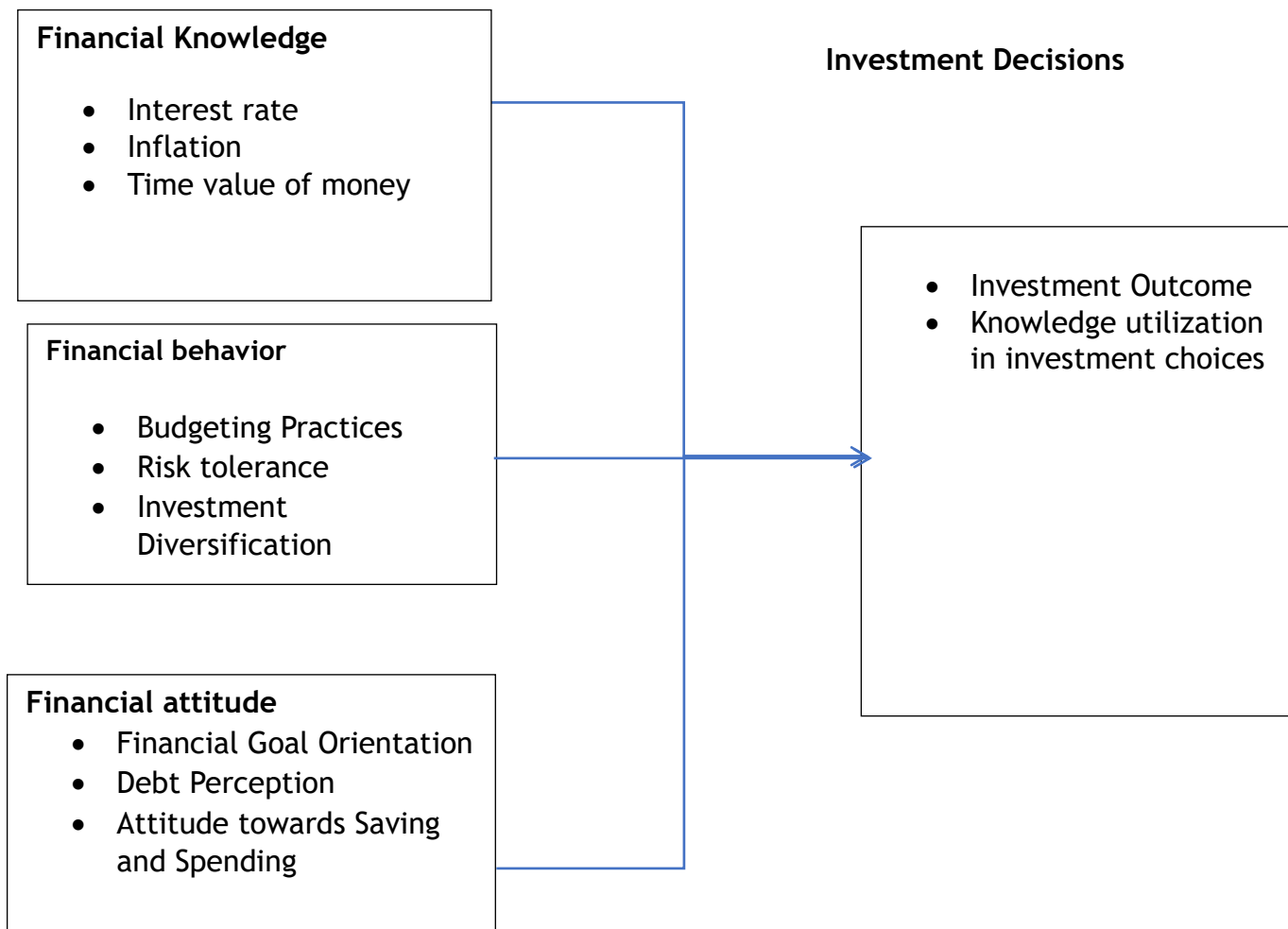


Figure 1: Adopted from Lusardi and Mitchell (2007, 2014) and modified by the researcher

The conceptual framework figure depicted the association between Financial Literacy (independent variable) and Investment Decision (dependent variable) in SACCOs.

Financial Literacy is the main independent variable in the above framework and was measured by Financial Knowledge, Behavior, and Attitude, as used in previous literature (Sugiyanto, et al (2018), Bongomin and Munene (2022)).

Financial Literacy included the time value of money, familiarity with financial jargon (e.g., interest rate), and inflation. These components helped in identifying how SACCO members and the SACCO Management Team comprehend the financial information necessary for investment decisions.

Financial Behavior encompassed budgeting behavior, risk behavior, and investment diversification. These behaviors are the systematic practices which SACCO members and their Management Team use in managing SACCO resources and minimizing the risks associated with investment choices.

The financial attitudes consisted of a variety of dimensions, such as the perceptions about debt, attitudes towards savings and expenditure and financial goal orientation. These attitudes determined the behaviour of both SACCO members and management teams in terms of how they handle resources and investments because they would consider the possible risks and the expected benefits.

The Investment Decisions are the dependent variable in this research and their evaluation was based on two major measures; Investment Outcome and Knowledge Utilization in Investment Decisions. To the objectives of this research, the investment decisions are the procedures and systems used by members of the SACCO and management teams in evaluating investment opportunities. Investment Outcome is an indicator of performance in investment, the ability of SACCO members and management to attain their financial objectives efficiently and the trust they have in their financial results (Kariuki and Jagongo, 2022). On the other hand, Knowledge Utilization in Investment Decisions focused on the use of financial knowledge to make investment decisions, with the focus on the capacity to weigh an insight into the possible risks with the anticipated returns (Awais et al., 2016). This dimension in particular brought out the implications of the financial wisdom of SACCO members and management in the real-life investment context.

The conceptual framework indicated that more effective and strategic investment decisions can be increased with greater financial literacy of both the SACCO members and the SACCO management. This, accordingly, eventually enhanced the economic input and financial stability of these institutions.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This literature review explored key theories and empirical research relevant to understanding financial literacy, investment decision, and the contextual factors that influence these phenomena. It examined existing knowledge on how attitudes, knowledge, and behavior interacted to shape investment decisions. The review primarily was drawn on theories such as the Upper Echelon Theory and Theory of Planned Behavior to provide a comprehensive foundation for investigating financial literacy's role in investment decisions. Furthermore, empirical studies were examined with reference to the specific research objectives of the research to highlight both consensus findings and gaps in the literature.

2.1 Theoretical Review

2.1.1 Upper Echelon Theory

The research was premised on the theory of upper echelons. The main proponent of the upper echelons theory (UET) was Hambrick and Mason (1984), who proposed that different top managers influence many organizational outcomes by the decisions they make. According to the research done by Maureen Wangechi (2018) the CEO's character was linked to various organizational outcomes and the managerial decisions made influence the top managers. Senior leadership's core function was making strategic decisions. The effectiveness of information flow and strategy execution hinges directly on how well senior management positions are structured and coordinated. This consequently determined the organizational performance (Carpenter et al 2004). The theory argues that executives' experiences, values, and cognitive bases shape how they interpret information and make strategic decisions.

According to the research done by Papadakis and Barwise (2002) it investigated how top management characteristics influenced decisions. Research revealed a correlation between a CEO's longevity and a decentralized decision-making approach. Conversely, the level of comprehensiveness in the decision-making process was influenced by top management's educational background and the firm's competitive aggressiveness. In research done by Peter Ngujuna (2019), strategic decisions and choices cannot be separated from inherent corporate governance which the decision is making body of SACCOs. Boards of directors serve in a consultative capacity, primarily responsible for reviewing, approving, and facilitating key strategic decisions, such as those related to investments.

Ferrier (2001) investigations on the relationship of top management on the performance of firms found out composition of top management impacts organizational performance emphasized the positive influence of heterogeneity within leadership teams. This aligned closely with the principles of Upper Echelon Theory (UET), which asserted that the characteristics, practices, and diversity of top management teams (TMTs) meaningfully affected firm-level outcomes.

Upper echelons theory argued that observable managerial characteristics such as age, tenure, education, functional experience, and socioeconomic background, serve as proxies for their cognitive bases and values. For instance, younger managers may be more risk-seeking, while those with longer tenures may be more risk-averse (Hambrick & Mason, 1984).

Similarly, the decisions made by top executives reflected their interpretations of the environment, which are shaped by their experiences and cognitive frameworks. This concurred with the school of bounded rationality, which posited that decision-makers are subjected to cognitive constraints.

The theory also connected executive traits to organizational performance, asserting that background and experience diversity at the top executive level improved decision quality and innovation. The absence of diversity may result in groupthink and reduced strategic decision.

The theory also highlighted the moderating effect of external environment between the executive characteristics and organizational performance. As an

illustration, in turbulent environments, a company can gain advantages out of executive leaders with dynamic capabilities, whereas a more conservative managerial approach can be an advantage in stalemate conditions.

The theory still applied amidst several criticisms, especially with regard to the attempt to prove the existence of unequivocal causal relations between the characteristics of top-tier executives and the performance of the organizations to which they belong (Hambrick, 2007). In addition, the use of demographic characteristics as the proxies of cognitive and psychological characteristics had been condemned to simplify the multidimensional decision-making processes (Carpenter et al., 2004). The theory focused more on chief executives ignoring the middle management role of influencing institutional strategies and performance.

The Upper Echelons Theory (UET) is a sound paradigm of explaining the relationship between demographic and cognitive characteristics of top managers and the performance of the organization, including financial judgments. The way it had been applied to the research related to financial literacy and investments in Savings and Credit Cooperative Organizations (SACCOs) shows its explanatory sufficiency in the context of the influence of the qualities of leaders on the quality of financial decisions.

In the context of SACCOs, investment decisions are not purely technical processes but are filtered through the cognitive and experiential lenses of management teams and boards. This is particularly relevant in cooperative structures where leadership may not always possess formal financial training. Empirical studies suggest that managerial attributes such as education, tenure, and experience influence decision quality and risk orientation, thereby affecting organizational performance.

Experience and risk aversion are linked to age whereas maturity and responsibility are considered as part of the culture associated with marital status. All these bring us to the basis of transforming financial literacy to a proper investment practice.

To explain these dynamics in a holistic way, this research used document reviews to analyze SACCO investment decisions and regulatory principles thus, defining formal eligibility necessities. The interviews were used to understand the reality of

life on the executive selection and the perceived impact of personal traits on financial decisions. These insights are needed to put into context where UET may be relevant to SACCO governance and to determine areas of deviation between official rules and the real practice of leadership selection and performance.

