

**EFFECTS OF VILLAGE SAVINGS AND LOANS ON RURAL WOMEN
LIVELIHOOD OUTCOMES AMONG WOMEN GROUPS IN KISII
COUNTY**

BY

NYAMONGO WYCLIFFE MOCHOGE

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the Award of Masters of Science Finance Degree, School of Business,
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DECLARATION

This research project is my original work and has not been submitted for the award of a Degree in any other university.

Signed:.....

Date:.....

Name: Nyamongo Wycliffe Mochoge

Reg. No: D63/64750/2013

This research project has been submitted for examination with my approval as the university supervisor

Signed:

Date:.....

Dr. Cyrus Iraya

Lecturer - University of Nairobi – School of Business

DEDICATION

This project is dedicated to my loving parents Mr. Isaiah Nyamongo Nyariki and Mrs. Dorca Mandere for their prayers, encouragement and follow up to ensure this course is completed successfully. May God bless you.

To my siblings and friends a big thank you for your endless support in many ways.

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TABLE CONTENTS

DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
TABLE CONTENTS	v
LIST OF TABLES	ix
LIST OF FIGURES	x
LIST OF ABBREVIATION	xi
ABSTRACT	xiii
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the Study	1
1.1.1 Village Savings and Loans.....	3
1.1.2 Livelihood Outcomes.....	5
1.1.3 Village Savings and Loans and Rural Livelihoods.....	6
1.1.4 Women Groups in Kisii County	7
1.2 Research Problem	8
1.3 Objectives of the Study.....	10
1.4 Value of the Study	10
CHAPTER TWO: LITERATURE REVIEW	12
2.1 Introduction.....	12
2.2 Theoretical Review	12
2.2.1 Rational Choice Theory.....	12
2.2.2 The Prospect Theory.....	13

2.2.3 Sustainable Livelihood Approach Theory	14
2.3 Determinants of Women Livelihoods	15
2.3.1 Livelihoods of Women and Education	16
2.3.2 Age and Women`s Livelihoods	17
2.4 Empirical Review.....	18
2.5 Conceptual Framework.....	20
2.6 Chapter Summary	21
CHAPTER THREE: RESEARCH METHODOLOGY	22
3.1 Introduction.....	22
3.2 Research Design.....	22
3.3 Study Population.....	22
3.4 Sample and sampling design.....	23
3.5 Data collection techniques	23
3.6 Data analysis	24
CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION	25
4.1 Introduction.....	25
4.2. Response Rate	25
4.3 General Information.....	26
4.3.1 Age of VSL Group Members.....	26
4.3.2 Education level.....	27
4.3.3 Duration of Membership of Village Savings Group.....	28
4.4 Saving with VSL Group.....	29
4.4.1 Whether Members Were Saving with VSL Groups	29
4.4.2 Savings per Month	30
4.4.3 Income per Month.....	30

4.4.4 Confidence in Saving with VSL Group	31
4.4.5 Whether Saving with VSL Group Contribute to Improvement of Livelihood	32
4.4.6 Distance to the Nearest Banking Institution	33
4.4.7 Training on Saving With VSL Group	33
4.4.8 Knowledge to Access Financial Services	34
4.4.9 Benefits of Saving with VSL Group	35
4.5 Loans Given By Village Savings	36
4.5.1 Whether VSL Group Give Loans to Its Members	36
4.5.2 VSL Loans Services.....	37
4.6 Livelihood Outcomes.....	38
4.6.1 VSL Group and Livelihood Outcomes	38
4.6.2 VSL Group and Ownership of Physical Assets	38
4.6.3 VSL Group and Social Capital	40
4.6.4 VSL Group and Human Capital.....	41
4.7 The Effect of VSL Groups on Rural Women Livelihoods Outcomes	41
4.7.1 Model Determination/Summary	41
4.7.2 ANOVA Test	42
4.7.3 Coefficient Estimates.....	43
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS ..	45
5.1 Introduction.....	45
5.2 Summary of the Key Findings	45
5.3 Conclusion	47
5.4 Recommendation of the Study.....	48
5.5 Suggestion for Further Research.....	48
REFERENCES	49

APPENDICES	53
APPENDIX I: LETTER OF INTRODUCTION	53
APPENDIX II: QUESTIONNAIRE.....	54

LIST OF TABLES

Table 4.1 Age of the VSL Group Members.....	26
Table 4.2 Whether Members Were Saving with VSL Groups	29
Table 4.3 Savings per Month.....	30
Table 4.4 Income per Month.....	31
Table 4.5 Confidence in Saving with VSL Group.....	31
Table 4.6 Distance to the Nearest Banking Institution	33
Table 4.7 Training on Saving With VSL Group.....	34
Table 4.8 Benefits of Saving with VSL Group.....	35
Table 4.9 Whether VSL Group Give Loans to Its Members	36
Table 4.10 VSL Loans Services.....	37
Table 4.11 VSL Group and Livelihood Outcomes	38
Table 4.12 VSL Group and Ownership of Physical Assets	39
Table 4.13 VSL Group and Social Capital	40
Table 4.14 VSL Group and Human Capital.....	41
Table 4.15 Model Summary	42
Table 4.16 ANOVA Test	42
Table 4.17 Coefficients.....	43

LIST OF FIGURES

Figure 2.1 Sustainable Livelihood Approach Framework	15
Figure 2.2 Conceptual Framework	21
Figure 4.1 Percentage Respondents' Rate	25
Figure 4.2 Education level	27
Figure 4.3 Duration of Membership of Village Savings Group	28
Figure 4.4 Whether Saving with VSL Group Contribute to Improvement of Livelihood	32
Figure 4.5 Knowledge to Access Financial Services.....	34

LIST OF ABBREVIATION

BRAC	- Bangladesh Rural Advanced Committee
CMLF	- Community-Managed Loan Fund
FINCA	- Foundation for International Community Assistance
FINCA	- Foundation for International Community Assistance
MFIs	- Microfinance Institutions
NGOs	- Non-Governmental Organisations
PRIDE	- Promotion of Rural Initiative and Development Enterprises
PT	- Prospect Theory
RCT	- Rational Choice Theory
SACCOs	- Savings and Cooperative Societies
SES	- Socio-Economic Status
SII	- Strategic Impact Inquiry
SLAT	- Sustainable Livelihood Approach Theory
SPSS	- Statistical Package for Social Package
UN	- United Nations

UNFPA - United Nations Population Fund

VSL - Village savings and loan

WHO - World Health Organization

ABSTRACT

Over the past decades, rural households in Kenya have been involved in the activities of informal savings schemes that raise capital from internal accruals and members who are shareholders control management of those. Despite women participation in village savings in Kisii County, their incomes are still very low and in general, the households or individuals are still having very poor standards of living. This research focused on the effects of village savings and loans on rural women livelihoods outcomes among women groups in Kisii County. The research followed descriptive research. Registered women groups involved in village savings activities within Kisii County were the population interest and relied on a sample size 100 respondents. The instrument employed in data analysis was a questionnaire. The study used both descriptive and inferential methods in analyzing the primary data collected from women group operating in Kisii County. The findings of the study revealed that the members who save with village savings and loans group members, increase their likelihood of improving their livelihood outcomes. Getting loans from village savings and loan groups was found to have a negative influence, on the members' ability to improve their livelihoods. An increase in the chances of members not getting loans from the groups was found to decrease the probability of that member to improve his/her livelihood. This study recommends that village savings and loan groups should follow Professor Muhammad Yunus pro-poor model in their operations and that they should be motivated by improvement of their members and not profits.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

For a long period, fighting poverty has been one of the major agenda of developing agencies including government, Non-Governmental Organisations (NGOs) as well as financial institutions in Kenya in order to improve the welfare of the people. As a result, availability and accessibility to reasonable financial services is significant in economically empowering the low income-earners especially women (Kesanta & Andre, 2015). In many cases, commercial banks and microfinance institutions (MFIs) are the main organizations that are used to provide financial services. Empowering women has been one of the principal topics of discussion in the effort to fight for gender parity in economic development (Kapitsa, 2008). Nevertheless, there is a scarcity of proof in studies on the influence of economically empowered women in third-world countries (Brannen, 2010). Women are most active participants in the perception of village savings therefore, there is a need to examine their participation in savings and how this affects their livelihoods especially in rural economy.

