INTERNATIONAL JOURNAL OF ACADEMIC RESEARCH IN BUSINESS & SOCIAL SCIENCES

Vol 7, Issue 2, (2017) E-ISSN: 2222-6990

Exploring the Effect of Entrepreneurial Savings Incentives as Determinant of Savings Mobilization among Micro and Small Enterprises

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DOI Link: http://dx.doi.org/10.6007/IJARBSS/v7-i2/2650

Published Date: 12 February 2017

Abstract

The outcome of research conducted on financial institutions across the world have indicated mixed findings on the effect of savings incentives in increasing savings mobilization among MSEs. Despite that other study findings have shown that savings incentives initiatives from financial institutions have encouraged consumers of financial products and services to increase savings mobilization, financial institutions offering automatic bank savings incentive programs report positive results. However, for any savings initiative to create an impact on the expected beneficiaries, savings incentives ought to meet the unique needs of their diverse consumers for them to be motivated to save even more with their respective financial institutions . The target population for this study was members registered with Kenya National Chamber of Commerce and Industry Trans Nzoia county and therefore were conducting business within the county. The design used for the study was mixed method The study used stratified sampling to categorize MSEs into three strata's namely service manufacturing and commerce or trade and then random sampling was used to get the actual target population to be used in the study . To test the reliability and validity of research instruments pilot study was conducted and all the research instruments met the threshold of cronbach alpha of 0.70. The study also conducted correlation analysis among the financial

literacy factors which were found to be significant to be used in the study. The major findings of the study indicated that there was a significant relationship between gender of entrepreneurs and savings incentives which determined the amounts of savings mobilized and therefore financial institutions to meet their customer's expectations according to their genders. It was also found that significant relationship between number of family dependents which determined the amount of savings mobilized. There was also found to be a significant relationship between gender of entrepreneurs and the amount of money they mobilized with their financial institutions which depended on saving and withdrawal charges incurred when transacting. It was therefore concluded that financial institutions savings incentives do not necessarily entice customers to save with them but rather focus perhaps more on relationship enhancement to offer differentiated customer experiences to their respective clients. The study recommends that savings mobilizations institutions whether formal or informal should in collaboration with their clients (MSEs) work on viable savings incentives which will eventually benefit both of them because there are various savings incentives and when implemented outcomes are diverse. Therefore the expected beneficiary of the incentive ought to be involved in designing an incentive program for themselves without adversely affecting the gains anticipated from both parties. The study further recommends that financial institutions to design products and services which takes into consideration gender, level of education and the number of dependents in the entrepreneurs household which influences the decision to mobilize savings with financial institutions .
Keywords: Entrepreneurial Savings Incentives, Savings Mobilization, Micro and Small Enterprises