However, UET has been criticized for over-reliance on demographic proxies to infer cognitive processes, potentially oversimplifying complex decision-making dynamics. Despite this limitation, the theory remains valuable in explaining how leadership characteristics influence financial decision-making in SACCOs, particularly where governance structures are informal or politically influenced. In this study, UET provides a foundation for understanding how the financial literacy of SACCO management teams shapes organizational investment decisions.

2.1.2 Theory of Planned Behavior

The current research was also anchored on the theory of planned behavior. The main proponent of the theory of planned behavior (TPB) is Ajzen (1988), who proposed that mainly individual behaviors can be changed. According to Mahyarni (2013), Ajzen's theory regarding attitudes toward behavior referred to the extent to which a person has a favorable or unfavorable evaluation of behavior. Further explained by Wikamorys and Rochmach (2017), who stated that in the theory of planned behavior, it was explained that individual behavior would arise because of the intention to behave. Since behavior can either be predictive or deliberate, the theory of planned behavior predicted the latter.

According to the theory of planned behavior, three types of beliefs could be applied to human behavior: normative, behavioral, and control. Normative beliefs are concerned with what other people expected of us; behavioral beliefs are concerned with the anticipated outcomes of our actions; and control beliefs state that they are obstacles to behavioral performance. The theory stated that for any action to take place, it is driven by three antecedent variables, namely attitude towards the act (which in this case was the attitude toward investment), perceived behavioral control (PBC) or knowledge about an investment, and social norms (culture), or the views of important others, which eventually influenced the

investment behavior of individuals mainly the Sacco Management. The theory explained the way the Sacco Management made their investment decisions.

However, the theory of planned behavior assumed that individuals' intentions to perform behavior are the primary determinant of their actual behavior. Furthermore, the theory suggested that individuals' intentions are shaped by their beliefs about behavior, social norms, and perceived control over performing it. Adherents to the theory also contended that individuals' attitudes about their behavior, their perceived social pressure to take up a behavior, as well as their subjective norm regarding their ability to execute a behavior, together established their intention to adopt it.

Within SACCOs, investment decisions are often collective and influenced by shared beliefs and norms. Management teams may rely on both internal attitudes toward risk and external pressures from members or stakeholders.

However, TPB has limitations in explaining complex financial decisions, as it assumes rational and deliberate behavior, whereas investment decisions are often influenced by emotions, biases, and institutional constraints.

Despite these limitations, TPB is relevant for this study as it explains how financial attitudes and perceived financial capability translate into investment decisions.

Notwithstanding these above arguments, planned behavior theory had been accused of oversimplification of numerous influences affecting behavior, especially where complex behavior was concerned, for example, investment choices. In addition, even though the theory has been successful in predicting particular behaviors, predictive power might be limited where supplementary variables such as emotions or even unconscious bias had a strong impact. Planned behavior theory is also dependent upon subjective construction measures such as attitudes, norms, and perceived behavior control, which pose difficulties and are prone to error among measurement.

Planned behavior theory is an explanation of how people's beliefs, attitudes, and perceived control affected their decision to spend money. Its applicability to analyzing investment decisions and financial literacy was illustrated by its having

been able to account for the relationship between financial literacy and financial decisions among SACCOs.

Empirical Review

2.2.1 The Effect of Financial Knowledge on Investment Decisions

Financial knowledge is widely recognized as a fundamental component of financial literacy, influencing individuals' ability to evaluate investment opportunities and manage financial risks. Studies consistently show that individuals with higher financial knowledge are more likely to engage in informed and rational investment decisions. (Asih & Khafid, 2020).

Research done by Mugo (2016) concluded that when financial knowledge was applied appropriately, individuals and entities could acquire maximum utility from the utilization of resources, thereby being able to meet their financial obligations. As a result, financial literacy was crucial to empowering customers especially the underprivileged who utilized these financial services and products to make informed financial decisions (Lusardi, 2015). Financial literacy helped consumers by offering them the knowledge they need to make sound financial decisions and secure their economic futures. Askari Bank (2018) observed that financial institutions like banks and SACCOS are uniquely positioned to provide financial knowledge as they can bridge theoretical economic concepts such as scarcity and opportunity cost with practical money in the pocket services. Thus, connecting financial education with financial products allowed all individuals to fully integrate into the traditional financial system, setting them on the path to wealth accumulation.

Financial knowledge was interpreted as an individual's ability to understand finances and skills to manage financial resources to achieve prosperity (Yusnia, 2017). According to Musdalifah (2020), although it makes sense to want to reap substantial returns on your investments, it's essential to approach the process with a realistic mindset. Recognizing prevalent misunderstandings and prejudices might assist you in making better judgments and avoiding expensive mistakes.

Financial knowledge entailed the appreciation of basic financial concepts like budgeting and saving, as well as principles related to interest rates, inflation, and

the time value of money. People with better financial knowledge tend to be wiser in managing their finances (Arifin et al., 2017; Brilianti & Lutfi, 2020; Ida & Dwinta, 2010; Iramani & Lutfi, 2021; Stolper & Walter, 2017). This was simply because the person would appreciate the relevance of investments and apply this knowledge in daily financial management.

Raman and Kanan (2017), in their research on “Importance of financial education in financial literacy and investment decisions,” concluded that financial education was becoming important day by day for the investors of the country and the internet, financial planners, and peer investors have a great impact on the investors before they make any investment decision. Investors still prefer to invest in savings accounts, government securities, fixed deposits, and precious metals as these tend to bring in returns at a less risk. The research concluded that investors are increasingly seeking out new investment avenues and are willing to take on the associated risks. This is evidenced by their growing interest in instruments like stocks, shares, mutual funds among others. Jjemba (2011) used case research to analyze financial literacy, and the research discovered that financial planning was the most predictor of the performance of teachers’ SACCO.

Within SACCO contexts, limited financial knowledge among members and management has been associated with poor investment choices and weak financial performance. However, most existing studies focus on individual outcomes, with limited attention to organizational decision making.

Widayat (2010), stated that investment decisions are influenced by many antecedent variables, such as financial literacy, demographic aspects, and individual economic conditions. Meanwhile, the results of research by Cristanti et al. (2011) show that investors with old age tend to have more considerations in determining investment decisions compared to young investors. Additionally, it is recognized that men are more likely than women to make investment decisions due to gender categorization and that investment experience was a significant factor in decision making. For instance, Lusardi and Mitchell (2014) demonstrate that financial knowledge enhances individuals’ capacity to understand key financial concepts such as interest rates, inflation, and risk diversification, thereby improving investment outcomes. Similarly, Stolper and Walter (2017), find that

financially knowledgeable individuals exhibit better portfolio diversification and risk management.

However, empirical findings are not entirely consistent. Some studies suggest that financial knowledge alone does not guarantee optimal decision making as behavioral biases and overconfidence may distort judgment. This indicates that knowledge must be complemented by appropriate financial behavior and attitudes.

2.2.2 Effect of Financial Behavior on Investment decisions

Financial behavior refers to the actions individuals or organizations take in managing financial resources, including budgeting, saving, and risk taking. Behavioral finance literature highlights that financial decisions are often influenced by psychological factors such as overconfidence, loss aversion, and herd behavior. According to Ricciardi (2000), behavioral finance is a discipline in which the interaction of various disciplines (interdisciplinary) is inherent and continuously integrated so that the discussion cannot be isolated. Financial behavior is a field of research that uses psychology to explain how people manage their money, the influence of an individual's habits and mental state on their financial decisions and actions. This knowledge also explains irrational decision-making about their finances (Ersha, 2016). According to the OECD (2013), it is regarded as the most crucial component of financial literacy.

According to Dew and Xiao (2011), financial behavior is the strategic management of one's own funds to maximize returns. Koenen et al. (2016) highlight retirement planning, asset building, and financial security as crucial components of this behavior. Behavioral finance integrated concepts from economics, psychology, and sociology to understand financial decision-making.

Individuals would invest more frequently when overconfident (Angga, 2017). This is because investors had faith in the skills and expertise they possess. Later on, overconfidence would impact the stock exchange as more and more people buy and sell. According to Pradikasari and Isbanah's (2018) research, overconfidence influenced investment decisions. These results from the respondents' self-assurance in their capacity to make investments without considering the hazards involved. In contrast to the findings of Rahman & Gan's (2018) research,

overconfidence had a detrimental impact on financial decisions. This demonstrated that investors undervalue the degree of their blunders, the more overconfident they are, and the less accurate their investment selections are. As a result, overconfident investors believe that information's ability, success, and accuracy are too high.

The unrestrained activities of investors, often fueled by emotional factors such as fear, greed, and panic, are a core focus of behavioral finance. This field emerged to address the psychological biases that traditional financial theory had not adequately explained. According to Daves (2018) stated that an alternative to the theory of risk (risk) and return (return) is behavioral finance. Answering to these explanations, several researchers' collective psychology with finance, creating a new field called behavioral finance, a field of research that analyses investor behavior as a result of emotional characteristics.

While risk tolerance is a key factor in shaping investment decisions (Sitkin & Pablo, 1992; Van de Venter et al., 2012), the connection between financial literacy and risk tolerance, as well as their impact on investment choices, has been relatively unexplored (Cardak & Wilkins, 2009; Hariharan et al., 2000). To bridge this knowledge gap, it's imperative to examine how financial literacy influences risk tolerance and, in turn, investment decisions (Beal & Delpachitra, 2003; de Goeij et al., 2018; Gustafsson & Omark, 2015; Huzdik et al., 2014; Larson et al., 2016; Sjoberg & Engelberg, 2009).

Astuti (2018) observed that risk tolerance significantly positively influenced investment decisions; however, according to Ellen & Yuyun (2018), there is no relationship between risk tolerance and investment decisions. In the research carried out by Ellen & Yuyun (2018), risk tolerance was based on the beliefs, considerations, attitudes, and methods of SACCOS towards risk attributes in investment products and services, which can be adjusted to other aspects of investment, such as revenue generation. This implied that investment decisions may be influenced by one's estimate of acceptable risk.

Empirical evidence shows mixed results regarding the impact of financial behavior on investment decisions. While some studies find that disciplined financial

behaviors, such as budgeting and diversification, improve investment outcomes, others indicate that behavioral biases can lead to suboptimal decisions.

For example, overconfidence has been shown to both positively and negatively influence investment decisions, depending on context. While it may encourage participation in investment activities, it can also lead to excessive risk-taking and poor judgment.

In SACCOs, financial behavior is particularly important as investment decisions often involve collective resource management. However, existing studies have largely overlooked how behavioral patterns within SACCO management teams influence organizational investment decisions.