World Bank (2007) observed that below fifty percent of households in third world countries were able to get financial services provided by formal institutions, compared to over 70% in developed economies. Internationally, from the 193.6 million families which are categorized as poor worldwide, 47.8% were found to in the range of reaching the formal financial institutions' services. For instance, Jan & Maes (2012) observed that 3,652 MFIs were estimated to have over 205 million clients as at December 31, 2010. Out of this figure, over 137 million were found to be below the poverty line upon

acquiring a loan for the first time where 82.3 per cent were women. Beside microcredit services being offered to low class countries, it is as well found in the powerful states like USA, it was estimated that 37 million representing 12.6% tend to operate beneath the poverty line (United Nations (UN), 2005).

In this viewpoint, low-income earners have not registered much support from MFIs and banks due to high cost of their services. Low income-earners are barely able to meet minimum banking standards set by formal financial institutions in terms of bank charges interest rate as well as minimum balance. Furthermore, the low income earners especially women lack assets or property which can serve as collateral for loans (United Nations Population Fund (UNFPA), 2011). For that reason, the deprived people tend to formulate personal mechanisms through the use of groups which are formed locally and are self-made or associations, unregistered as well as self – controlled so as to attain their financial service demands in order to upscale their standards of living. Nevertheless, the contribution of these schemes to the improvement of the socio-economic state of poor people, is a subject that requires scientific investigations (Odokonyero, 2012).

Village savings and loan (VSL) schemes have continued to act a key function in covering up financial service gap which pose the risk of high cost of services provided by the formal financial institutions. VSL schemes offer affordable services to finance which are customized in order to meet the requirement of the poor, inclusive of the rural women (Sarumathi & Mohan, 2011). Therefore, Ghadoliya (2000) and Oxaal and Baden (1997) noted that VSL schemes have a duty in the empowerment of women economically through promotion of appropriate conditions that allow women to improve their households and livelihoods, as well as making viable decisions in the regional, national

as well as community levels. Mostly, these services are drawn towards the poor communities in the rural areas so as to uplift their standards of living.

Kisii County accommodates various cooperative societies. Some of these include Multipurpose, saving and credit, Soapstone mining, Coffee growers as well as Tea grower's co-operative societies. The county has approximately 1000 women groups who deal in tree nurseries, rearing of poultry, grade cows rearing, merry go round, sports activities, etcetera. For that reason, there rises a need to connect them to international NGOs and financial institutions for sponsorship to necessitate them develop and become independent as the tokens they receive from the youth and women enterprise funds might not be sufficient given the large number of these kinds of groups (Kisii County Government, 2013).

1.1.1 Village Savings and Loans

According to Jain (1996) village savings can be referred to as community based organizations (CBOs) which links members together in order to save funds which eventually can allow them to borrow. Short-term borrowings that normally range from 1 – 3 months is given to members from VSL from which they are required to pay back with repaid with interest. VSL can be bound by time, meaning that after end of given time frame (typically yearly) the borrowed funds is divided among members of group, for their personal use. Allen (2006) and Anyango *et al.* (2006), noted that a VSL framework is based on group system portrayed through financial services savings without including borrowings from outside; self-controlled; transparency and simple procedures; flexibility

in terms of loan sizes; earnings retention in the group low group as well as management costs met through group earnings.

The primary focus of the concept of VSL is based on asset building, provision of credit and savings in line to the requirements and capacity of repayment. Well-developed village savings help individuals to improve their incomes, broaden investment opportunities, thus, reducing poverty as well as lowering income inequality between women and men (Claessens & kranz, 2001). Through small loans advanced at low interest rates, VSL schemes play an important role in empowering women, who in most cases lack alternative source of income (Karlan, 2007). Experts view VSL schemes as the one glimmer of hope for the poor, a critical way out of poverty and a means to the empowerment of low income-earners, especially women (Sachs, 2005). The founder of the New York-based organization – Women’s World Banking, Michaela Walsh, pointed out that VSL schemes are critical in creating business, which in turn, creates job opportunities in developing economies (Wright, 2000).

The small loans advanced to women through village savings, enable them to employ themselves which also contributes to the improvement of the situation for the entire household. This can as well affect social status of women positively through promotion of confidence as well as expansion of their capability participate greatly in the society (Sulaiman, Ghazala, Syed, Hussain & Saba, 2012). Village savings also help to solve the problem of information asymmetries since the group as a whole is dependent of each other`s actions. Members, who are seen as untrustworthy and therefore risky, are excluded from the group, peer pressure within the group functions as an incentive to repay in time (Islam, 2007).

1.1.2 Livelihood Outcomes

According to Carney (2002) livelihood is a group of potential, activities or assets with provision of the ability of individuals to acquire primary wants, in order to sustain their living standards. Livelihood creation is a reflection that aims at fulfilling experiential as well as material requirements. Chambers (1997) stated that livelihood security is the securing of rights and constant accessibility to basic services, income as well as resources. This can involve assets which are intangible and tangible in off-setting risks as well as easing shocks and meeting contingencies. Such shocks would include physical impairment, catastrophe or change in weather patterns (Kumar, 2009).

Sulaiman *et al* (2012) contributed by saying that livelihood is not only viewed from owning shelter, money transaction or exchange in the market or even having food on the table but also deals with the circulation of information as well as ownership, relationship management, and personal significance affirmation to identity of a particular group as well as how all these interrelate with each other. On other hand, Ranjula & Adel (2008) argued that livelihood is geared towards the holistic components of the human person and it comprises of the assets (both natural and social), activities required for a means of living. Sanderson (2000) observed that livelihood is meant to describe how people acquire 'assets', and how they spend them, the challenges they go through in the process of getting them, as well as determining who controls the resources on which assets are based.

In this study livelihood outcome indicates the results which will be achieved from the services rendered by the village savings in Kisii County which include such things as

ability to pay school fees and medical bills, affordability of a vehicle, ability to build a permanent house, access to electricity, improved farming methods, access to piped water, access to a business enterprise among other outcomes. This study focuses on how village savings in Kisii County has impacted on the women rural livelihood and it will embrace a Sustainable Livelihood Approach that will only focus on the livelihood outcomes of female members of village savings in Kisii County.

1.1.3 Village Savings and Loans and Rural Livelihoods

The Foundation for International Community Assistance (FINCA) was the pioneers of the concept of village savings which is nonprofit organization with specialty in rural credit found in U.S. and was the most practiced kind of Community-Managed Loan Fund (CMLF) (Waterfield & Duval, 1996). Since then, village banking has been adopted by NGOs and social groups in many part of the world and has been successfully reached poor setups of rural occupants. Although village saving is usually facilitated via grants given by a lending institution; member savings, share capital and accumulated interests replaces external funding in the long run (Scoones, 2009). Savings mobilization is a major element of this method than it is in the Grameen and Latin American Solidarity Group models. For members to qualify for a loan, they are required to have saving with village bank and to also keep on saving with it during the entire loan cycle (Yunus, 1998) so as sustain livelihood strategies in case of emergencies. A noted criticism of the village banking model however is the rarity of reaching self sufficiency since demand for credit rapidly expand as compared to their capacity to marshal savings (Robinson, 2001).

A global research carried out by the world bank found that by the end of 2006, about 133 million people were involved in VSL activities and had benefitted from small loans from such schemes. About 60% of VSL beneficiaries were women earning less than a dollar a day (World Bank, 2007). Women form approximately 83% of the reported clients of VSL projects. The study observed that the strength of VSL schemes was founded on women`s proper utilization of funds, financial discipline and timely repayment of loans. Consequently, investing in women had proven to be the most effective way to increase household expenditure on health, nutrition, food, security, education and protection against emergencies (Robinson, 2004).

Khandker (2003) observed that among the earliest VSL beneficiaries, poverty rates decreased by more than 20 percent, over half of which was attributed to VSL loans. Women involved in VSL schemes were three times more likely to purchase land on their own than those not involved in such schemes. Because of the remnant non-beneficiaries impact on VSL schemes, the study concluded that VSL directly accounted for 40% in reduction of poverty in rural Bangladesh.

1.1.4 Women Groups in Kisii County

Kisii County accommodates various Savings and Credit Cooperative Societies (SACCOs), youth groups, women groups as well as self help groups. Some of these include Multipurpose, saving and credit, Soapstone mining, Coffee growers as well as Tea grower`s co-operative societies. They are evenly located major towns found in the county namely Suneka, Kisii, Nyamache, Nyamarambe, Marani and Ogembo town. The cooperative societies which are active in the county are 80 with a total of 59,715 members. The estimation of these groups include: 1200 youth groups, 1000 women

Groups as well as 450 Self Help groups in Kisii County that deal with tree nurseries, rearing of chicken, grade cows rearing, merry go round, sports activities, etcetera. For that reason, there rises a need to connect them to international NGOs and financial institutions for sponsorship to necessitate them develop and become independent as the tokens they receive from the youth and women enterprise funds might not be sufficient given the large number of these kinds of groups (Kisii County Government, 2013).