Introduction

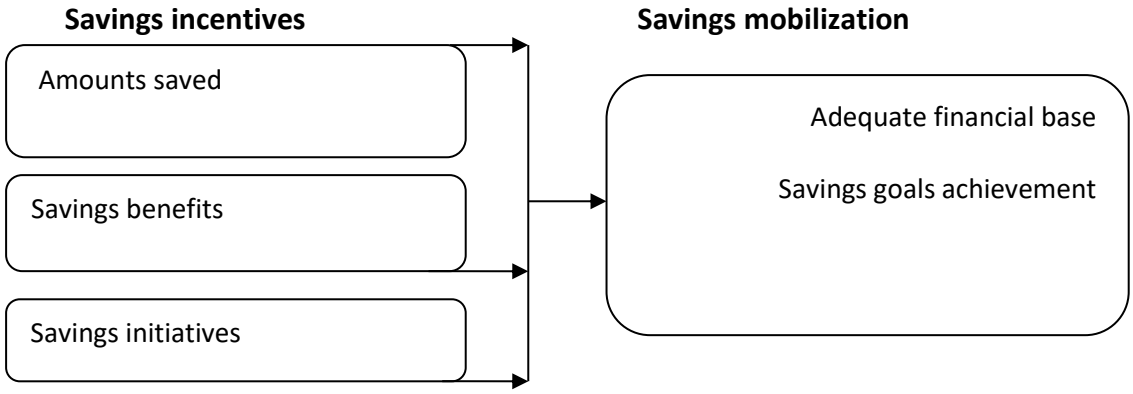
Claudia (2014) indicated that financial incentives include tangible offers of cash, vouchers and gifts to be given to individuals upon the contingent fulfillment of certain obligations, they are intended to express a form of demand side incentives explicitly and contingently offered to individuals. Financial incentives are proposed under the law of demand and the relative price effect work through the use of external incentives because motivation and preferences are taken to be fixed and given (Kamenica, 2012). Economic theory derives its strength from predicting how people make cost benefit calculations and change their behavior in response to changes in incentives (Gneezy *et al*, 2011). Savings incentive programs are initiatives that encourage consumers to start or increase savings mobilization, financial institutions that offer and promote automatic bank savings incentive programs report that the number of savings accounts opened and the amounts saved have increased as a result of promotion efforts (OCCCA, 2014). Most of the financial institutions offer a number of incentives to promote savings mobilization such as anniversary bonuses, automatic transfer of $1 to savings account every time customers use their check cards, rounding up to the next near lest dollar purchases made using check cards, prize-linked savings(CFAFSR, 2010). Studies conducted by (CFAFSR, 2010; Gneezy*et al.*2011; Kamenica, 2012; Claudia, 2014; OCCCA, 2014) found that financial institutions may introduce various savings benefits which will motivate the MSEs to start or increase their savings overtime. The savings programmes will have to meet the needs of the potential savers and the return on savings mobilized will have to be well expressed.

Statement of the Problem

Ngugi *et al.* (2010) observed that savings serve as invaluable reserves in improving the MSEs well being, insuring against times of shocks, improve on investments to exploit opportunities for faster entrepreneurial growth and help them cope in times of crisis that can easily drive

the MSEs into destitutions among other reasons motivating them to save with FFI's. Mbuthia *et al.* (2011) conducted a study on household savings decisions in Kenya and found that FFI's insure deposits held with them and their clients have a lower risk of losing their deposits, focus on large scale and well off and literate clients and have low real deposit interest rates. Fin Access (2009) conducted a study on IFF's and found that IFF's deal in small loans and deposits that are short term transactions, operated without physical collateral and take place close to where the client resides, meet specific financial needs of the MSE's, operate with simple and straight forward procedures which have overcome information asymmetries . (Dupas and Robinson, 2009) conducted a study in Kenya and found that savings made by MSEs are mainly used to smooth consumption patterns and for short term investments. A study by Dupas and Robinson (2013), found that savers in invest more to their businesses. Dupas and Robinson (2013) conducted a study in rural Kenya and found that eliminating opening of account costs has a significant positive impact on the take up of bank savings accounts and on investment levels among market-vending micro entrepreneurs while the effect on bicycle taxi drivers was otherwise. Given the mixed results from other studies, this study was conducted to find out whether the various entrepreneurial savings incentives provided by financial institutions has influenced savings mobilizations from MSEs in Trans Nzoia county.

Conceptual framework.



Purina (2013) conducted a field experiment in Nepal and found a strong results from eliminating the costs of opening formal savings accounts among a general sample of poor households from a sample of 1118 households in 19 slum settlements, 567 female household heads were randomly chosen to receive the option of opening basic savings accounts that did not have any opening, maintenance, or withdrawal fees, the account offered a nominal interest rate of six per cent on balances which was lower than the Nepalese inflation rate of over ten per cent, the offer of the bank accounts was made through a public lottery in 19 communities,551 women in the sample were not offered the free bank account and formed the comparison group,84 per cent of the households offered an account opened one and 80per cent of the entire treatment sample used it frequently by making at least two deposits over a one year period, access to these free savings accounts allowed participant household to increase monetary assets by 25 per cent and total assets by 12 per cent for households in the treatment group. Dupas and Jonathan Robinson (2011) conducted a field experiment by selecting a random sample of small informal business owners in a village in rural western Kenya which received access to an interest free savings account; they then tested the impact of these accounts on overall savings mobilization among the MSEs. The sample was composed primarily of market vendors. The study relied on a data set collected from 279 daily logbooks