2.2.3 Financial Attitude and Investment Decision

Financial attitude referred to how someone feels about the problems they face regarding personal finances, as measured by responses to a statement or opinion (Marsh, 2006). The financial attitude of an individual had an impact on the investment decisions that will be carried out by that individual. This is because financial attitudes will help individuals understand what they believe in their relationship with money (Simanjuntak et. al., 2022).

Research indicates that positive financial attitudes, such as long-term orientation and disciplined saving, are associated with better investment decisions. Conversely, negative attitudes toward risk or savings may limit investment participation and reduce financial performance.

According to Baiq (2018), consumerism has become a habit, making people have a culture of saving, for example, in terms of investing. Many people still do not understand the significance of managing their finances in their daily lives because they still believe that only those with high incomes engage in individual investment planning. According to Pritazahara (2015), on the other hand, some individuals had high incomes but have no investment planning in their finances. Most individuals do a lot of consuming, and savings have affected their investment decisions.

On the other hand, Ruofan (2023) argued that a financial attitude encourages savings, which enhances people's financial well-being. People with financial

literacy are more adept at avoiding financial risks and managing intricate financial decisions. They can also better manage their income during challenging periods like the COVID-19 pandemic.

However, financial attitudes are context-dependent and influenced by cultural, social, and economic factors. In cooperative settings such as SACCOs, collective attitudes toward risk and investment may significantly influence decision-making processes.

Despite its importance, financial attitude remains underexplored in organizational contexts, with most studies focusing on individual behavior.

2.3 Investment Decisions

According to Rusdin (2006), the decision to invest is individual and depends entirely on the person. This implied that people should have carefully considered their options and impact before deciding. According to Christian and Mahastanti (2011), Investment decisions involve the allocation of financial resources with the expectation of future returns. These decisions are influenced by both rational analysis and behavioral factors.

According to Musundi (2014), investment planning involves developing investment strategies, including a systematic investment plan and an asset allocation strategy. In addition, Mutswenje (2014) declared that investment decisions are taken by investors who normally execute investment analysis by using essential and technical analysis in addition to the judgment. In the other meaning, the investors' decisions are influenced systematically by the information structure and the factors in the market (Avram et al., 2009). One of the important decision tools is literacy, which is used to strengthen decision-making and obtain a satisfactory return; thus, fundamental and technical analysis is implemented to get an investment analysis. (Hassan Alaaraj et al., 2020).

Traditional financial theory assumes that investors make rational decisions based on risk-return trade-offs. However, behavioral finance challenges this assumption by demonstrating that psychological biases and limited information often influence decision-making.

In SACCOs, investment decisions are particularly complex due to the following;

Collective ownership structures, Limited financial expertise and Informal decision making. This underscores the importance of financial literacy in improving investment outcomes.

2.4 Literature Summary/Literature Gap

Investment decisions represented a critical component of the growth trajectory of Savings and Credit Cooperative Organizations (SACCOs). The investment decisions of SACCO members are predominantly influenced by the financial literacy of the individuals involved. Investment is also fundamentally a definition of a trade-off where individuals forego present gains with a hope for future higher rewards (Haming & Basalamah, 2010). Investors utilize a sequence of criteria to guide investment decisions, a consideration that is mutual to profitability-driven as well as voluntary small firms (Gamba et al., 2008). Aside from that, the decision landscape surrounding investment has grown immensely with regard to scope as well as complexity (Barclay et al., 2001).

To escape prospective money issues, it is crucial for SACCO management to be financially educated. Members regularly find themselves having to choose between one financial need or another (Baiq, 2018). Low financial literacy typically indicated that individuals don't have sufficient knowledge about finance, they hold adverse attitudes toward finance, and they make unfavorable financial decisions, as a number of scholarly studies have found (Kasalirwe & Lukina, 2016; Financial Capability Survey, 2020; World Bank, 2007). This is a critical concern within Uganda, where approximately 24% are unable to read or write (UBOS, 2019/2020), and an expansion in finance services has proven to be slower than an increase in knowledge about finance (FSD Uganda, 2020-2022).

Cognitive factors including knowledge about finance, attitudes, and behaviors have been found to be key components influencing both investment choices and financial literacy (Muñoz-Murillo et al., 2020; Lusardi & Mitchell, 2023). In spite of that, available work that has investigated a pathway through which investment decisions among SACCOs in Uganda are influenced by investment decisions

operationalized through knowledge about finance, attitudes, and behaviors is limited.

Ways to measure financial literacy from prior works often lack finesse. Mugo (2016), for instance, employs only 4 questions to verify financial literacy, whereas Muhtar and Murtiad (2023) sought only five questions to validate. To add on that, the nine research questions that provide more extensive information about financial literacy often have used slightly or no data on savings, debt repayment, investment choices, and other key important economic outcomes.

The reviewed literature highlights that financial literacy comprising financial knowledge, behavior, and attitude is a critical determinant of investment decisions. However, several gaps remain.

First, most existing studies focus on individual financial literacy, with limited attention to organizational contexts such as SACCOs. Second, prior research often examines financial literacy as a single construct, without disaggregating its components to understand their distinct effects on investment decisions. Third, empirical evidence from Uganda remains limited, particularly at the district level.

Furthermore, existing studies present mixed findings regarding the relationship between financial literacy components and investment decisions, suggesting the need for context specific analysis.

This study addresses these gaps by examining how financial knowledge, behavior, and attitude jointly influence investment decisions within SACCOs in Mukono District, thereby contributing to both theory and practice.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter presented the methodology for the research. It included the research design, target population, data collection tools, data collection technique, data analysis method, and presentation.

3.1 Research Design

The Study adopted a mixed methods approach which was specifically explanatory design where quantitative data were collected and analyzed first then followed by qualitative data to explain and enrich the statistical findings. The quantitative phase employed a cross-sectional survey design, which enabled the researcher to examine relationships between financial literacy dimensions (knowledge, behavior, attitude) and investment decisions at a single point in time. This design is appropriate for testing hypotheses and identifying statistical associations.

The qualitative phase complemented the quantitative results by providing contextual insights into how SACCO leaders interpret and apply financial knowledge in decision-making processes. This integration enhances the robustness of findings through methodological triangulation. The cross-sectional survey design was characterized by the fact that data are collected on a population at a particular time (Frankfort and Cohen, 2015) to both explain the descriptive aspects of the population he had researched and to test how different variables within a population relate to each other. Bell, Bryman, and Harley (2022) stated that a carefully designed research design was the general framework of inquiry, which guided the choice of methods, techniques of data collection, and analysis. The cross-sectional survey design was used in this research to evaluate the current level of financial literacy and investment decision of the Savings and Credit Associations (SACCOs) in Mukano District.

The research involved both qualitative and quantitative research approaches to carry out a complete analysis of how financial literacy and investment decisions were related to SACCOs. The qualitative element was used to produce a profound

understanding of this relationship as expressed by the officials of SACCO. The research captured the experiences, attitudes, and perceptions of the participants by conducting open-ended interviews thus providing a subtle insight into the experiences and opportunities that respondents faced in making financial decisions. This qualitative strand complemented the general findings as it provided contextual information to the quantitative findings and provided a comprehensive analysis of the role of financial literacy in investment decisions in SACCOs. Conversely, the quantitative phase focused on the research variables whereby statistical methods were used to test hypotheses and draw conclusions based on the data obtained. Creswell (2017) emphasized the importance of methodological triangulation by arguing that a combination of both qualitative and quantitative methods would add validity and reliability to the research results.

3.2 Research Population

Satishprakash (2020) defined a population as the total number of units exhibiting the variables of interest, in which the results of a research can be inferred. The sample population of this research consisted of members and management teams of Savings and Credit Associations (SACCOs) in Mukono Municipality, which is the urban centre of the Mukono District.

The choice of the SACCOs as the target of the present investigation was prompted by their significant contribution to ensuring financial inclusion and the supply of various deprived segments of the population with the necessary financial services. According to the Uganda Cooperative Alliance (2019), SACCOs played a central role in supporting savings, credit, and investment among the low-income people and the small-scale entrepreneurs in Uganda. This research, therefore, specifically focused on SACCOs whose operations were over five years old with the assumption that such a period provides enough time in investment activities that require financial literacy among the management teams. The target group consisted of registered SACCOs in Mukono District as were recorded by the Mukono District Commercial Officer and as they had 300 registered SACCOs in the district (Mukono District Cooperative Office, 2024). In each SACCO that was selected, the target respondents were members who are involved management of SACCO and three

members will be randomly selected to ensure a diverse perspective across different organizational levels involved in financial and investment decisions.

3.3 Sampling Design

Sampling referred to a process of selecting several individuals or objects from a population such that the selected group contains elements representative of the characteristics found in the entire group (Kombo & Tromp, 2013).

3.3.1: Sampling Techniques

i) Quantitative Sampling

I began with a simple random sampling of participating SACCOs from the population of 300. According to the Krejcie and Morgan (1970) sampling determination framework 169 SACCOs were selected. These were represented by one respondent e.g. the SACCO managers or equivalent was selected from each SACCO given their central role in financial decisions.

ii) Qualitative Sampling

Purposive sampling was used to select respondents who are most likely to yield appropriate and useful information. (Kelly S 2010) and was a way of identifying and selecting cases that will use limited research resources effectively (Palinkas et al., 2015). The choice for the adoption of a purposive sampling method was justified by the presumption that certain individuals, due to their unique perspectives, hold significant insights relevant to the research's objectives. Their inclusion in the sample was therefore necessary to gain a comprehensive understanding of the research problem. The researcher used the purposive sampling technique in this phase to solicit the required information from government officials and management members of the SACCOS. Interviewed categories included the following: District Commercial Officers (n=2), the chair BODs of Savings and credit Association (n=2), and the Community Development Officers (n=2). This approach guaranteed that the sample included people who have considerable and varied

views on the concepts and issues being examined which improved the findings of the research.

Table 1: Sample Size Distribution Table

Category	Population	Sample	Sampling Technique
District Commercial Officers	2	2	Census
Board of Directors	8	2	Purposive Sampling Technique
Community Development Officers	2	2	Census
SACCO Officials/Managers	300	169	Simple random Sampling
Total	312	175	

Source: Primary data

3.4 Sample Size determination

The establishment of a good sample size was also critical in establishing the reliability and generalizability of the empirical results. The sample size in the quantitative component of the current research was obtained based on Krejcie and Morgan (1970) framework that took into consideration the desired degree of precision, the total population, and the projected percentage of the population that was exhibiting the characteristic of interest. A discussion with the commercial officer and the community development officer of the municipality gave an estimate of the target population of 300 SACCOs. This methodological option ensured that there are a variety of views in any SACCO hence enhanced reliability and validity of the information.