1.2 Research Problem

Over the past decades, rural households in Kenya have been involved in the activities of informal savings schemes that raise capital from internal accruals and members who are shareholders control management of those. Through village saving activities, group funds from savings accruals remain with groups to be used as sources of credit for members with intention of increasing their potential to investment so as to achieve great performance which can empower them economically (Sagwe, 2011).

Despite household participation in Kisii County, their incomes are still very low and in general, the households or individuals are still having very poor standards of living (PDRP, 2007). Access to financial services for low income earners remains lower in developing counties than in developed ones. VSL schemes are crucial for women empowerment, especially in the countries which are still developing. The provision of services given by formal financial institutions remains beyond the reach of the poor (Chandrasekhar, 2004; and World Bank, 2007).

Evidence of village savings being a beneficial tool for women empowerment have been shown in various studies undertaken. Todd (2000) noted a positive correlation between

access to VSL funds by women and child nutrition, maternal and child health, children's enrolment in school and women's participation in decision-making. Barnes (2001) found a positive linkage between membership to VSL schemes and borrower's household income, property ownership, children's education and health. In another study, Khandker (2003) found that among the earliest VSL beneficiaries, poverty rates decreased by more than 20 percent, over half of which was attributed to VSL loans. Women involved in VSL schemes were three times more likely to purchase land on their own than those not involved in such schemes. Due to the spillover effect of this impact on non-beneficiaries of VSL schemes, the study concluded that VSL directly accounted for 40% in reduction of poverty in rural Bangladesh.

Furthermore, study by SIDA (2004) shows a positive correlation between VSL and improvement livelihood of the poor and disadvantaged people particularly, women, and ethnic victims, cultural discrimination as well as indigenous people. This is because of accessibility to financial services, like money transfers, savings, insurance, and credit attributed to expansion of choices of the low income earners in order to improve the capacity of responding to chances. Other studies have questioned these positive findings. In his study, Kerr (2002) argued that small borrowings can sometimes contribute to disempowerment of women as the large debts may become a burden. In their study, Anyango *et al.* (2007) failed to establish indicators of empowerment among VSL participants.

Even though VSL initiatives in Kisii County have been operational, whether women in the county have benefited from the VSL is vague or not documented. Similarly, the influence of VSL financial services to better the women's economical standards seems

also to be documented scantily. This has had significant constraints in policy formulation intended to promote the development of VSL schemes. Hence this study examined the influence of village savings on women rural livelihoods in Kenya with focus on Kisii County. Therefore, this study sought to answer the question; what is the influence of village savings on women rural livelihoods in Kisii County?

1.3 Objectives of the Study

The objective of the study was to determine the effects of village savings and loans on rural women livelihoods outcomes among women groups in Kisii County.

1.4 Value of the Study

This study is found to be important as it will be found to be instrumental to informal savings schemes vis-à-vis household income or welfare in general. It will also give additional information based on village savings facilities. It will provide further insights on the kinds of policy issues which can be applied when involving the informal sector for higher contribution to economic growth and development as well as how household income can be improved particularly the women rural livelihoods.

In practice, the study will help women to understand how village savings facilitate their empowerment and be able to take advantages of village savings programs to improve themselves economically, socially as well as politically. The study will be conceptualized on the understanding that economic empowerment of women opens avenues for the achievement of better life at the national, community or household levels. Information generated by the study will encourage investments in VSL initiatives by both government and non-government actors to spur development in rural economies.

Researchers will find the results of the study useful for it will add to the existing body of knowledge on the effects of village savings on women livelihoods and provide a source of reference to their studies. The study also provided the basic information beneficial to researchers, scholars as well as research organizations through identification of research gaps provided in this study.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter provides a summary of theoretical review based on the village savings and women rural livelihood. The chapter also focused on determinants of women rural empowerment, empirical literature review and lastly summary of literature review.

2.2 Theoretical Review

The study is embedded on three theories which are in line with the subject under investigation. The theories in focus are: Rational Choice Theory (RCT), Prospect Theory (PT) and Sustainable Livelihood Approach theory (SLAT).

2.2.1 Rational Choice Theory

The Rational Choice Theory states that individuals tend to be encouraged by their preferences and goals. Activities of individuals are primarily regulated through the information on the situations of which a human being is under in the effort of achieving his/her aims. The application of the same principles used by theories of economy are applicable to RCT which make it easy in understanding communication among resources such as time, prestige among many others. Usually it is not easy satisfy human desire. Goals selection done using an appropriate method in meeting the targets set can be an essential domain RCT. This theory states that, every human being is required to properly understand his/her own choice of goals that should be able to perceive the aftermath of his/her selection.

Efforts to describe all (compliant and deviant) of social occurrence in terms of how self-interested individuals make decisions under the control of their preferences. In this study, the theory will be used to find out whether the village savings operating in Kisii County are treated to same exchange of economy. Women in this county, attempt to gain more profits through the utilization of the available opportunities which eventually lead to minimization of their chances to incur losses. This theory is based on assumptions that individual selections are aimed at optimization of their pleasure or profit; they tend to act with rationality when making selections and that they their behaviours are based on rational calculations.

2.2.2 The Prospect Theory

Amos Tversky and Daniel Kahneman developed Prospect Theory (PT) in 1979. This theory of economics explains how the shareholders can make decisions based on risks. The theory assists people to decide on the right financial choice. Moreover, the theory regards empirical evidence so as to explain the possible gains and losses evaluated by individuals. The Prospect theory explains decisions in two phases namely, editing and evaluation. In the first stage the potential results of the choice is ordered following some likelihood. In the evaluation period of the theory, individuals tend to calculate a digit on the foundation of the possible outputs and their respective likelihoods. Then they make choice on the option, which has a higher usefulness compared to the rest. Scholars connect prospect theory to optimal foraging theory.

This study employed the prospect theory to gauge women who are members of village savings group in Kisii County and their behaviors related to finances, for instance, the

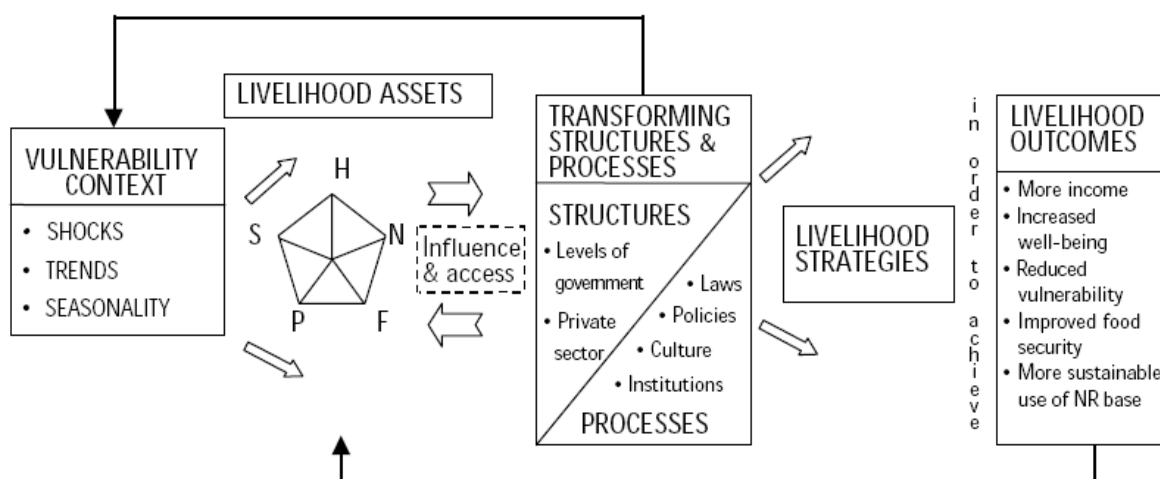
reversing of risk aversion or disposition effect as well as identification of risks in either gains or losses. An essential utilization of prospect theory if properly applied in economic transaction, can directly or indirectly affect the value expected or the existing one. This theory is applicable in different range of economic affairs which tend to be incoherent in line with the standard economic the status quo bias, rationality, the premium puzzle of equity, gambling as well as betting puzzles and effect of endowment.