kept by individuals in both the treatment and control groups, logbook data were supplemented by bank account activity information. The bank charged substantial withdrawal fees, and as such, the de facto interest rate on the account was negative. The study findings were, despite take up, usage of the account was high among market vendors, especially women who voluntarily saved in accounts earning negative returns suggesting that access to a formal savings account was highly valued. Egwu *et al.* (2014) conducted a study on determinants of saving capacity of rural women farmers in Ebonyi State, Nigeria. It was recommended that the rural financial intermediaries should encourage farmers to save by raising the interest paid on savings to discourage farmers from saving in kind or hoarding cash in the house which usually led to loss of wealth in case of thefts and more farmers saved. Dupas and Robinson (2009) conducted a study in Kenya and found that subsidizing the opening fees for a savings account on behalf of a random sample of small business owners in rural Kenya increased the savings of women; many of them market vendors who opened the account compared to women who were not offered the account. Quarshie (2011) conducted a study in Ghana on improving efficiency of savings mobilization found that there may be little incentive to save. In Ghana the interest paid on savings is insignificant ranging between 5% and 6 % per annum, while annual interest rates on loans range between 23 and 25 per cent. It also found that lack of sufficient infrastructure affect savings mobilization when working people eligible and willing and able to save do not find the opportunities such as market women are reported not being able to leave their wares at the peril of thieves to deposit money at the bank. The Central Bank of Ethiopia upon the assumption that there are a lot of savings outside the banking system increased the deposit interest rates with the hope to attract savings from the rural areas (Davison, 2010). Noelia *et al.* (2014) conducted a study on the factors that matter for financial inclusion in Peru. The study found that lack of trust in financial institutions is an obstacle perceived by 37% of the people who do not use banking services. Egwu*et al.* (2014) conducted a study on determinants of saving capacity of rural women farmers in Ebonyi State, Nigeria. It was reported that the bureaucracy involved in opening bank account has been seen as a constraint to saving capacity of rural women farmers. The bureaucratic bottleneck come in the form of delayed registration, difficulty in getting referee letter and the cumulative effect discourage many women farmers from saving. Collins *et al.* (2009) conducted a study on portfolios of the Poor in New Jersey and found that the poor and MSEs use informal savings mechanisms which are less secure and safe than formal savings accounts. Jack and Suri (2010) conducted a study on M-PESA in Kenya and found that M-PESA users increased net household savings, 26 percent of users report safety as their primary motivation and 12 percent reported on emergency. Dupas and Robinson (2013) conducted a study in rural Kenya and found that eliminating opening of account costs has a significant positive impact on the take up of bank savings accounts and on investment levels among market-vending micro entrepreneurs. The study targeted 250 self-employed individuals who were market vendors and bicycle taxi drivers in a market area in western Kenya, half of the target population were randomly selected for the offer of a bank savings account at a village bank. The research team paid the account opening fee of Ksh 450 for each opened account and gave each client the minimum balance of Ksh100 which they were not allowed to withdraw from the account, the account had an effectively negative interest rate due to fees charged on withdrawals, of the 156 treatment group individuals given the opportunity to open a savings account through this intervention, 47 per cent opened up the account and used it at least once, with 41 per cent of the entire treatment sample becoming active users making more than two deposits in the first six months while 13 per cent declined

to open an account, and another 40 per cent opened an account but never made a deposit. Among the market vendors, the treatment group increased average daily investment in their businesses by 38–56 per cent and daily private expenditures 37 per cent relative to the comparison group, four to six months after the accounts were offered. The intervention did not have any significant impact on the bicycle taxi drivers. Studies conducted by (Dupas and Robinson, 2009; Collins et al, 2009; Davison, 2010; Jack and Suri, 2010; Quarshie, .2011; Dupas and Jonathan Robinson, 2011; Prina, 2013; Dupas and Robinson, 2013a; Egwu et al, 2014; Noelia et al, 2014) found that MSE's have been saving to access credit facility, an indication that saving in FFI's is tied to credit facility, when MSEs anticipate credit facility, they tend to save more unlike when they do not expect any credit facility. The safety of savings mobilized is a very significant factor considered by the MSE's to mobilize savings in FFI's or IFFI's. The safety of the amount saved enlists trust and confidence to save in certain financial institutions. The provided savings incentive reduces costs of savings, increases income and also creates strong trust with the savings institution involved.