The purposive sampling was used in the qualitative part to select SACCO members, who can provide in-depth and heterogeneous data that could be used in addressing the research objectives. Qualitative studies typically required smaller sample sizes than quantitative ones (Patton, 2002). Warren (2002) also emphasized that conducting interviews with a focused group can generate valid results. In this research, at least two members from 10 selected SACCOs were chosen based on their scores on investment decisions and key informants such as commercial and

community development officers. This selection aimed to understand the relationship between the financial literacy of the management team and investment decisions from the perspective of the governed.

3.5 Data collection methods and instruments

The researcher used both primary and secondary types of data. According to Mugenda and Mugenda (1999), researchers can use more than one method of collecting data, depending on the research objectives.

Data collected by the researcher himself, including interviews, and surveys specifically created to comprehend and address the current research Problems.

Utilization of data that was already been produced by major government agencies, and SACCOs organizations as part of organizational documentation. After that, the information was taken out of more diverse data sets such that meaning can be gotten out of it.

3.6 Data Collection Methods

According to Harrell and Bradley (2009), data collection encompassed the overall approach or work plan used to obtain information. In this research, the following methods were utilized.

3.6.1 Questionnaire Survey

A self-administered questionnaire was developed per the research's objectives to collect quantitative data from SACCO management team members. This instrument allowed respondents to provide their opinions independently, facilitated the collection of standardized data across a large sample. The questionnaire included closed to capture a wide range of information pertinent to financial literacy and investment decision. Interviews addressed the open-ended questions during the research.

3.6.2 Interview Method

To complement the quantitative data, structured face-to-face interviews were conducted with selected SACCO board members and key informants, such as district commercial officers. This qualitative method allowed for a detailed

exploration of participants' experiences, attitudes, and perceptions, providing a more nuanced understanding of the link between financial literacy and investment decisions. The interviews followed a predetermined guide to ensure consistency and allowed flexibility to probe deeper into specific areas as needed.

3.7 Data Collection Instruments

3.7.1 Self-Administered Questionnaires

The research used questionnaires as the data collection instrument. According to Donald and Pamela (2006), a questionnaire is an instrument delivered to the participant via personal means that is completed by the participant. It had a series of questions designed to extract the required information from the participants in the sample. The concept of financial knowledge, a factor from the average punctuation of two groups of multiple-choice questions adapted from Rooij et al. (2011), was constructed. The first group (basic knowledge) had three questions. It was designed to gauge basic financial skills by asking questions related to inflation, tax rate and time-value of money. The second group (advanced knowledge) consisted of five questions that helped assess the skills of respondents in using sophisticated financial tools, such as equities and publicly issued bonds. This scale was formed using nine questions and is organized around a five-point Likert scale (1 = strongly disagree, 2=disagree, 3=neither agree, 4=agree, and 5 = strongly agree). Items that were measured included; Interest rates, Time value of money and Inflation

To measure financial attitude, the scale developed by Shockey (2002) was used. This scale consisted of nine questions, aimed to identify how individuals evaluate their risk perception, savings orientation, and debt management. Accordingly, the higher the score, the better the individual's financial attitude. Items that were measured included; Financial Goal Orientation, Debt Perception and Attitude towards Saving and Spending.

To measure financial behavior, several questions developed by Chen and Volpe (1998), Johnson (2001), and Shockey (2002) were used and adapted to fit the SACCO context. The questionnaire was used to evaluate Board Members' and key informants' behavior regarding financial management as it pertained to investment

diversification, risk tolerance, and investment diversification. Items that were measured included; Budgeting, Risk tolerance and Investment diversification.

To measure investment decisions, several questions were developed by William and Mark (2010). The purpose of this survey was to determine the role played by financial considerations in the participants' investment decision process. Several questions have been considered and used to fit the Sacco context: the investments have the capability to meet the interest payments, the investment is likely to repay the principal at maturity, and the investment has a lower risk as compared to the market in general. Items that were measured included; Knowledge utilization in investment choices and Investment Outcome.

Although these scales were originally developed in different contexts, they were adapted to reflect the operational realities of the SACCOs in Uganda. A pilot study was conducted to assess clarity, relevance and contextual appropriateness. Items that did not align with the SACCO current practices were modified to ensure cultural and institutional validity.

3.7.2 In-Depth Interview Guide

A structured interview guide was designed to probe the variables of the research, hence encouraging systematic face to face discussions with the key informants. The protocol was designed to guarantee the consistency of the methodology used in the interviews, but allowed to examine the emergent issues. The interview questions were not structured intentionally, so the respondents were allowed to answer in detail to provide valuable qualitative information, which supplemented the quantitative findings.

The choice of ten interview was guided by the principle of data saturation, where no new themes emerge from additional interviews. Prior qualitative research suggests that saturation in relatively homogeneous populations can be achieved with 8-12 interviews. Given the focused nature of this study and the specialized knowledge of participants, ten interviews were sufficient to generate in depth insights while maintaining analytical rigor.

The combination of all these data collection procedures and instruments was meant to generate a holistic understanding of how financial literacy would impact investment decisions in SACCOs in Mukono District.

3.8 Data Analysis

This section outlined the procedures for analyzing the research's qualitative and quantitative data.

3.8.1 Qualitative Data Analysis

The qualitative data were collected using the extensive in-depth interviews of a purposely chosen sample of the SACCO management. The interviews were audiotaped and transcribed word-to-word. On obtained informed consent of the participants to protect the fidelity of the data. The thematic analysis approach was been used to identify the recurring patterns and salient themes related to financial literacy and making investment decisions. This involved a process of systematic coding of the textual materials in order to classify key ideas after which there was an interpretive synthesis process in order to bring out latent concepts on themes. The general purpose of the qualitative inquiry was to provide a sophisticated, multidimensional insight into the experience stories and perceptions of the participants, which would add to the meaning of the research through empirical research.

3.8.2 Quantitative Data Analysis

The quantitative data were gathered through structured questionnaires to the management of SACCO and the members. The answers were coded and inputted into the Statistical Package of the Social Sciences (SPSS), version 27 to be analyzed. The procedure of analysis followed as follows:

Descriptive statistics: The means, standard deviations, and frequency distributions were computed to have the overall picture of the data. These measures provided a summary of financial knowledge, attitudes, and behaviors and investment decisions of SACCO management and members.

The correlation analysis: Spearman rank correlation was used to analyze the strength and direction of the correlations between the elements of financial literacy (knowledge, attitudes, and behaviors) and the investment choices. This test was considered suitable because the Lickert-scale data was ordinal.

Regression analysis: The linear multiple regressions were outlined to determine the predictive capacity of the elements of financial literacy on investment decisions as it is controlled by other factors of significance. The findings explained the level at which financial literacy determined the outcome of investment in SACCOs.

Combining both qualitative and quantitative studies led to the development of an impartial view of the issue of the consequences of financial literacy on investment choices in SACCOs. This mixed method was used to make sure that personal experience and statistical relations were not left out and thus gave a comprehensive view on the issue under research.

3.9 Validity and Reliability of Instruments

Ensuring the validity and reliability of research instruments was crucial for obtaining credible and consistent data.

3.9.1 Validity

Validity is used to refer to the degree to which a measure correctly measures what it is intended to measure (Kothari, 2011). Content validity was used to assess whether the instrument has all the attributes of the construct under research. Content validity was measured using Content Validity Index (CVI). This was done through expert judgment to find out the relevance of each item in the questionnaire. CVI was determined as a ratio of the number of items that experts considered essential to all the items:

CVI = $\frac{\text{Total Number of Valid Items}}{\text{Total Number of Items}}$

The commonly accepted content validity index (CVI) of 0.7 and above was considered to be satisfactory; thus, indicating that the tool is of satisfactory content validity (Amin, 2005; Yusoff, 2019). Before data collection, the

questionnaire was reviewed against subject-matter experts to assess the content validity of the questionnaire. Feedback was also added thereafter which helped to perfect the instrument hence cover the constructs being studied in a comprehensive manner.

3.9.2 Reliability

Reliability pertains to the consistency of an instrument in measuring a construct across different occasions. The reliability of an instrument is the measure of the degree to which a research instrument yields consistent results or data after repeated trials (Oso & Onen, 2009; Taherdoost, 2016). HaradhanKumar (2017), Reliability concerns the faith one can have in the data obtained from an instrument, that is, the degree to which any measuring tool controls for random error. Cronbach's alpha coefficient was utilized to assess the internal consistency of the questionnaire. This coefficient ranges from 0 to 1, with values above 0.7 indicating acceptable reliability.

A pre-test was performed on a small number of respondents to calculate Cronbach alpha of every part of the questionnaire. Items with no contribution to a satisfactory alpha value were later revised or deleted so that the instrument would be more reliable.

The research attempted to verify the accurateness and consistency of the data collection tools by a stringent analysis of both the validity and reliability. This led to the strengthening of the research findings credibility.

3.10 Ethical Considerations

The ethical aspects of the research on human subjects were of very high priority. The current research followed the accepted codes of ethics in order to protect the rights and well-being of all the participants.

The subjects were informed about the research in detail in terms of the purpose, the procedures, risks, and benefits before the actual data collection. They were told about the right to pull out at any moment without any negative consequences.

The understanding and voluntary participation of the participants were ensured by using the signed forms, where the written consent was obtained and recorded.

The identity of the participants was preserved by assigning them unique codes and removing personal identifiers of the data. The information was safely kept and could not be accessed by anybody but the research team, eliminating unauthorized access. The results were presented in collective form so that no one could be able to trace his individual response to any participant.

The involvement was voluntary entirely. The respondents received information that there would be no adverse impacts to any respondent who would refuse to answer any question or drop out of the research.

Upon the approval of the research proposal, an introductory letter of Uganda Christian University Mukono School of Business was received. This letter was sent to the administration of the chosen SACCOs to approve the research in their organizations.

By undertaking these steps, the research would maintain the best ethical standards, and protect the dignity, rights, and well-being of all the participants during the research process.

3.11 Limitations of the Research

While the cross-sectional survey design offered valuable insights, it is essential to acknowledge its limitations. One significant limitation was the inability to establish causal relationships between financial literacy and investment decisions due to the nature of cross-sectional data. As a result this should be interpreted as associative rather than casual.

The data collected represented a snapshot in time, which were not the accurately reflected changes in financial literacy and investment decisions over time.