2.2.3 Sustainable Livelihood Approach Theory

According to Scoones (1998), Sustainable Livelihood Approach theory (SLAT) deals with peoples' weakness and the management of shocks such as change in climate patterns, and prolonged draughts among other shocks; trend such as change of roles on the society as well seasonality as far as accessing of human, physical, financial and social assets is concerned so as to achieve livelihood outcomes, while at the same time paying attention on how those assets are either influenced or influence the transforming structures and the processes to be undertaken for sustainability.

The idea of Sustainable Livelihood (SL) is applicable to women who are members of village savings within Kisii County and therefore will be used to try to go beyond to more approaches to eradication of poverty in the area. The focal point of this theory is on features and processes that either restrains or improves the ability of the poor to get a living in an ecologically, economically, and socially sustainable manner. Consequently, ALAT is a more logical and integrated approach to poverty.

Figure 2.1 Sustainable Livelihood Approach Framework



Source: Ian Scoones (1998)

2.3 Determinants of Women Livelihoods

Frankenberger (1996) generally describes security of household livelihood as sufficient with long term income accessibility as well as resources available to necessitate the households to achieve their basic needs such as accessibility to enough food, health facilities, water, housing, educational opportunities, social integration as well as time for community participation among many others. In different view, livelihood can be defined as an extent to access and manage social resources and material in a family setup (Dixon-Mueller, 1978). Therefore, livelihood can be termed to as a practice that enable one to gain and manage their available resources both in material form and intellectual manner that give them support in building their self-sufficiency that allows them to achieve their rights independently, hence, criticizing the notion of speaking for gender-based discrimination as well as patriarchy (Batliwala, 1995).

2.3.1 Livelihoods of Women and Education

There is assumption which states that attainment of a given educational level can help in empowering of women which tends to increase capacity to earn more money, give them the confidence to tackle challenges which enhance the ability to decisions making in their regard and the community at large. All these things lead women to empowerment. A research carried out by Sridevi (2005) revealed that high education level can translate to an increase in the level of empowerment. According to Parveen (2007), there is potentiality of women empowerment through informal education. She further stated in her research carried out in rural areas of Bangladesh, that education both informal and formal can have positive significant effect on empowerment women. In her argument, she said that social-economical condition of women can be improved through attaining higher education and skill that give them bargaining power to an effective protection of their rights.

Moreover, education is a weapon used to tackle the social as well as cultural norms which are barrier to their well-being. Furuta and Salway (2006) conducted a research which was basing on 2001 National Demographic and Health Survey. They further discovered that there was association which was significant in linking ability of women to make decisions and education. The research was in support of the idea that for women to improve their household position and managed the environment, they should be supported by education. All the above studies prove education to be main tool that helps in realization of benefits improve the livelihoods of women.

2.3.2 Age and Women`s Livelihoods

Awan & Iqbal (2015) state that women empowerment means making women self-dependent, giving them freedom, and their access to the opportunities. Kabeer (2001) noted that livelihood means increasing the ability of people to create strategic selections. Women are get chances of standing up for their rights through long life experience. When their children advance in age and eventually get married, they automatically become mother-in-laws and they gain a status and authority to advise their daughters-in-law. In the course of transition, they are able to face various experiences as well as situations (Mason, 1986). This viewpoint has an indication that as time goes, the less fortunate women improve their livelihood.

Solomon and Addekoya (2006) study conducted in Nigeria revealed that women who are well advanced in age tend to be involved much in making decision of their family as compared to the women who are young. The study carried out by Mostofa et al. (2008) revealed that in Bangladesh women with age of 20 years and below were having weak livelihood as compared to those of age between 40 and 44. The researcher also said that aged women were able to understand and create closer relationships with their husband due to their chances of having more time of communicating to their husband based on a number of issues which come along with increase in age. In their study, Ahmad and Sultan (2004); Elizabeth and Thomas (2001) as well as Jejeebhoy (2000) found that age is one of the most essential factors that determine the livelihood outcome of women. Therefore, this could imply that as one`s age increases, the women put in more effort to improve their well-being and confidence which enables them to adapt to daily undertakings.

2.4 Empirical Review

Allen & Hobane (2004) concluded that, an increase in household productive as well as non-productive of asset was because of majority of them being members of VSL schemes operating in Zimbabwe. Nevertheless, it is not easy to qualify the findings to village savings interventions alone. This study did not comparison group or controls but depended on data recalled in four years period, and this may yield information which is inaccurate, since individuals seem to disregard their status memories after four years. The research conducted on the program of village saving in Malawi, Anyango (2005) found that participation program of VSL had assisted in improvement members livelihoods, which led to poverty alleviation, especially, for women most of are members of these schemes.

When studying the Effects of financial access on savings by low-income people in Bancode, Mexico, Mexico City, Mexico, Aportela (1999), found that expansion of savings programs increased average savings rate, with the poorest households experiencing the greatest increase. The study applied Quasi- experimental design. CARE Tanzania (2006) did study on Village savings and Loans and women's Empowerment Strategic Impact Inquiry (SII) in Tanzania. The study had control group and used a combination of quantitative and qualitative methods. The study found that there was an increase in education expenditure, greater food security and health, increase in self-confidence and role in decision making among members in the VSL schemes.

In his study on the Impact of Group lending in Northeast Thailand, Coleman (1999), evaluated The Rural Friends Association and the Foundation for integrated Agricultural management, Thailand. In his study he concluded that, there is little to no impact on

physical assets, savings, sales and school expenditure. The impacts are vastly over-estimated when using more naïve controls for self-selection bias. In his study he used the Quasi- experimental design. Hashemi, Schuler & Riley (1996), did a study on Rural Credit Programs and Women's Empowerment in Bangladesh. They evaluated the Grameen Bank and Bangladesh Rural Advanced Committee (BRAC). In their study, they employed statistically control for differences in demographic characteristics and a combination of sample survey and case study data. Their conclusion was that, both programs increase likelihood of a female client being empowered by 16 percent. Even women who do not participate in the program are more than twice as likely to be empowered simply by living in program villages.

Todd (2000), in his study, poverty reduced through microfinance; the impact of ASHI in Philippines, discovered that there is a decrease in poverty rates among borrowers, improvement in educational attainment for children of borrowers and improvement in quality of housing. The study used ethnographic approach. It spends two years following a total of 64 households of which 40 were borrowers and 24 comparison households. Barnes (2001) found that there is an increase in income, increase in number of schooling for boys aged 6-16, improvement in both quantity and quality of food consumed and increase in durable assets. The study had control group and used a combination of quantitative and qualitative methods. The Financial Scope (FinScope, 2006) study indicates that 54% of rural Tanzanians do not access formal financial services. This situation brings about an opportunity for the formation and promotion of informal rural financial associations to mitigate the situation; hence, VSLAs among many financial services delivery systems. FinScope (2006) found that only 2% of Tanzanians are

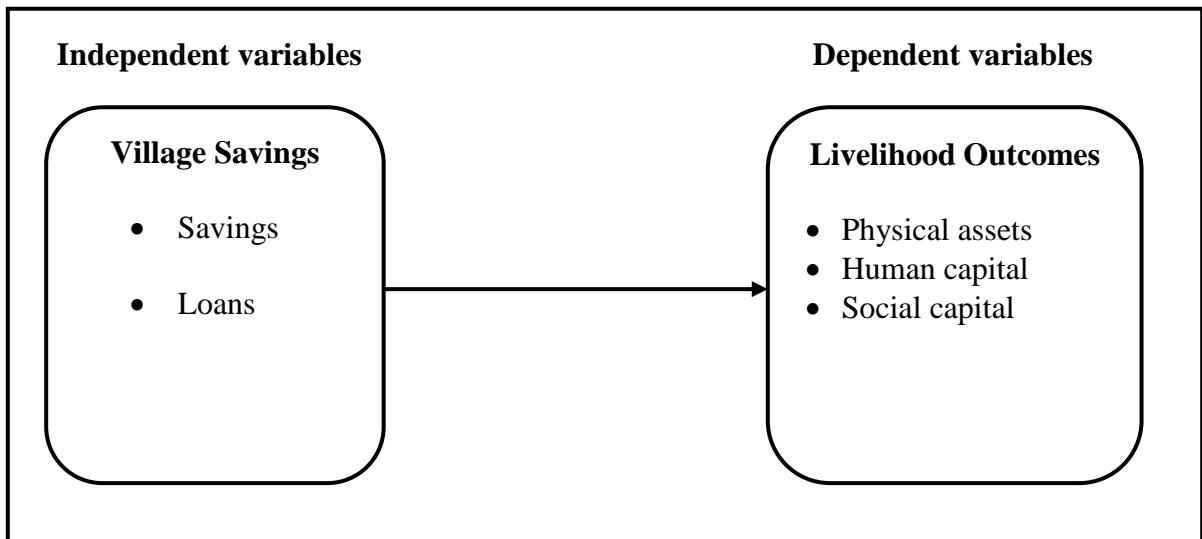
accessing SACCOs' financial services. This situation necessitated a development of an informal sector in rural financial services delivery; hence, MFIs like the Promotion of Rural Initiative and Development Enterprises (PRIDE) and Foundation for International Community Assistance (FINCA) in Tanzania