Research Design

A research design is the logic that links the data to be collected and the conclusions to be drawn on the initial questions of the study (Yin, 2009). This study used a mixed method research design which comprised both qualitative and quantitative approaches. Namusonge (2010) observed that this research design is suited for gathering descriptive information where the researcher wants to know about people or attitudes concerning one or more variables through direct query.

Population of study

A population is considered to be any group of people, events, or items that are of interest to the researchers that they wish to investigate (Kothari, 2008). The researcher identified 2216 MSEs registered with the KNCCI Trans nzoia county.

Sampling Frame

Saunders *et al.* (2012) argued that sampling frame has the properties that the researcher can identify every single element and include any in the samples. It included the owner's managers and the CEOs of MSEs operating in Trans Nzoia County.

Sample and Sampling Technique

Moazzam(2014) indicated that a sample is some part of a larger body specially selected to represent the whole while sampling is then taking any portion of a population or universe as representative of that population or universe. Stratified sampling was used where the target population was categorized into distinct groups service, manufacturing and commerce and trade. Random sampling was used to ensure that each element in each stratum had an equal chance of being in the study sample. The sample size of this study was found to be 339 respondents distributed as follows services 52, manufacturing 52 and commerce and trade 235.

Pilot Test

Nunes *et al.* (2010) pilot studies are instrumental in the framing of questions, collection of background information, refinement of a research approach or tailoring efficient research

instruments. Simon M.K. (2011) a pilot study sample size between 10-20% of the actual study is representative. The pilot study was done on 147 Equity bank clients who were not part of the study but operate businesses within Trans Nzoia county the same county where the actual target population of study operate their enterprises. Pilot study is important in ascertaining reliability and validity of research instruments. Reliability is concerned with the extent to which a repeated measurement yields the same result while validity is concerned with the extent to which an instrument measures what it is intended to measure (Portney and Watkins, 2009). During the pilot study the instruments reliability results was above the threshold of 0.701.

Data Processing and Analysis

Hair *et al.* (2010) data analysis is a process which involves drawing conclusions and explaining findings in words about a study. The data collected was analyzed in several steps. The descriptive statistics for the variables in the study were computed to calculate frequency and percentages for those variables which were qualitative in nature. A quantitative technique was used to collect numerical data either on independent and dependent variables influencing savings mobilization among MSEs. In analyzing quantitative data, the researcher specified the amount of error permissible by indicating the level of significance [alpha - (a)] and the degrees of freedom (df) as is appropriate. A commonly used value of alpha is .05 (or 95%.). A qualitative method was used to collect data on the respondent's feelings and attitudes on qualitative aspects of the study. The researcher quantifies the responses and expresses them as frequencies using descriptive or inferential statistics. The qualitative approach allowed the respondents to 'tell their story' thus giving the researcher an opportunity to probe and seek clarifications (Yin, 2009). The researcher conducted the correlation analysis to find out the relationship among the independent variables.

Major findings

Table 1.2 Chi-Square results on relationship between gender and savings incentives

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	98.985[a]	22	.000
Likelihood Ratio	115.284	22	.000
Linear-by-Linear Association	.292	1	.589
N of Valid Cases	312		

The study findings as indicated in Table 4.32 shows that there was a relationship between gender and savings incentives (p=0.000). This implies that more males accessed savings incentives from financial institutions and they have used them for the intended purpose of financing their enterprises as they grow over time.

Table 1.3 Chi-Square results on relationship between education and savings incentives

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	320.831[a]	88	.000
Likelihood Ratio	315.036	88	.000
Linear-by-Linear Association	4.125	1	.042
N of Valid Cases	312		

The study findings as indicated in Table 4.33shows that there was a relationship between level of education and savings incentives (p=0.000).This implies that majority of the informal and primary educated entrepreneurs mobilized their savings with their respective financial institutions and have used those savings to meet the financial needs of their MSEs.