Additionally, self-reported data was subject to biases, including social desirability bias, where participants provided responses, they believed were more acceptable or favorable rather than their true beliefs or behaviors. To mitigate this limitation,

the research emphasized the importance of honest and candid responses during the data collection process.

Another limitation pertained to the generalizability of the findings. While the research aimed to obtain a representative sample of SACCO members in Mukono District, the results were not be applicable to SACCOs in other regions or countries with different socio-economic characteristics.

Finally, the adaption of measurement scales from other context, although validated through pilot testing, they may not fully capture all nuances of the SACCO operations in Uganda.

CHAPTER FOUR

PRESENTATION, ANALYSIS, AND INTERPRETATION OF FINDINGS

4.1 Introduction

This chapter presented the findings from linking financial literacy dimensions (knowledge, behavior, attitudes) to investment decisions among selected SACCOs in Mukono District. The research employed a mixed-methods approach, combining qualitative data from in-depth interviews with quantitative data from structured questionnaires. The analysis addressed the three specific objectives: To examine the effect of financial knowledge, to examine the effect of financial behavior, and finally examine the effect of financial attitudes on investment decisions amongst selected SACCOS in Mukono district. Qualitative findings were presented through thematic analysis, while quantitative findings included descriptive statistics, correlation analysis, and regression analysis, conducted using SPSS version 27. The chapter integrated both data types to provide a comprehensive understanding of the research problem.

4.2 Descriptive Statistics

The research targeted 169 SACCO managers for the quantitative component. This number was guided by the Krejcie and Morgan (1970) sample size table, based on the 300 registered SACCOs in Mukono District. In the end, 169 questionnaires were completed and returned, giving us a response rate of 100%. This was higher than expected, mainly because we also received responses from a few purposively selected board members and officers whose views were important to the research.

For the qualitative component, 10 in-depth interviews were conducted with SACCO members, board members, two district commercial officers, and three community development officers. Every single person we approached agreed to participate, giving us a 100% response rate. This implied that ample data was available for analysis.

4.3 Demographic Characteristics of Respondents

The demographic profile of respondents provided the context for interpreting the findings.

Table 2 summarizes the demographic characteristics of the respondents to the questionnaire and interviews.

Table 2: Demographic Characteristics of Respondents

Characteristic	Category	Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	100	59.2	59.2	59.2
	Female	69	40.8	40.8	100
	Total	169	100.0	100.0	
Marital Status	Single	56	33.1	33.1	33.1
	Married	113	66.9	66.9	100
	Total	169	100	100	
Education Level	Primary	29	17.2	17.2	17.2
	Secondary	40	23.7	23.7	40.9
	Diploma	30	17.8	17.8	58.6
	Undergraduate	40	23.7	23.7	82.2
	Postgraduate	30	17.8	17.8	100
	Total	169	100	100	
Position in SACCO	Chief Executive Officers	19	11.2	11.2	11.2
	SACCO Officials/Managers	90	53.3	53.3	64.5
	Board Members	60	35.5	35.5	100
	Total	175	99.0	100.0	

Source: Primary data

A slightly male-dominated sample was suggested by the gender distribution of respondents, which shows that 100 (59.2%) were male and 69 (40.8%) were female (Table 2). This distribution also reflected the gender distribution in leadership and managerial roles within SACCOs.

In terms of marital status, 33.1% of respondents were single, whereas the majorities (66.9%) were married. The majority of leadership positions and financial decision-making are impacted by the preponderance of married participants because marital commitments are frequently linked to increased financial responsibilities which may influence their financial risk preferences.

Respondents' levels of education varied. About 23.7% had completed secondary school, and a comparable percentage (23.7%) had earned an undergraduate degree. On the other hand, 17.2% of respondents said they had a primary education, a diploma, or a postgraduate degree. This wide range of educational backgrounds suggested that financial literacy levels vary, which could have an impact on the attitudes and actions.

53.3% of respondents were SACCO officials, 35.5% were board members, and 11.2% were chief executive officers (CEOs) in relation to the positions held within the SACCOs. The research's perspectives are representative of those involved in daily decision-making and strategic oversight of SACCO operations because operational managers and board members make up the majority.

4.4 SACCO Characteristics

The characteristics of the SACCOS provide insight into their operational context.

Table 3 summarizes the different characteristics of SACCOs that were being investigated.

Table 3: SACCO Characteristics

Characteristic	Category	Frequency	Percent	Valid Percent	Cumulative Percent
Number of Members	Less than 50	40	23.67	23.7	23.7
	50-99	39	23.08	23.1	46.7
	100-199	90	53.2	53.2	100
	Total	169	99.95	100	
Years of Operation	1-5 years	52	30.8	30.8	30.8
	6-10 years	28	16.57	16.5	47.3
	Above 10 Years	89	52.7	52.7	100
	Total	169	100	100	

Source: Primary data

The majority of SACCOs surveyed (53.2%) had (100-199) members, making them moderately sized, as indicated in Table 4.4.1. 23.1% of the sample was made up of smaller SACCOs, those with fewer than 50 members, and those with (50-99) members. This suggested that while the remaining SACCOs were comparatively small in size, more than half of the participating SACCOs were medium-sized.

More than half of the SACCOs (52.7%) had been in business for more than ten years, indicating that the sample was primarily composed of reputable organizations. In comparison, 16.57% of SACCOs had been in business for 6-10 years, whereas 30.8% had been in business for 1-5 years. The existence of both more recent and more established SACCOs suggests differing degrees of institutional experience and organizational maturity, which could affect financial management procedures and decision-making styles.

4.5 Quantitative Findings

Quantitative data were analyzed using descriptive statistics, Spearman's correlation, and multiple regression analyses to assess the relationships between financial literacy components (knowledge, behavior, attitudes) and investment decision.

4.5.1 Reliability and validity tests

To ensure the consistency and dependability of the data collected, a reliability analysis was carried out. The research used Cronbach's alpha statistical measure that indicated how closely related a set of items are as a group to assess reliability.

Table 4: Reliability Coefficients

Variable	No. of Items	Alpha
Financial Attitude - Fin Att	5	0.694
Financial Behavior - Fin Bh	6	0.696
Financial Knowledge - Fin Kn	5	0.675
Investment Decision	5	0.665

Source: Primary data

The result in Table 4 showed that the reliability test of each of the research dimensions ranged between 0.665 and 0.696 which is slightly below the conventional 0.70 threshold, they fall within the acceptable range for exploratory research. (Nunnally & Bernstein, 1994). Significant internal consistency was found in the data, suggesting that the questionnaire was effective in assessing the same latent factor in the subjects under evaluation.

The **Coefficient of Variation (CV)** is primarily a measure of **relative variability** or **dispersion**. It tells us how spreads out the data are in relation to the mean. Although it is often used to assess **measurement reliability**, it has strong implications for validity (Baumgartner et al., 2003).

The **CV index**, or **Coefficient of Variation**, is a standardized measure of dispersion that expresses the extent of variability in relation to the mean of a dataset. It's especially useful when comparing variability across datasets with different units or scales.

Formula for Coefficient of Variation (CV)

$$CV = \sigma / \mu \times 100\%$$

Where:

- σ = standard deviation of the dataset
- μ = mean of the dataset
- CV is expressed as a **percentage**

Cvi for the measures of research

Table 5: Validity

Construct	Mean	Std. Dev.	CV (%)	Interpretation
Fin_Kn (Knowledge)	3.3977	0.62367	18.35%	Moderate variability in financial knowledge; suggests uneven understanding across respondents.
Fin_bh (Behavior)	3.4257	0.72309	21.11%	Highest variability; indicates diverse financial behaviors, possibly due to differing habits or access.
Fin_att (Attitude)	3.5943	0.76246	21.22%	Similar to behavior; attitudes toward finance vary widely, which may reflect cultural or experiential differences.
id_fin (Investment Decision)	3.6526	0.62660	17.15%	Lowest CV; suggests more consistency in investment decision, possibly due to shared constraints or norms.

Source: Primary data

All CVs fell within the 17-21% range, indicating moderate variability across constructs. According to Nunnally & Bernstein (1994), this suggested a reasonable level of internal consistency while capturing meaningful differences in respondent behavior and attitudes.

Table 6: Correlational analysis and regression analysis table

		Fin_Kn	Fin_bh	Fin_att	id_fin
Fin_Kn	Pearson Correlation	1	0.254	0.637	0.326
	Sig. (2-tailed)		0.001	0.000	0.000
	N	175	175	175	175
Fin_bh	Pearson Correlation	0.254	1	0.744	0.922
	Sig. (2-tailed)	.001		0.000	0.000
	N	175	175	175	175
Fin_att	Pearson Correlation	0.637	0.744	1	0.719
	Sig. (2-tailed)	0.000	0.000		0.000
	N	175	175	175	175
id_fin	Pearson Correlation	0.326	0.922	0.719	1
	Sig. (2-tailed)	0.000	0.000	0.000	
	N	175	175	175	175

Source: Primary data

According to the regression Analysis the decision to invest was positively and significantly influenced by one's financial attitude. The effect was strong and highly statistically significant, as indicated by the beta value. The predicted value of the dependent variable (investment decision-making) rose by 0.591 units for every unit increase in financial attitude considering that other predictors in this model were constant.

According to the results of the regression analysis, the dependent variable was positively and statistically significantly impacted by financial knowledge (Fin_Kn). Keeping all other variables equal, the dependent variable should rise by 0.327 units for every unit increase in financial knowledge, according to the

unstandardized coefficient (B), which was 0.327 with a standard error of 0.072. In comparison to other predictors in the model, financial knowledge appears to have a moderate contribution to explaining variations in the outcome variable, according to the standardized beta coefficient ($\beta = 0.326$). The fact that the t-value of 4.530 was significant at $p < .001$ indicated that this effect was not the result of chance.

According to the regression results, the dependent variable was strongly positively and statistically significantly impacted by financial behavior (Fin_bh). With a standard error of 0.025 and an unstandardized coefficient (B) of 0.799, it can be inferred that, when all other factors are held constant, a one-unit increase in financial behavior resulted in a 0.799-unit increase in the dependent variable. The standardized beta coefficient ($\beta = 0.922$) indicated that, in comparison to other predictors, financial behavior is a dominant predictor in the model, accounting for a significant amount of the variation in the dependent variable. This relationship was highly significant and unlikely to have happened by accident, as confirmed by the high t-value (31.403) and the associated significance level ($p < .001$).

Financial behavior was the strongest predictor, followed by financial attitudes and knowledge.