2.5 Conceptual Framework

Literature tells us that village savings can significantly improve rural livelihoods (Mohanty, Mohapatra and Khuntia, 2013). Informed by the three models namely Prospect Theory which is based decisions made on risks; Rational Choice Theory which states that human beings are prompted by their own goals and preferences; and Sustainable Approach Theory which focuses on the vulnerability of the members in relation to the processes undertaken to aid their request, the study focused on women who are members of village savings in Kisii County and depend on this informal groups to in their efforts to improve their rural livelihoods and eventually the realization of livelihood outcomes.

The illustration indicated in figure 2.2 indicates that services offered by village savings such as frequency of savings, getting a loan from the village savings together with moderating variable namely personal characteristics which include age and education level of a member, can determine the livelihood outcomes of the women in Kisii County. The research will employ these models because they allow exploration into ways which a project or institution directly or indirectly affects peoples livelihood and therefore will focus on the effect of village savings on physical assets, human capital and social capital and how they assist in the transformation of the lives of women in Kisii County.

Figure 2.2 Conceptual Framework



Source: Author, 2016

2.6 Chapter Summary

As it has been explained by Yunus (2007), microfinance is an important vehicle towards improving rural economy and livelihood of rural people. VSL is a microfinance methodology worked in rural areas to ensure financial services access by the rural poor (Kauffman & Riggins, 2012). The purpose of the study is to bring out the importance of village saving schemes in the economic empowerment of women, which is the foundation of economic development of a nation.

Studies on village savings have shown both positive and negative impact on women. Positive impacts have been for instance; increased income and improved status within the family and the community. Negative impacts include; increased workload, indebtedness and vulnerable to domestic violence (Mayoux, 2001).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter focused on the procedure followed in conducting the study. It includes research design, population of study, sample and sampling design, data collection techniques, data analysis procedures and analytical model used in this study.

3.2 Research Design

A research design can be defined as any given arrangement of situations included in data collection and analysis with a key goal of combining research purpose to relevance of the study (Kothari, 2004). It is a road map, or structure of enquiry of the gathering of information, its estimation as well as how its analyzed. The study employed descriptive research as an ideal design. This is because a descriptive design gives the depiction of a subject through profiling (Ndunguru, 2007). A research can create a profile that includes groups of people, list of problems or events. The design is the most commonly used because of its unique aspects which are: data collection and tabulation of frequencies (Creswell, 2009). The study used quantitative approach where the information sourced through this approach will be used for descriptive purpose.

3.3 Study Population

Population is a collection of objects or individuals where the sample for statistical estimation is drawn (Mugenda and Mugenda, 2003). The population of interest consisted of registered women groups who are involved in village savings activities within Kisii County. The county has approximately 1000 women groups who deal in tree nurseries,

rearing of poultry, grade cows rearing, merry go round, sports activities, etcetera (ref. 1.1.4 of chapter 1).

3.4 Sample and sampling design

According to Mugenda and Mugenda (2003) a sample is a smaller group obtained from the target population. A sample is derived or gotten from the total population of study which is eventually used for further analysis. This research used convenient sampling where one member from each women group was interviewed. Convenient sampling technique was chosen because is found to be inexpensive, fast, and easy. Saunders, Lewis & Thornhill (2012) described convenience sampling as a technique which is inexpensive and the choice of subjects matter is done based on accessibility convenience and the researcher's proximity. The study targets 1000 registered groups in Kisii County. The sample size for the women groups in Kisii County was approximately 100 respondents.

3.5 Data collection techniques

Data collection helps to clarify the facts (Kombo and Tromp 2006). This study used primary data which was gotten from the women who are member of groups that are involved in village savings activities in Kisii County. The questionnaire was used as a tool for data collection (see appendix II). This instrument contained open and closed ended. Closed ended questions helped in minimizing time wastage and also kept the data collection process consistent. This kind of questions also made it easy to analyze data. On the other hand open ended questions encouraged respondents to give deeper and more detailed responses. The drop and pick method was employed in administering of the questionnaires to respondents.

3.6 Data analysis

The study used both descriptive and inferential methods in analyzing the primary data collected from the respondents. The statistical package for social package (SPSS) aided in analyses and interpretation of the collected data. The descriptive statistics was presented in form of percentages, graphs, charts and other tabulations. The inferential analysis was done through use of correlation and regression statistics. The regression model presented in the equation below was used:

$$Y = \alpha + \beta_1 FS_1 + \beta_2 L_2 + \varepsilon$$

Where;

Y = Dependent Variable (Livelihood Outcomes) – measured by section D of Appendix II

α = Constant

FS₁ = Frequency of Savings – measured by section B of Appendix II

L₂ = Loans Given to Group Members - measured by section C of Appendix II

β_1 and β_2 = Coefficients of Regression

ε = Error term

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

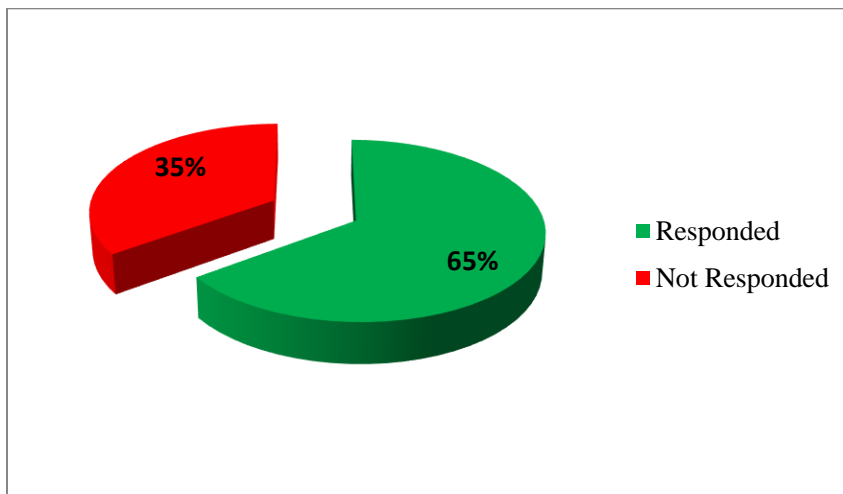
4.1 Introduction

This chapter narrates the highlights of the study findings of the data analyzed. The data analysis method mentioned in chapter three was followed in this chapter. The outputs are outlined in the order of response rate, descriptive analysis and inferential analysis.

4.2. Response Rate

The study intended to gather information from 100 respondents gotten from women groups operating in Kisii County. The study managed to get data from 65 respondents only while the other 35 did not bring back their questionnaire. Those who responded were represented by 65 percent and those who did not respond were represented by 35% of the total sample size. These results are as given in figure 4.1.

Figure 4.1 Percentage Respondents' Rate



Source: Author, 2016

The rate of response reported by this research was found to be adequate to facilitate the analysis and coming up with reports of the findings together with generating conclusions. This rate was concurred to Mugenda & Mugenda (2003) assertion that a response rate of 60 percent is fit for analysis and reporting.

4.3 General Information

4.3.1 Age of VSL Group Members

The study requested to determine the age of the respondents and the results of the study findings are as indicated in table 4.1.