Table 1.4 Chi-Square results on relationship between religion and savings incentives

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	96.540[a]	44	.000
Likelihood Ratio	112.078	44	.000
Linear-by-Linear Association	1.566	1	.211
N of Valid Cases	312		

The study findings as indicated in Table 4.34 shows that there was a relationship between religion and savings incentives (p=0.000).This implies that majority of the Christians who mobilized savings received savings incentives from their financial institutions and have used them for entrepreneurial growth of their MSEs.

Table 1.5 Chi-Square results on relationship between status in enterprise and savings incentives

	Value	**df**	**Asymp. Sig. (2-sided)**
Pearson Chi-Square	65.690[a]	22	.000
Likelihood Ratio	82.639	22	.000
Linear-by-Linear Association	5.863	1	.015
N of Valid Cases	312		

The study findings as indicated in Table 4.35shows that there was a relationship between status in enterprise and saving incentives (p=0.000). This implies that majority of the owner managers who mobilized savings with their respective financial institutions received savings incentives which they used to meet the financial needs of their enterprises.

Table 1.6 Chi-Square results on relationship between dependents and savings incentives

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	148.622[a]	44	.000
Likelihood Ratio	157.352	44	.000
Linear-by-Linear Association	3.018	1	.082
N of Valid Cases	312		

The study findings as indicated in Table 4.36 shows that there was a relationship between number of dependants and savings incentives (p=0.000).This implies that despite micro and small entrepreneurs having dependants within their household they still can mobilize savings and earn savings incentives which they use to financially support their growth oriented enterprises.

Table 1.7 Chi-Square results on relationship between location of business and savings incentives

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	153.758[a]	44	.000
Likelihood Ratio	156.507	44	.000
Linear-by-Linear Association	.213	1	.644
N of Valid Cases	312		

The study findings as indicated in Table 4.37shows that there was a relationship between location of business and saving incentives (p=0.000). This implies that majority of the MSEs

located in urban areas mobilized their savings with their respective financial institutions and received savings incentives which was used to provide the financial needs of the MSEs.

Table 1.8 Chi-Square results on relationship between nature of enterprise and savings incentive

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	161.940[a]	66	.000
Likelihood Ratio	174.616	66	.000
Linear-by-Linear Association	9.987	1	.002
N of Valid Cases	312		

The study findings as indicated in Table 4.38 shows that there was a relationship between nature of enterprise and saving incentives (p=0.000).This implies that majority of the entrepreneurs operating commerce and trade businesses received savings incentives when they mobilized their savings with their financial institutions and used it to financially support their MSEs.

Table 1.9 Chi-Square results on relationship between number of employees and savings incentives

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	208.695[a]	88	.000
Likelihood Ratio	202.771	88	.000
Linear-by-Linear Association	4.973	1	.026
N of Valid Cases	312		

The study findings as indicated in Table 4.39 shows that there was a relationship between number of employees and saving incentives (p=0.000). This implies that majority of the micro enterprises mobilized savings and received savings incentives from their financial institutions to provide the financial needs of these MSEs.

Table 1.10 Chi-Square results on relationship between year enterprise started and savings incentives

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	511.772[a]	132	.000

Likelihood Ratio	453.435	132	.000
Linear-by-Linear Association	12.196	1	.000
N of Valid Cases	312		

The study findings as indicated in Table 4.40 shows that there was a relationship between year enterprises started and saving incentives (p=0.000). This implies that majority of the MSEs who were much older mobilized their savings and received savings incentives which they used to boost their growth oriented enterprises.

Table 1.11 Chi-Square results on relationship between nature of ownership and savings incentives

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	211.701[a]	66	.000
Likelihood Ratio	198.761	66	.000
Linear-by-Linear Association	.003	1	.958
N of Valid Cases	312		

The study findings as indicated in Table 4.41 shows that there was a relationship between nature of ownership and saving incentives (p=0.000).This implies that majority of the sole proprietors mobilized their savings with their respective financial institutions and received savings incentives and the fore if we had more sole proprietors operating MSEs more savings will be mobilized with financial institutions.