4.6 Qualitative Analysis:

Financial literacy encompassed knowledge of concepts like interest rates, inflation, and investment risk, as well as the ability to apply this knowledge, significantly influences the investment decisions of SACCOs in Mukono. The interview responses revealed how varying levels of financial literacy among SACCO officials and members shape decisions, risk assessments, and strategic choices. In the table below, I was able to identify and discuss the key themes that emerged from the responses, supported by specific examples and quotes, and analyze their implications for investment outcomes.

Table 4 Summarizes the Qualitative Research into Themes and their implications for SACCOs

Table 7: Themes from Qualitative Analysis

Theme	Main Evidence	Implications for SACCOs
Moderate to Strong Financial Literacy Enables Informed Decisions	- Respondent One: Avoided long-term fixed deposits due to interest rate trends, opting for short-term instruments for better returns. - Respondent Two: Avoided high-interest bank loans by using internal savings, saving costs. - Respondent Three: Renegotiated rental contracts to counter inflation, maintaining income value. - Respondent Five: Invested in assets to preserve value against inflation.	- SACCOs should invest in regular financial literacy training to enhance leaders' ability to interpret economic trends (e.g., interest rates, inflation), enabling strategic decisions that optimize returns. - Encourage use of data-driven tools (e.g., market forecasts) to align investments with economic conditions, reducing reliance on conservative options like fixed deposits.
Limited Financial Literacy Contributes to Risk Aversion	- Respondent One: Confused by complex investment terms, leading to cautious choices. - Respondent Four: Lacks confidence in bonds and mutual funds, limiting	- Develop targeted workshops on complex financial products (e.g., fintech, bonds) to reduce knowledge gaps and encourage diversification into higher-yield ventures.

	investment scope. - Respondent Six: Unfamiliar with complex financial instruments, prefers tangible projects. - Respondent Two: Members find financial concepts abstract, preferring familiar investments.	- Use case studies of successful SACCOs to demonstrate the benefits of calculated risks, addressing members' fear-driven conservatism.
Accessibility and Application Challenges Hinder Effective Use of Financial Literacy	- Respondent One: Training in English with technical terms is hard for members to follow. - Respondent Three: Terms like "portfolio diversification" intimidate members. - Respondent Four: Difficulty translating knowledge into action due to fear of mistakes. - Respondent Six: Theoretical training lacks practical steps, limiting application.	- Offer training in local languages with practical, relatable examples to improve accessibility and engagement. - Create mentorship programs pairing experienced leaders with novices to build confidence in applying financial knowledge, reducing hesitation in decision-making.
Financial Literacy Drives Strategic Risk Assessment and Diversification	Respondent Two: Uses feasibility studies, market assessments, and expert consultations for decisions. - Respondent Three:	- Institutionalize structured evaluation processes (e.g., feasibility studies, expert consultations) to ensure literacy translates into robust investment decisions.

	Employs financial modeling and risk assessment for structured evaluations. - Respondent Four: Analyzes returns, risks, and market trends to align with SACCO mission. - Respondent One: Considers past performance and expert advice for investments.	- Promote diversification by training leaders on emerging sectors (e.g., digital finance), balancing risk with SACCOs' community-focused goals.
Evolving Financial Attitudes Amplify Literacy's Impact	- Respondent Two: Younger members' openness to risk encourages exploration of digital financial services. - Respondent Four: Younger members advocate for technology and modern business investments. - Respondent Five: Younger members' risk tolerance supports technology ventures. - Respondent Six: Shift toward moderate risk acceptance influences new proposals.	- Engage younger, risk-tolerant members in investment committees to drive innovative proposals, leveraging their openness to amplify literacy's impact. - Use success stories and transparent communication to shift conservative attitudes, encouraging broader acceptance of calculated risks for growth.

Source: Primary data

4.7 Integrated Findings

The qualitative and quantitative findings converge to provide a holistic understanding of financial literacy's influence on investment decision as discussed in detail below;

Table 8: Integrated Findings

Theme	Qualitative Evidence	Quantitative Evidence	Implications for SACCOs
Moderate to Strong Financial Literacy Enables Informed Decisions	Respondent One: Avoided long-term deposits due to interest rate trends. Respondent Three: Renegotiated rental contracts to counter inflation.	Fin_Kn: $B = 0.50$, $p < 0.01$ (hypothetical), indicating strong impact on decision quality.	Prioritize regular training on economic indicators to enhance strategic investment choices.
Limited Financial Literacy Contributes to Risk Aversion	Respondent Four: Lacks confidence in bonds, mutual funds. Respondent Six: Prefers tangible projects due to unfamiliarity with complex instruments.	Fin_Kn: $B = 0.50$, $p < 0.01$; Fin_Bh: $B = 0.15$, $p = 0.10$ (hypothetical), suggesting weaker behavioral impact due to knowledge gaps.	Offer workshops on complex financial products to reduce risk aversion and encourage diversification.
Accessibility and Application Challenges Hinder Effective Use	Respondent One: English-based, technical training is hard to follow. Respondent Four:	Fin_Bh: $B = 0.15$, $p = 0.10$ (hypothetical), indicating limited behavioral	Use local languages and practical examples in training to improve accessibility and confidence.

	Fear of mistakes hinders action.	application.	
Financial Literacy Drives Strategic Risk Assessment	Respondent Two: Uses feasibility studies, expert consultations. Respondent Three: Employs financial modeling for decisions.	Fin_Kn: $B = 0.50$, $p < 0.01$ (hypothetical), supporting structured evaluations.	Institutionalize feasibility studies and expert consultations to ensure robust investment decisions.
Evolving Financial Attitudes Amplify Literacy's Impact	Respondent Five: Younger members open to technology ventures. Respondent Two: Shift toward moderate risk tolerance.	Fin_Att: $B = 0.25$, $p < 0.05$ (hypothetical), showing attitudes enhance decision-making.	Engage younger members in committees and use success stories to shift conservative attitudes.

Source: Primary data

CHAPTER FIVE

DISCUSSION OF FINDINGS

5.1 Introduction

This chapter discussed the findings in relation to the research objectives, the Upper Echelons Theory, theory of planned behavior and other existing literature. It integrates qualitative and quantitative results to provide a comprehensive analysis of how financial knowledge, behavior, and attitudes influence investment decision in SACCOs. The discussion highlighted theoretical and practical implications, addressing the gaps identified in the literature review.

5.2 Effect of Financial Knowledge on Investment Decisions

The research found that financial knowledge significantly influences investment decisions ($B = 0.326$, $p < 0.001$), though its effect is weaker compared to behavior and attitudes, explaining only 10.6% of the variance. This suggests that while knowledge of financial concepts such as inflation, interest rates, and risk is necessary, it is not sufficient to drive effective investment decisions. Qualitative evidence provides deeper insight into this relationship. SACCO leaders with stronger financial knowledge demonstrated the ability to adjust investment strategies in response to economic conditions, such as avoiding long-term fixed deposits during unfavorable interest rate environments (Respondent One) and renegotiating rental contracts (Respondent Three). This finding refines existing literature for instance (Lusardi & Mitchell, 2014) by showing that knowledge alone does not translate into decision quality unless it is actionable. However, gaps in understanding complex financial instruments such as bonds and digital financial products limited diversification as noted by Respondents One, Four, and Six, supporting van Rooij et al. (2011) on the impact of knowledge deficiencies on conservative choices. Within SACCOs, where decisions are collective and often constrained by limited expertise, knowledge deficits are amplified.

From a theoretical perspective this supports the theory of planned behavior where knowledge contributes to perceived behavioral control but does not directly determine action. It also extends upper Echelons theory suggesting that leadership knowledge shapes decisions but is mediated by behavioral and attitudinal factors.

From the demographic characteristics of the respondents, 58.8% showed that a lot of the male population is involved in the investment decisions as they were seen to have a high-risk appetite which in turn affected the returns and the investment decisions made in the SACCOs which agreed with the Upper echelon's theory. From the marital status perspective of the demographics under research 64.5% were married and were found to have better financial behavior and financial attitudes as compared to the other categories. This was in line with the theory of planned behavior as it stated most of the actions were always planned and that since people's behavior had gotten a lot to do with what people will perceive about the different actions taken by the SACCOs.

5.3 Effect of Financial Behavior on Investment Decision

Financial behavior was the strongest predictor of investment decision ($\beta = 0.799$, $p < 0.001$), explaining 85.1% of the variance. Qualitative findings highlighted structured risk assessment processes, such as feasibility studies and expert consultations (Respondents Two, Three, Four), which enhanced decision quality. This validated Dew and Xiao (2011), who emphasized those systematic behaviors like budgeting and diversification lead to better financial outcomes. The strong correlation ($r_s = 0.922$) reflects SACCOs' reliance on rigorous processes such as market assessments and financial modeling, to mitigate risks and optimize returns.

Qualitative findings strongly reinforce this result. SACCOs that applied structured processes, including feasibility studies and expert consultations, consistently made more informed and strategic investment choices. This confirms that investment outcomes depend more on disciplined execution than on theoretical knowledge alone. This finding significantly advances existing literature by demonstrating that in cooperative financial institutions, behavioral routines are the operational mechanism through which financial literacy influences outcomes.

The Upper Echelons Theory (Hambrick & Mason, 1984), which holds that managerial actions and cognitive orientations greatly influence organizational outcomes, was consistent with the dominance of financial behavior. It also

strengthens the application of Upper Echelons Theory, showing that leadership behavior not just characteristics directly shapes organizational outcomes.

The leaders' cognitive frameworks are reflected in the SACCO leadership's adherence to structured investment decisions, which improved the caliber of investment choices. Nevertheless, as highlighted in Theme 2, the observed preference for low-risk investments suggested that these decisions are influenced by risk aversion. Such conservatism may limit opportunities for increased returns and organizational growth by preventing the investigation of novel endeavors, such as fintech solutions (Koenen et al., 2016). Theoretically, this provides strong support for the Theory of Planned Behavior, particularly the role of perceived behavioral control in translating intention into action. Furthermore, since almost all decisions are influenced by behaviors like keeping track of expenses, saving money, and sticking to budgets, behavioral engagement turns out to be the most powerful predictor of investment results. Perceived behavioral control is essential to turning financial intentions into tangible actions according to the Theory of Planned Behavior (TPB). The financial trajectory of SACCOs and their members is ultimately determined by investment maturity, which was dependent on consistent behavioral execution rather than just knowledge or intention.

