



**GROUP MEMBERSHIP AS A DETERMINANT OF WOMEN PARTICIPATION IN
MICROFINANCE SERVICES, CASE OF RUIRU CATHOLIC DEVELOPMENT
SACCO KIAMBU COUNTY, KENYA**

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This study sought to analyze group membership as a determinant of women participation in microfinance services. The study employed a stratified random sampling technique since this method is designed to obtain pertinent and precise information concerning the status of phenomena and whenever possible to draw valid general conclusions from the facts discovered. The target population composed of 2000 women participants of Catholic Development Sacco a microfinance institution based in Ruiru, Kiambu County. A sample size of 87 women participants of at least two years of Sacco membership was drawn from five different villages namely, Wataalam, Prisons, Githunguri, Matopeni and St. George. Data was collected using structured questionnaires and analyzed through the use of descriptive, correlation and regression statistics. Results indicated a positive correlation between group membership and participation in microfinance. Findings indicated that a woman in a self-help group was more likely to participate in microfinance compared to a woman who was not a member of a self-help group. Economic elements also spoke in favor of group-based enterprises, microfinance institutions preferred group micro lending as opposed to individual lending. Recommendations made included; the need for microfinance institutions to educate women on the advantages of group formation especially self-help groups and the benefits of group lending..

Keywords: Group membership, Microfinance services, Women participation

1. Background of the study

In many developing and transitional economies, development agencies have encouraged the creation of women's groups for setting up economic activities. Many of these approaches were inspired by traditional solidarity mechanisms that exist between women, such as ROSCAs (rotating savings and credit associations), burial societies, and self-help groups. Women are often very committed to these groups since they help them to make a significant change in their lives: Some of these economic activities could never be started on an individual level. A group is also legitimate forum for discussing problems and exchanging ideas.

(Coleman, 2006) states that the following economic elements speak in favour of group-based enterprises: Common financial resources: many activities need a minimum starting capital that exceeds the savings capacity of each individual woman. Groups often aid through giving loans among the women. Common input supply: Women's groups may negotiate better prices and delivery conditions when buying inputs together and for use by a large number of women for example raw materials etc. Common marketing: Product marketing costs can be reduced when transport facilities are shared. The group can make agreements with large customers that individual female entrepreneurs would not be able to deal with. Economy of scale: Women who use the same machine can lower production costs or make a larger quantity of goods.

(Kiiru and Mburu, 2007) support the following are sociological advantages of group enterprises; overcoming social barriers: It might be impossible for young women to travel to the market unless they are in a group. Group membership therefore gives security in such circumstances. Using the income from entrepreneurial activities: Men might have control over their spouses' income but not over the income of the women's group. This gives women the opportunity to decide for themselves how they want to use the revenue from the enterprise. Mutual support: Women belonging to the same group often assist each other in case of problems such as illness, death. Groups give social support during such difficult times

Groups also impact on gender norms and values within the community: When a large number of women engage in economic activities, they might have an impact on the norms and values within their communities. Stronger negotiating power: Women in groups could have a stronger negotiating position in dealings with government agencies, communities, families, and business related entities. Easier access to services and training from the service providers' point of view, it is much easier to train and provide services to women in groups than on an individual basis. The presence or absence of the factors stated above encourage or discourage women from participating in microfinance (Kiiru and Mburu, 2007).

2. Study Objective

The objective of this study is to analyze group membership as a determinant of women participation in microfinance services.

3. LITERATURE REVIEW

Group membership and women participation in microfinance

The Self-help groups are a method of organizing the poor people and the marginalized to come together to solve their individual problem (Morris *et al.*, 2006). The SHG method is used by the government, NGOs and societies worldwide. Members collect their savings and save it in banks and microfinance institutions. In return, they receive easy access to loans with a small rate of interest to start their micro unit enterprise. SHG's are emerging as a cost effective mechanism for providing financial services to the "unreached poor" which has been successful not only in meeting financial needs of the rural poor women but also strengthen collective self-help capacities of the poor leading to their empowerment.

Thousands of women are building their lives, their families and their society through SHG's (Oishi, 2002). African governments have given due recognition on the importance and the relevance of the self-help group method to implement developmental schemes at the grassroots level. SHG's have such strong community attributes that they tend to appreciate in value over time because of the deepening of trust, strength of bonding, and growth of reciprocal arrangements (Dasgupta, 2005).