Table 4.1 Age of the VSL Group Members

Age in Years	Frequency	Percent (%)
18-24	4	6.2
25-30	17	26.2
31-35	14	21.5
41-45	17	26.2
46-50	8	12.3
Above 50	4	6.2
Total	64	100

Source: Author, 2016

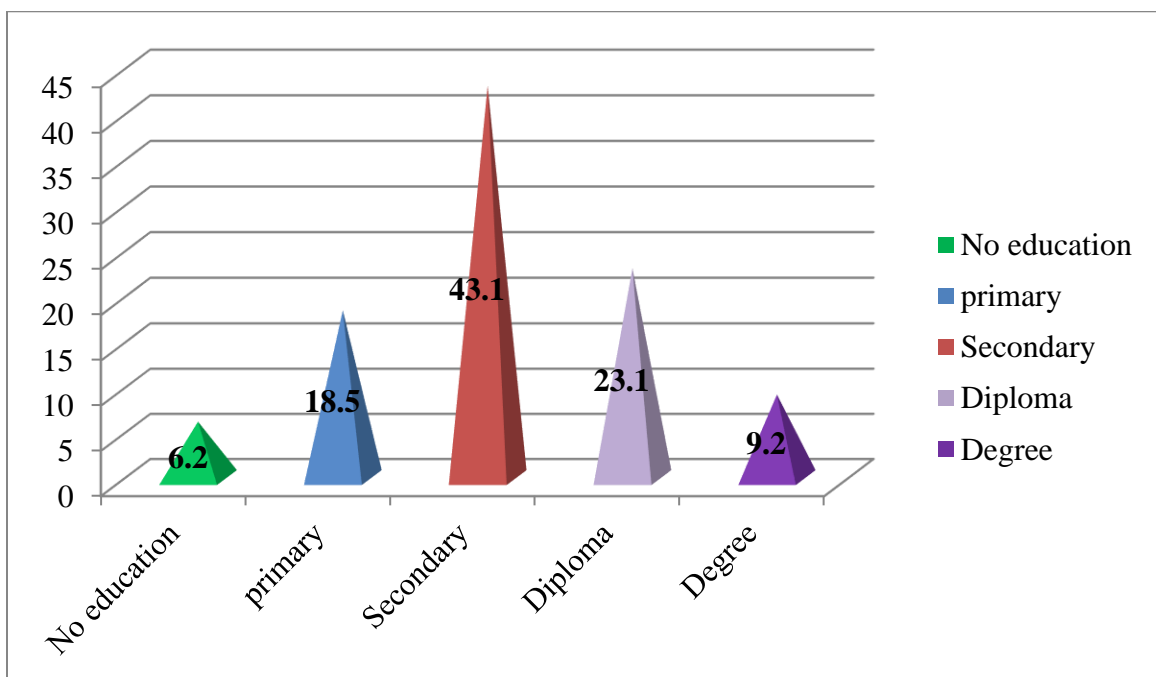
The study established that most of the respondents ranged between the age bracket of 25 to 30 years and 41 to 45 years with each being represented by 26.2 percent. Those were in the age group of between 31 and 35 years had a representation of 21.5 percent. 12.3

percent of the respondents were in the age bracket ranging from 46 – 50 years. While those in age category of 18 to 24 and above 50 reported 6.2 percent respectively. The findings indicate that membership of VSL groups comprises balanced distribution of age. This revelation is significant for this study as it has disqualified the notion that people have towards women groups that it is thought to be for the aged people and those retired.

4.3.2 Education level

The study established the education level of the respondents and the outcomes are as given in figure 4.2.

Figure 4.2 Education level



Source: Author, 2016

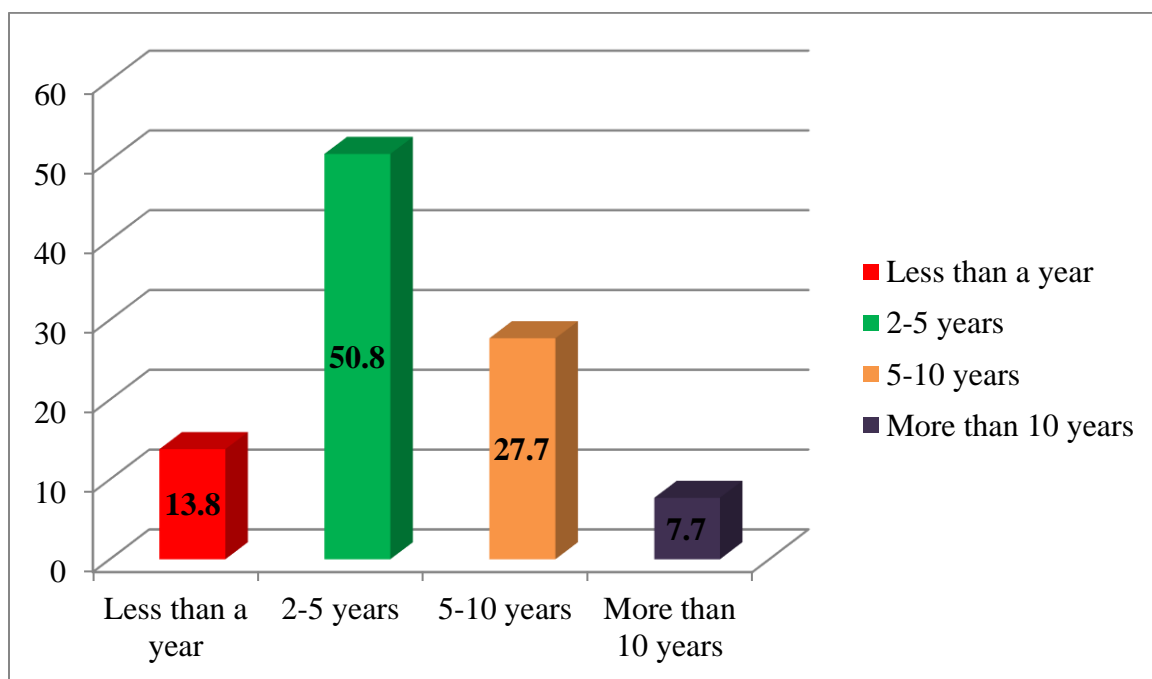
The findings revealed that 43.1 percent of the women group members interviewed had attained secondary education as their highest level of education. 23.1 percent had a high

education of a diploma. Those who had reached at primary level were represented by 18.5 percent. It was further established that 9.2 percent of the women group member operating in Kisii County had achieved degree as their highest education level. However, only 6.2 percent had not attended school education. These results could imply that most of the women group members had basic education level which enabled them to read and write and therefore, were able to handle groups' activities.

4.3.3 Duration of Membership of Village Savings Group

The study asked members to state the duration of which they have been members of their respective VSL groups.

Figure 4.3 Duration of Membership of Village Savings Group



Source: Author, 2016

From the responses given in figure 4.3, it can be presumed that most of the respondents (50.8%) have been group members for a period of 2 to 5 years. 27.7 percent said that their groups membership have lasted for a duration ranging from 5 to 10 years. 13.8 percent were found to have been members of women groups for a period of less than one year. While 7.7 percent indicated that their membership in women groups has lasted for a period of more than 10 years. An indication that women group members in Kisii County, have enough experience in the membership of VSL groups.

4.4 Saving with VSL Group

4.4.1 Whether Members Were Saving with VSL Groups

The study sought to find out whether the respondents were saving with their respective women groups and the findings are as illustrated in table 4.2.

Table 4.2 Whether Members Were Saving with VSL Groups

Response	Frequency	Percent (%)
Yes	52	80.0
No	13	20.0
Total	65	100

Source: Author, 2016

From the results given majority (80%) of the group members investigated confessed that they had savings accounts in their respective groups. On the other hand, 20 percent seemed not to be saving with their women groups. The results indicate that some group

members were only interested in other group activities like merry-go-round but were not able to save with these groups.

4.4.2 Savings per Month

On the inquiry of the amount of which members save per month, the study established that the average amount saved by group members in their VSL groups was Ksh. 3,911.50. The lowest amount saved by members in a month was Ksh. 200.00 and the highest being Ksh. 30,000.00 as shown in table 4.3. This could imply that most women group members have trust in their respective VSL groups and some are able to save in order to secure loans from the groups.

Table 4.3 Savings per Month

Response	N	Minimum	Maximum	Mean	Std. Deviation
Approximately how much do you save per month	52	200.00	30000.00	3911.5385	5752.60057

Source: Author, 2016

4.4.3 Income per Month

The study further sought to establish the income earned by the group members per month and the results are as presented in table 4.4. The average monthly income earned by women group members in Kisii County was discovered to be Ksh. 19,245.45 where the lowest was Ksh. 2,000.00 and the highest figure being Ksh. 90,000.00. This is an indication that women group members in this county are either employed or have other lucrative activities that give them basic income that enable them earn a living.