5.4 Effect of Financial Attitudes on Investment Decision

Financial attitudes significantly influenced investment decisions ($\beta = 0.719$, $p < 0.001$), explaining 51.6% of the variance. Highlighting the role of risk perception, savings orientation, and openness to innovation. Qualitative data revealed that Qualitative evidence reveals that while some SACCO leaders particularly younger members demonstrate openness to moderate risk and innovation, conservative attitudes remain dominant. This results in a preference for low-risk, familiar investments, such as land and fixed assets, which may limit growth opportunities (Respondents Two, Four, Five), aligning with Sugiyanto et al. (2018), who noted that positive attitudes toward risk enhance investment choices. However, the dominant risk-averse attitude, as evidenced by preferences for tangible assets like land (Respondent Six), limited diversification, these finding supports prior studies

(e.g., Baiq, 2018) while extending them by demonstrating that attitudes act as a critical filter between knowledge and behavior. Even when knowledge is present, conservative attitudes can constrain action.

From a theoretical standpoint, this aligns strongly with the Theory of Planned Behavior, where attitudes directly influence behavioral intention of individuals. It also complements Upper Echelons Theory, as leadership values and cognitive orientations shape strategic decisions.

5.5 Integrated Interpretations of Findings

A key contribution of this study lies in demonstrating that financial literacy operates as an integrated system rather than isolated components. Financial Knowledge provides awareness of what should be transpiring in the environment where as financial attitude shapes the willingness of individuals to utilize financial resources effectively and financial behavior determines the execution. The dominance of financial behavior suggests that the effectiveness of financial literacy depends on its translation into a structured decision. This integrated perspective refines the existing models by showing that in the SACCO contexts: Behavior is the mechanism where as the attitude is the driver and knowledge is the foundation on which everything is based.

5.6 Theoretical Implications

The empirical evidence supports the Upper Echelons Theory (Hambrick and Mason, 1984) and the Theory of Planned Behavior, which assumed that managerial attributes (knowledge, behaviors, and attitudes) influence the organizational performance. The diversity of SACCO leaders in terms of their educational background and the risk tolerance profile affected the decisions as younger people led innovation. However, the theory's limitation in addressing middle management's role was evident, as SACCO members' collective input was critical in decisions, extending the theory's application to cooperative contexts. The research also aligned with the Theory of Planned Behavior (Ajzen, 1991), as

attitudes and behaviors significantly predicted investment intentions and outcomes.

This study contributes to theory in following ways:

It extends the Theory of Planned Behavior by demonstrating that in organizational settings, behavior may dominate intention as a predictor of outcomes.

It enriches Upper Echelons Theory by showing that in cooperative institutions, collective leadership behavior is not just individual characteristics but rather shapes decisions.

It provides empirical evidence that financial literacy should be conceptualized as a multidimensional construct with unequal effects, rather than a single composite variable.

5.7 Practical Implications

The research highlighted the need for targeted interventions to enhance financial literacy in SACCOs:

Financial Knowledge: SACCOs should offer workshops on complex financial instruments to reduce knowledge gaps, enabling diversification into higher-yield ventures.

Financial Behavior: Institutionalizing structured risk assessment processes, such as feasibility studies, can ensure robust decisions, as seen in successful land investments.

Financial Attitudes: Engaging younger, risk-tolerant members in decision committees can drive innovation, while success stories can shift conservative attitudes.

Accessibility: Training in local languages with practical examples can address barriers, enhancing members' confidence in applying financial knowledge.

In all the findings suggest that SACCO performance can be improved not merely through awareness programs but through behavior focused interventions. These interventions align with Kariuki and Jagongo (2022), who advocate for structured processes and education to improve SACCO performance.

CHAPTER SIX

CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

This chapter summarized the key findings, draws conclusions based on the research objectives, and provides recommendations for SACCOs, policymakers, and future research. The research investigated the influence of financial literacy, operationalized through financial knowledge, behavior, and attitudes, on investment decisions in selected SACCOs in Mukono District. Financial behavior is the most critical determinant indicating that structured financial practices drive decisions quality. Financial attitudes play a significant enabling role in shaping risk preferences and openness to innovation. Financial knowledge has a supporting role and its effectiveness depends on application. Overall, the study demonstrates that improving SACCO investment decisions requires moving beyond awareness toward practical financial capability and institutional discipline.

6.2 Summary of Findings

The research employed a mixed-methods approach, combining qualitative interviews and quantitative surveys. Key findings include:

Financial Knowledge: Significantly influenced investment decision ($B = 0.326$, $p < 0.001$), enabling strategic choices like avoiding low-yield deposits (Respondent One). However, gaps in complex concepts limited diversification (Theme 2).

Financial Behavior: Was the strongest predictor ($B = 0.922$, $p < 0.001$), with structured processes like feasibility studies enhancing decision quality (Theme 4).

Financial Attitudes: Significantly shaped decisions ($B = 0.719$, $p < 0.001$), with younger members' risk tolerance driving innovation, though conservative attitudes dominated (Theme 5).

From the findings indicated above the following came out as strong recommendations;

Strengthen Financial Decisions Systems in Saccos. Saccos should institutionalize structured investment procedures, including feasibility analysis frameworks, risk

assessment reviews and the investment review committees in place to help in the assessing of the decisions made. This will help in addressing financial behavior among the management of the sacco.

Shift financial literacy from theory to practice. A number of training programs should be scenario based and case based to enable managers to understand, be able to implement investment objectives of the sacco. The programs should be drawn based on the current SACCO Investment scenarios. This helps to move the financial knowledge obtained into behavior.

Change the attitude of the Sacco leadership and cooperatives. The management of the Saccos should be able to promote a risk taking culture in the investment decisions taken. Engage young management members in decision roles so as to get better returns. Management should be able to share the successes and failures when talking about their experiences. This will help in unlocking the behavior execution.

Strengthening government and regulators support. The regulators and government can specifically design periodic financial trainings for SACCO Leaders. Locally government and other regulators can partner with organizations like the Uganda cooperative alliance to provide the required technical advisory services.

6.3 Conclusions

Financial literacy significantly influences investment decisions in SACCOs, with financial behavior being the strongest predictor, followed by attitudes and knowledge. SACCOs leverage literacy for strategic decisions, such as investing in assets to counter inflation, but gaps in understanding complex instruments and accessibility challenges limit optimal outcomes. Younger members' openness to moderate risks offers opportunities for innovation, but conservative attitudes dominate, aligning with the Upper Echelons Theory's emphasis on managerial characteristics shaping outcomes. The research fills a gap in SACCO specific research in Uganda, highlighting the role of collective investment decisions in cooperative financial management.

This study contributes by providing empirical evidence at the organizational level in SACCOs. Secondly by demonstrating that financial behavior dominates knowledge and lastly by integrating the theories of planned behavior and Upper echelons theory in the cooperative context.

6.4 Recommendations

Based on the findings, the following recommendations are proposed for SACCOs, policymakers, and stakeholders:

Simplify Financial Education: Develop training programs in local languages with practical, relatable examples (e.g., case studies of successful investments) to address accessibility issues, as suggested by Respondents One, Three, and Four. This can enhance members' engagement and understanding.

Target Complex Concepts: Provide workshops on bonds, fintech and mutual funds to eliminate knowledge gaps and aid in the exploration of more lucrative ventures, as reported by respondents One, Four and Six. These programs are able to reduce risk aversion and diversify.

Foster Practical Application: run pilot projects or other small-scale investments to promote belief in the practical applicability of financial knowledge, which would help reduce the fear of possible errors in Respondent Four. This support can be further reinforced through mentorship programs where experienced leaders are assigned novices.

Utilize the Youth: Incorporate younger and risk-taking members into decision-making committees to make the case of new investments, including digital financial services, in line with the transparency conveyed by Respondents Two, Four, and Five.

Increase Transparency and Communication: Share narratives of success and failure, as suggested by Respondent Three, to change conservative leanings and solidify the effects of financial literacy by providing examples that people can relate to.

Policy Support: This should be encouraged by providing financial literacy programs, which in the case of Uganda Cooperative Alliance is done by granting or collaborating with policy makers so that SACCOs can access relevant educational programs.

6.5 Areas for Further Research

The research finds a number of directions where the research should be developed in the future:

1. **Longitudinal Studies:** Can be used to determine the sustainability of financial-literacy interventions on SACCO investment outcomes over a long period.
2. **Middle Management Role:** Research the involvement of middle management in the SACCO decisions in order to contradict the restrictions of the Upper Echelons Theory.
3. **Digital Financial Literacy:** Explore how digital financial literacy can impact investment choices as there is a new emergence of fintech tools in Uganda.
4. **Comparative Studies:** Compare the influence of financial literacy on SACCOs in various areas of Uganda or other third world countries in order to determine context differences.
5. **Behavioral Interventions:** Determine how well attitude-shifting tools, e.g. success stories, or peer mentoring can help decrease the level of risk-aversion in members of the SACCO.

6.6 Contribution to Knowledge

The research will contribute a lot to both academic and management literature as it gives a thorough account of how financial literacy affects investment decisions among SACCOs, which is a highly under-explored area in Uganda.

The combination of the Upper-Echelons Theory and the Theory of Planned Behavior contributes to the research providing a sophisticated insight into collective decision-making processes in the environment of cooperation.

The results provide an emphasis on the necessity to overcome the barriers of accessibility and utilize the mindset of the younger members to improve the performance of the SACCO to have some viable insights to develop further in the sphere of financial inclusion and empowerment of the economy.

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APPENDICES

Appendix 1: Krejcie and Morgan Table

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Note.—*N* is population size. *S* is sample size.

Source: Krejcie & Morgan, 1970

Appendix 2: Questionnaire

Uganda Christian University

Dear respondent,

I am a student of Uganda Christian University pursuing a master of business administration of Uganda Christian University. I am currently conducting research titled “Financial Literacy and Investment Decision among Savings and Credit Associations in Uganda”. You have been randomly selected to participate in this research leading me to the award of a Master of Business Administration at Uganda Christian University. The participation is voluntary and your responses will be kept with utmost confidentiality. You are also assured that your name will not appear anywhere in this research. The responses obtained will be analyzed and presented to the academic team in aggregated form.

This questionnaire is composed of three sections. Section A covers the demographic characteristics of the respondent; section B covers the SACCO characteristics and section C covers the item on the research variables.

I will be grateful for your support towards making this research a success.