Table 1.12 Results for Reliability for Savings Incentives

Factor Analysis

Variable	**Loadings**	**Remarks**
The amount of money I mobilize with my financial institutions depend on saving and withdrawal charges incurred when transacting	.922	Retained
Then financial saving incentives from my financial institution have been increasing over the years	.914	Retained
The financial savings incentives provided by my financial institution are more compared to competitors	.895	Retained
I frequently receive financial benefits from my financial institution whenever they fall due	.892	Retained
I fully understand the actual financial benefits realized when saving with various saving options	.884	Retained

I have always used the savings incentives received from my financial institution to grow my enterprise	.866	Retained
I'm aware of all financial saving initiatives from my financial institution	.850	Retained
The financial benefits expected from my saving option determines the amount of savings I mobilize	.849	Retained

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

All values on financial literacy were retained as they were above the recommended 0.5 loading level using factor analysis

Reliability Statistics

Before Factor Analysis		**After Factor Analysis**	
Cronbach's Alpha	N of Items	Cronbach's Alpha	N of Items
.960	8	.960	8

The reliability results before and after factor analysis was 0.960 which was considered reliable as it was above 0.7 which is the recommended reliability measure using the Cronbach's alpha test

Table 1.13 Results for savings incentives validity

Correlations

		Savings Incentives	**Level Of Savings Mobilized**
Savings Incentives	Pearson	1	.979**
	Sig. (2-tailed)		0
	N	312	312
Level Of Savings Mobilized	Pearson	.979**	1
	Sig. (2-tailed)	0	
	N	312	312

****. Correlation is significant at the 0.01 level (2-tailed).**

Predictive validity was used to examine the extent to which saving incentives was a good predictor of the dependent variable (level of Savings Mobilized). If correlation was >.80 of <-.80 for variables inversely related, the relationship strength was considered strong enough to measure validity of variables. Predictive Validity Value = 0.979

Result = Valid

Table 1.14 Correlation In Savings Incentives

Objective : Savings Incentives

Crosstab

Count

	What is you gender

		Male	Female	Total
The financial benefits expected from my saving option determines the amount of savings I mobilize	Disagree	1	0	1
	undecided	29	4	33
	Agree	120	62	182
	Strongly agree	72	24	96
Total		222	90	312

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.011[a]	3	0.046
Likelihood Ratio	9.039	3	0.029
Linear-by-Linear Association	0.232	1	0.63
N of Valid Cases	312		

a. 2 cells (25.0%) have expected count less than 5. The minimum expected

Crosstab

Count

		What is the number of dependants in your family?			Total
		1-3	4-6	7-9	
The financial benefits expected from my saving option determines the amount of savings I mobilize	Disagree	0	1	0	1
	undecided	15	10	8	33
	Agree	95	68	19	182
	Strongly agree	37	50	9	96
Total		147	129	36	312

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.478[a]	6	0.036
Likelihood Ratio	12.722	6	0.048
Linear-by-Linear Association	0.009	1	0.925
N of Valid Cases	312		

a. 4 cells (33.3%) have expected count less than 5. The minimum expected count is .12.

Crosstab

Count

		What is the number of dependants in your family?			Total
		1-3	4-6	7-9	
I frequently receive financial benefits from my financial institution whenever they fall due	Disagree	0	1	0	1
	undecided	18	8	9	35
	Agree	90	70	18	178
	Strongly	39	50	9	98
Total		147	129	36	312

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	15.288[a]	6	0.018
Likelihood Ratio	14.552	6	0.024
Linear-by-Linear Association	0.009	1	0.926

N of Valid Cases	312			

a. 4 cells (33.3%) have expected count less than 5. The minimum expected

Crosstab

Count

		What is you gender		Total
		Male	Female	
The amount of money i mobilize with my financial institutions depend on saving and withdrawal charges incurred when transacting	Disagree	1	0	1
	undecided	24	3	27
	Agree	119	64	183
	Strongly	78	23	101
Total		222	90	312