Social capital model

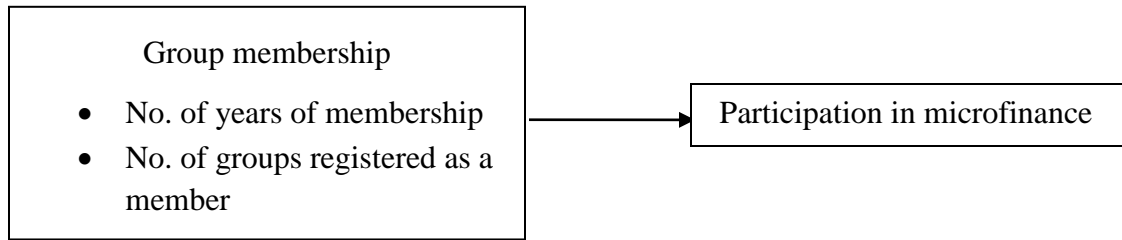
Social capital refers to institutions, relationships, and norms that shape the quality and quantity of a society's social interactions (World Bank, 2015). Increasing evidence shows that social cohesion is critical for societies to prosper economically and for development to be sustainable. Social capital is not just the sum of the institutions which underpin a society, it is the glue that holds them together (UNIFEM, 2000). There's much debate over the various forms that social capital takes, but one fairly straight forward approach divides it into three main categories. Bonds, these are links to people based on a sense of common identity "people like us" such as family, close friends and people who share our culture or ethnicity. Bridges, these are links that stretch beyond a shared sense of identity, for example to distant friends, colleagues and associates. Linkages, these are links to people or groups further up or lower down the social ladder (Woolcock, 2008).

In this journal it is assumed that social interactions matter in encouraging or discouraging a woman's decision to participate in microfinance activities. Those interactions can, in various measure, create social networks, foster trust, generate values, maintain norms, culture and traditions, and influence economic and social outcomes (Sanyal, 2008). Social capital is important because of its status within communities and, unlike human and physical capital, social capital lies as a latent (embedded) resource waiting to be mobilized and utilized, growing and developing with use (Morris *et al.*, 2006).

4. Conceptual framework

Independent variables

Dependent variable



5. METHODOLOGY

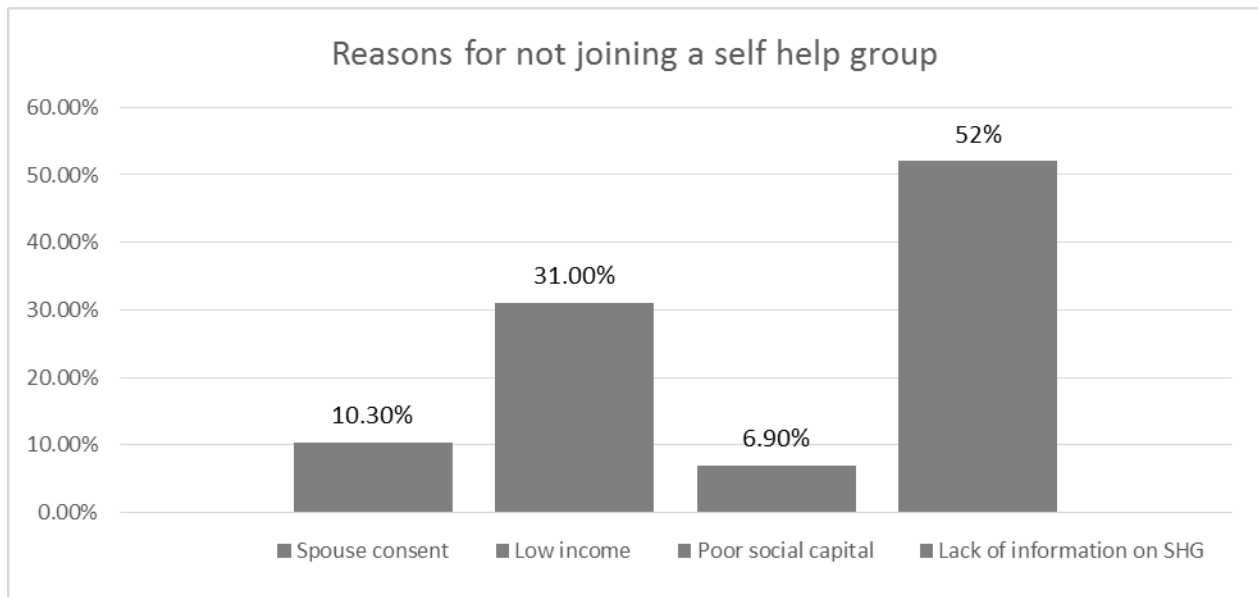
This journal sought analyze group membership as a determinant of women participation in microfinance services in Ruiru constituency, Kiambu County at a particular point in time and hence the use of a cross sectional design to investigate the research problem. A cross sectional design uses different groups of people who differ in the variable of interest but who share other characteristics for example socioeconomic status, educational background or ethnicity (Kothari 2004). The population of interest in this study comprised of women who are members of the Catholic Development Sacco as well as those who are not members of the Sacco. The study had a sample size of 115 (77 CADESA members and 38 control group members) to which questionnaires were administered. After sorting through the questionnaires, 28 of them were found to be incomplete and therefore not valid for the study due to crucial missing data. 87 questionnaires which represents 76 % of the total respondents were complete and valid to be used for the analysis.