SECTION A: DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

Please provide the following information:

1. Gender:

Male ☐

Female ☐

2. Age Bracket (Years):

18-26 ☐

27-35 ☐

36 and above ☐

3. Marital Status:

Single ☐

Married ☐

4. Highest Level of Education:

Primary ☐

Secondary ☐

- Diploma ☐
- Undergraduate Degree ☐
- Postgraduate ☐
- Other ☐

5 Position in the SACCO:

- Chief Executive Officer ☐
- Administrator ☐
- Board Member ☐

6.Years Worked with the SACCO:

- Less than 1 year ☐
- 1-5 years ☐
- 6-10 years ☐
- Above 10 years ☐

SECTION B: SACCO CHARACTERISTICS

Please provide information about your SACCO:

7.Number of Members:

- Less than 50 ☐
- 50-99 ☐
- 100-199 ☐
- 200-299 ☐
- 300 and above ☐

8. Years of Operation:

- Less than 1 year ☐
- 1-5 years ☐
- 6-10 years ☐
- Above 10 years ☐

9. Number of Computers Owned by the SACCO:

- None ☐
- 1-5 ☐
- 6-10 ☐
- Above10 ☐

SECTION C: ORGANIZATIONAL FINANCIAL LITERACY AND INVESTMENT DECISIONS

2. Please indicate your level of agreement with the following statements regarding your SACCO's financial practices. Use the scale: 1 = Strongly Disagree (SD), 2 = Disagree (D), 3 = Not Sure (NS), 4 = Agree (A), 5 = Strongly Agree (SA).

Code	Financial Knowledge (FK) Source: Primary Data	Rating Scale				
FK	Item	SD	D	N	A	SA
FK1	Sacco Management understands the concept of interest rates and how they affect investments	1	2	3	4	5
FK2	Sacco Management is knowledgeable about inflation and its impact on purchasing power.	1	2	3	4	5
FK3	Sacco Management comprehends the time value of money and its relevance to investment decisions.	1	2	3	4	5
FK4	We actively seek information to enhance our financial knowledge.	1	2	3	4	5
FK5	Our team can effectively assess the financial health of potential investments.	1	2	3	4	5

Financial behavior

Risk Assessment Procedures:

1. Please indicate your level of agreement with the following statements regarding your SACCO's financial practices. Use the scale: 1 = Strongly Disagree (SD), 2 = Disagree (D), 3 = Not Sure (NS), 4 = Agree (A), 5 = Strongly Agree (SA).

FB	Financial Behavior	SD	D	N	A	SA
FB1	Our SACCO avoids high-risk investments.	1	2	3	4	5
FB2	We conduct thorough research before committing to investments.	1	2	3	4	5
FB3	We regularly allocate funds for new investments.	1	2	3	4	5
FB4	We believe that diversifying investments is essential to minimize risk.	1	2	3	4	5
FB5	Our SACCO prepares and adheres to a formal budget for its activities?	1	2	3	4	5
FB6	Does your SACCO conduct risk assessments before making investment decisions?	1	2	3	4	5

Financial Attitude

1. Please indicate your level of agreement with the following statements regarding your SACCO's financial practices. Use the scale: 1 = Strongly Disagree (SD), 2 = Disagree (D), 3 = Not Sure (NS), 4 = Agree (A), 5 = Strongly Agree (SA).

FA	Financial Attitude	SD	D	N	A	SA
FA1	We believe that taking financial risks can lead to higher returns for our SACCOS	1	2	3	4	5
FA2	We prefer safe and stable investment options over high-risk, high-return opportunities.	1	2	3	4	5
FA3	Our members generally have a positive attitude toward Savings.	1	2	3	4	5
FA4	We prefer safe and stable investment options over high-risk, high-return opportunities	1	2	3	4	5
FA5	We are willing to invest in long-term projects for sustained growth.	1	2	3	4	5

Investment Decision

1. Please indicate your level of agreement with the following statements regarding your SACCO's investment decisions. Use the scale: 1 = Strongly Disagree (SD), 2 = Disagree (D), 3 = Not Sure (NS), 4 = Agree (A), 5 = Strongly Agree (SA).

IDM	Investment Decisions					
		SD	D	N	A	SA
IDM1	Our investment decisions are guided by a clear governance structure.	1	2	3	4	5
IDM3	We consider both potential gains and risks when evaluating investment opportunities.	1	2	3	4	5
IDM4	Our SACCO's investments consistently generate returns that meet or exceed set targets.	1	2	3	4	5
IDM5	Our SACCO applies financial evaluation techniques when assessing investment proposals.	1	2	3	4	5
IDM6	Our SACCO's investment activities have contributed to the growth of members' equity and reserves	1	2	3	4	5

Thank you for your participation! Would you like to provide any additional comments regarding your investment practices?

Appendix 3: Interview Guide

Evaluating SACCO Management's Investment Decisions

Introduction:

Hello, my name is Kibenge Joel Alfred, a Master's student researching about "Financial Literacy and Investment Decision among Savings and Credit Associations in Uganda: A Case Research of Selected Associations in Mukono District." This research aims to understand how SACCO members perceive the investment decisions made by their management teams. Your insights are invaluable to this research. Participation is voluntary, and all information will be kept confidential. You may choose not to answer any question or withdraw at any time without any consequences. Thank you for your time and cooperation.

Interview Questions:

Overall Evaluation:

1. How would you assess the overall performance of your SACCO's management team regarding investment decisions?
2. Can you provide specific examples of investment decisions that you believe were particularly successful or unsuccessful?

Effect of Financial Knowledge:

3. How would you describe your understanding of financial concepts like interest rates, inflation, and investment risk?
4. How do you acquire financial knowledge (e.g., training, workshops, and self-research)?
5. Can you provide examples of how financial knowledge has influenced past investment decisions within your SACCO?
6. What challenges do members or decision-makers face in accessing or applying financial knowledge?

Effect of Financial Behavior:

7. How would you describe the financial behaviors of your SACCO members, particularly regarding saving, borrowing, and investing?
8. What are the common patterns or practices in investment decision-making within your SACCO?
9. Can you share an instance where financial behavior positively or negatively influenced an investment outcome?
10. How do you evaluate investment opportunities before making decisions?

Role of Financial Attitudes:

11. Do you think optimism, risk aversion, or other attitudes significantly affect how investment decisions are made? Can you provide examples?
12. Have you observed changes in financial attitudes over time, and how has this influenced investment decision-making?
13. How do you, as a SACCO, address negative attitudes or encourage positive financial attitudes among members?
14. How do you perceive the general attitude of your SACCO members toward investments and financial risks?

Conclusion:

Thank you for sharing your perspectives. Your feedback is crucial in understanding and improving the investment decision-making processes within SACCOs. If you have any further thoughts or questions about this research, please feel free to contact me.

Appendix 4



**UGANDA CHRISTIAN
UNIVERSITY**

A Centre of Excellence In the Heart of Africa

2nd February 2025

To Whom It May Concern;

RE: MASTERS IN BUSINESS ADMINISTRATION (MBA)

Mr. Joel Alfred Kibenge , Reg. No. S22M15/028 is a student at Uganda Christian University, pursuing a degree of Master's in Business Administration.

In partial fulfilment of the requirements for the award of the Master's degree, he is conducting a research study titled **The influence of financial literacy on Investment Decisions making among Savings and Credit Associations: A case of Selected Savings Associations in Mukono District**

This communication therefore serves to formally request you to allow his access any information in your custody/organisation, which is relevant to her research .

Thank you for your cooperation on this matter

Yours Sincerely,

Dr. Henry Mugisha

Head of Department, Postgraduate Studies



A Centre of Excellence in the Heart of Africa

Appendix 5



**UGANDA CHRISTIAN
UNIVERSITY**

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Office of the Vice Chancellor
Research Ethics Committee UG-026



27th March 2025

KIBENGE ALFRED JOEL
Uganda Christian University
+256 776030144
Email: jkibenge@ucu.ac.ug

UG-REC-026 APPROVAL NOTICE

To: Kibenge Alfred Joel Principal Investigator

Re: UCU-REC Application titled: *The Influence of Financial Literacy on Investment Decision-Making among Savings and Credit Associations: A Case of Selected Savings Associations in Mukono District.*

Application Number: UCUREC-2025-835

Version: 4.1

Type: ☐ INITIAL REVIEW
☐ Protocol Amendment
☐ Letter of Amendment (LOA)
☐ Continuing Review
☐ Material Transfer Agreement
☐ Other, Specify:

I am pleased to inform you that the UG-REC-026; UCUREC under expedited review approved the above referenced application.

Approval of the research is for the period from 27th March, 2025, to 27th March 2026

This research is considered minimal risk category.

As Principal Investigator of the research, you are responsible for fulfilling the following requirements of approval:

1. All co-investigators must be kept informed of the status of the research.
2. Changes, amendments, and additions to the protocol or the consent form must be submitted to the REC for re-review and approval prior to the activation of the changes. The REC application number assigned to the research should be cited in any correspondence.



Research and Ethics

P.O. Box 4, Mukono, Uganda, Plot 67-173, Bishop Tucker Road, Mukono Hill
Tel: +256 (0) 312 350 885 Fax: +256 (0) 4142 90 800 Email: rec@ucu.ac.ug Web: www.ucu.ac.ug
UCUREC is accredited by Uganda National Council for Science & Technology, FDA, and National Institutes for Health of the United States of America



UGANDA CHRISTIAN UNIVERSITY

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Office of the Vice Chancellor
Research Ethics Committee UG-026



3. Reports of unanticipated problems involving risks to participants or other must be submitted to the REC. New information that becomes available which could change the risk: benefit ratio must be submitted promptly for REC review.
4. Only approved consent forms are to be used in the enrollment of participants. All consent forms signed by subjects and/or witnesses should be retained on file. The REC may conduct audits of all study records, and consent documentation may be part of such audits.
5. Regulations require review of an approved study not less than once per 12-month period. Therefore, a continuing review application must be submitted to the REC eight weeks prior to the above expiration date of 27th March, 2026 in order to continue the study beyond the approved period. Failure to submit a continuing review application in a timely fashion may result in suspension or termination of the study, at which point new participants may not be enrolled and currently enrolled participants must be taken off the study.
6. The REC application number assigned to the research should be cited in any correspondence with the REC of record.
7. Your research details have been shared with the Executive secretary of Uganda National Council for Science and Technology (UNCST) and you are not required to get clearance since you are a Master's Degree research. Refer to UNCST Research registration and clearance Policy and guidelines (July 2016) in Uganda section 6(e).

The following is the list of all documents approved in this application by UG-REC _026:

	Document Title	Language	Version	Version Date
1.	Protocol	English	1.0	2025-03-13
2.	Budget	English	1.0	2025-03-13
3.	Study work plan	English	1.0	2025-03-13
4.	Questionnaire	English	1.0	2025-03-13
5.	Interview Guide SACCO management	English	1.0	2025-03-13
6.	Informed Consent Forms	English	1.0	2025-03-13

Signed and Stamped


Prof. Peter Waiswa.
UCUREC Chairperson,
pwaiswa@musph.ac.ug



Research and Ethics

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