Table 4.4 Income per Month

Response	N	Minimum	Maximum	Mean	Std. Deviation
What is your income per month	55	2000.00	90000.00	19245.4545	17717.13774

Source: Author, 2016

4.4.4 Confidence in Saving with VSL Group

The research wanted to establish whether the respondents had confidence in saving with VSL groups. The results indicated in table 4.5, demonstrate that overwhelming number (80%) of the respondents had confidence in saving with their respective VSL groups. While the remaining 20 percent seemed not to have confidence in saving with their respective women groups. The group members have shown confidence in their respective groups an indicator that that could lead to increased savings and frequency of getting loans and repayment of the same.

Table 4.5 Confidence in Saving with VSL Group

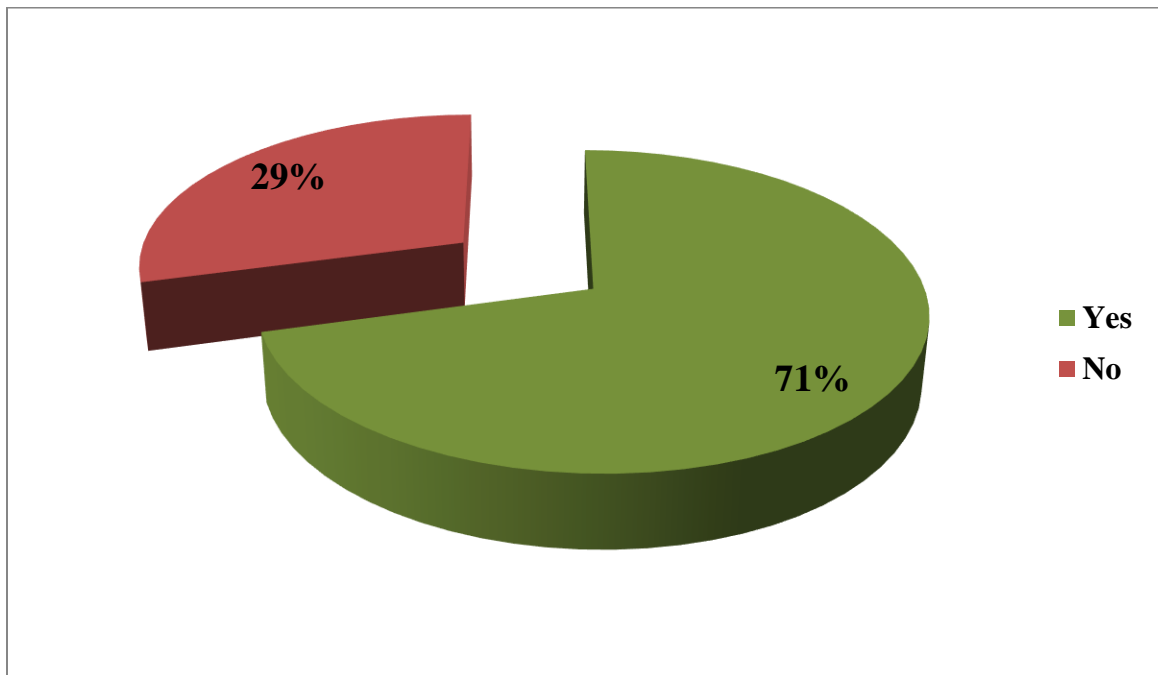
Response	Frequency	Percent (%)
Yes	52	80.0
No	13	20.0
Total	65	100

Source: Author, 2016

4.4.5 Whether Saving with VSL Group Contribute to Improvement of Livelihood

On the question on whether saving with VSL group contributed to improvement of members livelihood, 71 percent of the respondents acknowledged that saving with their groups had enabled them improve their livelihoods. Nevertheless, 29 percent of the group members interviewed felt that they had not realized any improvement in their livelihood through saving with their respective groups as shown in figure 4.4. These results have an implication that to a reasonable degree, saving with VSL groups had contributed to the betterment of members' livelihoods.

Figure 4.4 Whether Saving with VSL Group Contribute to Improvement of Livelihood



Source: Author, 2016

4.4.6 Distance to the Nearest Banking Institution

It was essential for study to find out how far the banking institutions were from the members so as to establish whether it can be a reason for an increase in savings or a barrier. The results on this question are as indicated in table 4.6. The findings provided show that the average distance to the nearest banking institution is 4 kilometers. The minimum distance to the banking institution was one kilometer and the furthest was 20 kilometers.

Table 4.6 Distance to the Nearest Banking Institution

Response	N	Minimum	Maximum	Mean	Std. Deviation
How far is the nearest banking institution	62	1.00	20.00	4.0484	4.31706

Source: Author, 2016

4.4.7 Training on Saving With VSL Group

The respondents were also asked to indicate whether they had received any training on saving with a VSL group. The results given in table 4.7 reveal that 69.2 percent of the respondents who were investigated admitted that they had received trainings on importance of saving with a given VSL group. On contrary, the other 30.8 percent of the members interviewed differed with their colleagues by indicating that they had not received any training on the benefits of having accounts and saving with the nearest VSL group. These results are critical as it divulge one of the reasons as to why some members were not able to save with VSL groups.

Table 4.7 Training on Saving With VSL Group

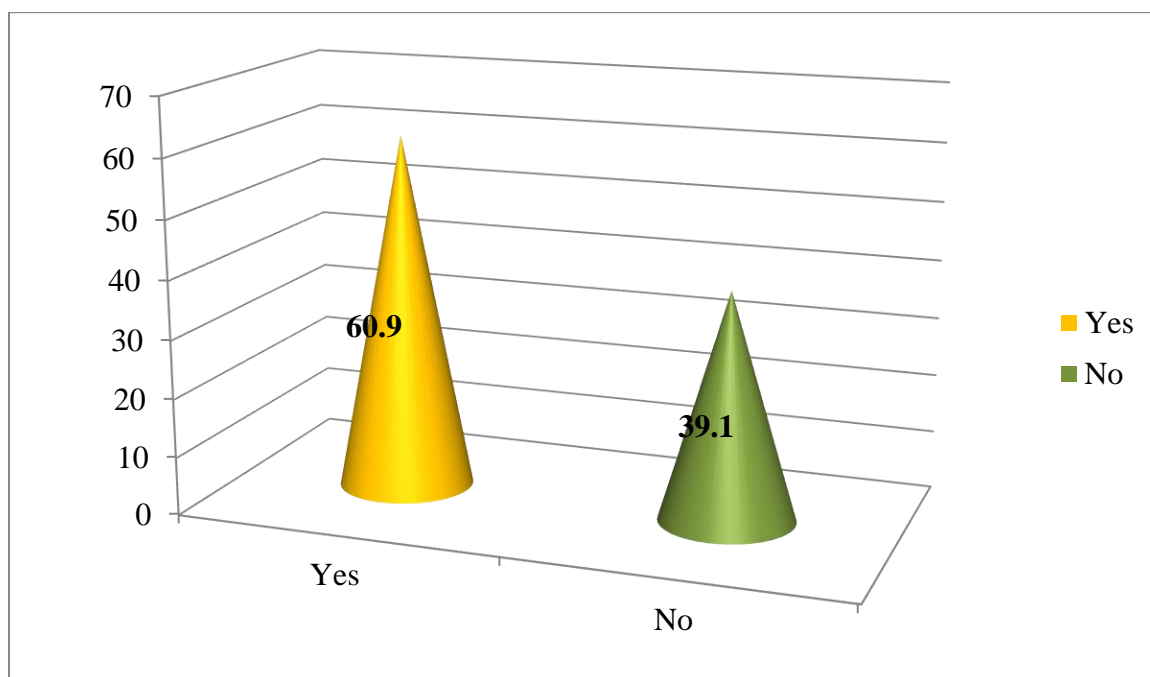
Response	Frequency	Percent (%)
Yes	45	69.2
No	20	30.8
Total	65	100

Source: Author, 2016

4.4.8 Knowledge to Access Financial Services

The results on knowledge of accessibility to financial services are as illustrated in figure 4.5.

Figure 4.5 Knowledge to Access Financial Services



Source: Author, 2016

For those who had received training on saving with VSL groups were required to state whether they applied the knowledge they got from these trainings to enable other members access financial services. 60.9 percent of them indicated that they had educated other members on the ways and importance of accessing financial services while 39.1 percent were not able to convince other members on how to access financial services.