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.705[a]	3	0.021
Likelihood Ratio	10.764	3	0.013
Linear-by-Linear Association	0.025	1	0.875
N of Valid Cases	312		

a. 2 cells (25.0%) have expected count less than 5. The minimum expected

From the findings above there was a significant relationship between gender and the financial benefits expected from their saving options that determines the amount of savings they mobilize (p=0.046).This implies that financial institutions has to set the baseline for the customer's expectation according to their gender and let them know what they can do for them, what service they can provide. From the findings above there was a significant relationship between family dependants and the financial benefits expected from their saving options which determined the amount of savings they mobilize (p=0.036),this implies that number of family dependants influence the amount to be saved by the customer. The study results also found a significant relationship between gender and the amount of money they mobilize with their financial institutions which depend on saving and withdrawal charges incurred when transacting (p=0.021). This implies that greater gender equality in markets, financial institutions, family systems and social roles provide an ongoing foundation for sustaining gender's well-being and empowerment in savings.

Table 1.15 : Relationship between savings incentives and saving mobilization

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1713.859[a]	418	0
Likelihood Ratio	836.678	418	0
Linear-by-Linear Association	75.185	1	0
N of Valid Cases	312		

The results indicated that there is significant relationship between saving mobilization and saving incentives (p=0.000). This could be interpreted to mean incentives are an endogenous process that makes it possible for economic agents to obtain a surplus over costs, or

entrepreneurial profit. Enterprises compete with one another to gain market share and improve their ability to increase profit through the use of new methods of production.

Discussion of Findings

The findings of the study revealed that majority of the respondents were of the opinion that they frequently receive saving benefits on time and amount saved depend on transaction. This implies that majority of the respondents MSEs get encouraged when they obtain the amount saved on the transaction amount due. This implies that MSEs will access all the required financial information which will influence them to save. The study's findings agree with findings of Noelia et al. (2014) who conducted a study on the factors that matter for financial inclusion in Peru. The study found that lack of trust in financial institutions is an obstacle perceived by 37% of the people who do not use banking services. It was reported that the bureaucracy involved in opening bank account has been seen as a constraint to saving capacity of rural women farmers. The bureaucratic bottleneck come in the form of delayed registration, difficulty in getting referee letter and the cumulative effect discourage many women farmers from saving.Portfolios of the Poor in New Jersey and found that the poor and MSEs use informal savings mechanisms which are less secure and safe than formal savings accounts. These study's findings agree with studies conducted by Egwu *et al*. (2014) found that MSE's have been saving to access credit facility, an indication that saving in FFI's is tied to credit facility, when MSEs anticipate credit facility, they tend to save more unlike when they do not expect any credit facility. The safety of savings mobilized is a very significant factor considered by the MSE's to mobilize savings in FFI's or IFFI's. The safety of the amount saved enlists trust and confidence to save in certain financial institutions. The provided savings incentive reduces costs of savings, increases income and also creates strong trust with the savings institution involved. The study findings disagreed with Dupas et al. (2012) who conducted a study in western Kenya and found that entrepreneurs who did not open or use the free savings account with one of the two participating banks cited unreliability as a concern, while others mentioned risk of embezzlement by the given bank as a concern.

Conclusions

The study concluded that financial institutions to meet their customer's expectations according to their genders. Also there was a significant relationship between number of family dependants which determined the amount of savings mobilized. There was also found to be a significant relationship between gender of entrepreneurs and the amount of money they mobilized with their financial institutions which depended on saving and withdrawal charges incurred when transacting. Further it was concluded that financial institutions savings incentives do not necessarily influence savings mobilization among MSEs but rather focus more on relationship enhancement to offer differentiated customer experiences to their respective clients. The study findings indicated that in some instances even when financial institutions provided savings incentives, their clients did not increase usage of their savings accounts.

Recommendations

The study recommends that savings mobilizations institutions whether formal or informal should in collaboration with their clients (MSEs) work on viable savings incentives which will eventually benefit both of them because there are various savings incentives and when implemented outcomes are diverse. Therefore the expected beneficiary of the incentive

ought to be involved in designing an incentive program for themselves without adversely affecting the gains anticipated from both parties. The study further recommends that financial institutions to design products and services which takes into consideration gender, level of education and the number of dependants in the entrepreneurs household which influences the decision to mobilize savings with financial institutions Also the study recommends that financial institutions to design products and services which takes into consideration gender, level of education and the number of dependants in the entrepreneurs household which influences the decision to mobilize savings with financial institutions.

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