



**LENDING TERMS ON LEVEL OF STAFF BORROWING: A CASE STUDY OF THE
AIDS SUPPORT ORGANIZATION STAFF SAVINGS & CREDIT SCHEME**

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ABSTRACT

TASO SACCO faces quite a number of challenges among which include under capitalization, small customer base and lack of willingness by the employees to take loans hence limiting its operations among others thus the purpose of the study was to investigate the effect of lending terms on level of staff borrowings at TASO Uganda Staff Savings and Credit Welfare Scheme.

The research followed a cross sectional design. Primary data was collected using self-administered questionnaires issued to the respondents. Data was collected and analyzed using a sample size of 69 respondents from a randomly selected population of 79 respondents including TASO staff who also happen to be the beneficiaries to the scheme.

Study findings indicate that savings are a pre requisite to acquisition of a loan, it was also found out that having an account is a condition for loan acquisition, employees are aware of how the scheme works, loans are given depending on the salary scale of the borrower most of the respondents disagreed with the assertion that transaction costs and the lending interest rates scares away prospective borrowers as these form part of the loan.

It was concluded that to qualify for a loan from TASO SACCO staff lending scheme, one has to have opened up an account, almost all employees have full awareness about the existence of the scheme and its mode of operation, A flat interest rate is charged on the loans in order to meet the transaction costs and as well to enable the scheme generate some profits on the loanable amounts, Loan services that are being provided to staff have yielded a lot of benefit to the TASO staff making them hesitant to obtain similar services form other financial institutions.

It was recommended that TASO SACCO staff saving and credit scheme need to improve their lending terms, Promoters should continue to encourage a strong savings culture among TASO employees, the SACCO should make investments in other businesses like investment in shares, housing estates, grace period given to the loans is too short thus it should be spread over a period of 12 months to make it flexible to the borrower, the SACCO should lobby for external funds so as to improve its portfolio quality, members should be continuously educated about their rights.