6. FINDINGS OF THE STUDY

Effect of group membership on participation in microfinance

The objective of this journal was to analyse the effect of group membership in encouraging or discouraging participation in the Ruiru Catholic Development Sacco. In order to establish this, the researcher sought information about the number of women in self-help groups, reason why some women are not members of self-help groups and checked the correlation between self-help group membership and participation in microfinance.

Figure 1: Group membership data



Majority of respondents are members of a self-help group with a frequency of 57 respondents while 30 respondents are not members of a self-help group. Among the 30 respondents, the primary reason for not joining a self-help group is lack of information at 52%. Followed by low income 31% then spouse consent 10% and finally poor social capital 7%. Khandker (2001) argues that membership in a group increases the chance of joining a microfinance and that information gaps are a major contributor to poor participation in microfinance. It is important to note that many microfinance institutions have taken up training and capacity building as a service in a bid to curb the problems brought up by information gaps.

Table 1: Correlation between being a member of a self-help group and participation in microfinance

VARIABLE	SUB VARIABLE	SIGNIFICANCE LEVEL	R VALUE
Group membership	Member of a Self-help group	.000	.379

This sub variable sought to establish whether participating in groups such as ROSCAs encourage or discourage participation in microfinance. The results above shows that there is a positive correlation at a level of 0.379 between self-help group membership and participation in microfinance. This suggests that a woman in a self-help group is more likely to participate in microfinance compared to a woman who is not a member of a self-help group. (Coleman, 2006)

states that economic elements speak in favor of group-based enterprises. Microfinance institutions prefer group micro lending as opposed to individual lending because in group lending risks associated with information asymmetry are reduced because group borrowers are linked by joint liability. This then gives group members an incentive to monitor each other. (Guttman, 2007) states that there is also reduction in group members' default through peer pressure and social ties. The findings of this study therefore affirm the literature above.

7. SUMMARY OF THE MAJOR FINDINGS

The journal revealed that membership in a self-help group enhanced a woman's decision to participate in microfinance. Most women engaged ROSCAs (rotating savings and credit associations), burial societies, and self-help groups and were very committed to these groups since they helped them to make a significant change in their lives by helping the save, lend, buy assets and generally engage in economic activities could never be started on an individual level. The women also stated that the self-help groups were a legitimate forum for discussing problems and exchanging ideas. (Coleman, 2006) cited that groups provided common financial resources for activities that need a minimum starting capital that exceeds the savings capacity of an individual woman and also negotiated better prices and delivery conditions when buying inputs together by making agreements with large customers that individual female entrepreneur would not be able to deal with. The findings of this study therefore go to add onto the wealthy well of knowledge supporting this aspect.

8. RECOMMENDATIONS

There is need for microfinance institutions to educate women on the advantages of group formation and registration especially self-help groups and the macro and micro benefits of group lending.

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