4.4.9 Benefits of Saving with VSL Group

The study sought the opinion of women group members on the extent of benefits gotten from saving with their respective VSL group. This was based on a measure of likert of 1 – 5 where 1 represented very low extent, 2 is low extent, 3 = moderate extent, 4 = large extent, and 5 represented very large extent as displayed in table 4.8.

Table 4.8 Benefits of Saving with VSL Group

Responses	N	Mean	Std. Deviation
Saving with the group enabled me access social capital	65	3.3846	1.39969
Saving with the group enabled me access human capital	65	3.2769	1.29310
Saving with the VSL group enables me access to physical assets	65	3.0923	1.33139

Source: Author, 2016

The findings show that to a moderate extent (Mean = 3.3), saving with the group had enabled members access to social capital. Similarly, saving with the group had enabled women group members to access human capital but to a moderate extent (Mean = 3.2).

On the same note, saving with the VSL group was found to enable group members to own physical assets. This is an indicator that saving with VSL has a possibility of assisting the members to acquire livelihood outcomes. It could also imply that VSL enable members to save from their earnings and not to depend on handouts from their dependents.

4.5 Loans Given By Village Savings

4.5.1 Whether VSL Group Give Loans to Its Members

Members were asked if they were able to get loan services from their respective village savings and loan groups and the output of the findings are given in table 4.9. Majority (86.2%) of the group members, who were interviewed, reported that their respective VSL groups were giving loans to their members. A small margin (13.8%) disqualified the idea that they were able to get loans from the village savings and loan groups.

Table 4.9 Whether VSL Group Give Loans to Its Members

Response	Frequency	Percent (%)
Yes	56	86.2
No	9	13.8
Total	65	100

Source: Author, 2016

4.5.2 VSL Loans Services

The inquiry on loans services given by village savings was done based on likert of 1 – 5 where 1 represented very low extent, 2 is low extent, 3 = moderate extent, 4 = large extent, and 5 represented very large extent as shown in table 4.10. Members seem to have benefited from loans taken from VSL groups as this gave a mean of 4.2. Likewise, the regularity of VSL group giving loans to its members was done to a high extent (Mean = 4.0). The loan taken from VSL group had helped members improve their livelihood just to a moderate extent (Mean = 3.3) and the option of interest rate charged on loans given by VSL being reasonable was to a moderate extent (Mean = 3.1). This indicates that among the loan services offered by VSL groups, it made members to realize some benefits from the loans taken since VSL group were regularly giving out loans to its members.

Table 4.10 VSL Loans Services

Responses	N	Mean	Std. Deviation
Members benefit from loans taken from VSL group	65	4.2154	6.50839
VSL group regularly give loans to its members	65	4.0308	1.19856
The loan taken from VSL group has helped me improve my livelihood	63	3.3016	1.58251
The interest rate charged on loans given by VSL is reasonable	65	3.1692	1.25710

Source: Author, 2016

4.6 Livelihood Outcomes

4.6.1 VSL Group and Livelihood Outcomes

The livelihood outcomes under study were physical assets, social and human capital. Therefore, the study required the respondents to indicate whether their VSL groups had enabled members to realize livelihood outcomes. From table 4.11 great numbers of respondents (80%) acknowledged that VSL group enabled them get access to livelihood outcome. On the opposite, 20 percent of the women group members felt that the groups did not necessitate their accessibility to livelihood outcomes.

Table 4.11 VSL Group and Livelihood Outcomes

Response	Frequency	Percent (%)
Yes	52	80.0
No	13	20.0
Total	65	100

Source: Author, 2016

4.6.2 VSL Group and Ownership of Physical Assets

The research made an inquiry to establish if VSL groups operating in Kisii County had helped their members to own different physical assets and the findings are as indicated in table 4.12. 21.5 percent of the respondents admitted that the groups had enabled them own permanent house while 78.5 percent thought otherwise. 87.7 percent of the respondents agreed that were of the opinion that savings and loans given by VSL groups in the county could not enable them purchase motor vehicle, except for 12.3 percent who

admitted that they were able to purchase motor vehicle either through the savings or loans provided by VSL group.

Table 4.12 VSL Group and Ownership of Physical Assets

Physical Assets	Yes (%)	No (%)	Total
Permanent house	21.5	78.5	100
Motor vehicle	12.3	87.7	100
Land	30.8	69.2	100
Domestic animals	56.9	43.1	100
Television set	46.2	53.8	100

Source: Author, 2016

On the concern of whether members were able to purchase land through savings and loans from VSL group, 69.2 percent felt that their respective village savings groups did not contribute in their purchasing of land while the remaining 30.8 percent felt otherwise. Moreover, 56.9 percent of the members indicated they were able to own domestic animals through savings and loans given by VSL groups. 43.1 percent had not owned livestock through VSL groups. Equally, members were required to indicate whether they were able to own television set through their membership of VSL group, 53.8 denied while 46.2 agreed to the statement. This is an indicator that VSL groups in this county do not have the ability which can enable their group members to build permanent houses, buy motor vehicle, land and television sets, but would only necessitate them to own domestic animals. Therefore, VSL groups are required to encourage their members to

save frequently so as to access loans to enable them build permanent houses, purchase cars, land as well as television sets among many other outcomes.

4.6.3 VSL Group and Social Capital

Table 4.13 shows the ability of the respondents to become a member of a social capital. 60 percent revealed that these groups did not contribute to the church membership while church membership of the remaining 40 percent seems to be motivated by their memberships of VSL groups. Equally, SACCO membership was not dictated by VSL group membership as 59.4 percent reiterated that the groups did not enable them join a given SACCO, but 40.6 felt that these groups played a role in their SACCO membership. Divergently, majority (89.1%) of the respondents were of the view that the VSL groups had made it possible for them to join merry-go-round, apart from a few (10.9%) who felt otherwise. This exposure makes sense since for one to become a member of a particular VSL group; mostly he/she start by becoming a member of a merry-go-round. However, one can join churches and SACCOs even without being a member of any given VSL group.

Table 4.13 VSL Group and Social Capital

Social Capital	Yes (%)	No (%)	Total
Church Membership	40.0	60.0	100
SACCO Membership	40.6	59.4	100
Merry-Go-Round Membership	89.1	10.9	100

Source: Author, 2016

4.6.4 VSL Group and Human Capital

Savings and loans given by VSL groups can improve the livelihood outcomes individuals inform of human capital. The results given in table 4.14 show that 79.7 percent of the respondents were able to foot the medical expenses of their dependants. 20.3 percent of them disagreed to have been assisted by VSL groups to pay medical bill. 78.1 percent of the group members were enabled by VSL groups to pay their school fees and that of their dependants while 21.9 percent said otherwise. Nation building requires healthy and educated society and this could contribute to fight of poverty and diseases, better education and good health services.

Table 4.14 VSL Group and Human Capital

Social Capital	Yes (%)	No (%)	Total
Ability to meet medical expenses	79.7	20.3	100
Ability to pay school fees	78.1	21.9	100

Source: Author, 2016

4.7 The Effect of VSL Groups on Rural Women Livelihoods Outcomes

4.7.1 Model Determination/Summary

The effect of VSL groups on rural women livelihoods outcomes was estimated by use of a regression model. The model relied on R square as the coefficient of determination of the goodness of fit. The findings given in model summary table 4.15 indicate an R² value of 0.312 which means that 31.2% is the variation in the ability to access to livelihood

outcomes which can be explained by the frequency of savings and loans from the VSL groups.

Table 4.15 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.558 ^a	.312	.289	.33984

a. Predictors: (Constant), Savings, Loans

Source: Author, 2016

4.7.2 ANOVA Test

Table 4.16 points out that the independent variables used by this study namely, savings and loans have a significant influence on dependent variable which is livelihood outcomes. This is evidenced by the *P* – value of the *F* - statistics being 0.000, and therefore, meaning that savings and loans altogether have a significant effect on members livelihood outcomes.

Table 4.16 ANOVA Test

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.240	2	1.620	14.026	.000 ^b
	Residual	7.160	62	.115		
	Total	10.400	64			

a. Dependent Variable: Livelihood outcomes

b. Predictors: (Constant), Savings, Loans

Source: Author, 2016

4.7.3 Coefficient Estimates

Table 4.17 provides information on coefficients of the model predictors as used this study. The results show that the VSL group members who save frequently increase their likelihood of improving their livelihood outcomes by 47% ($t = 4.375$) and p – value of 0.000 which implies that frequent saving has a significant effect on livelihood outcomes of VSL group members. Loans gotten from VSL group has an influence although negative, on the members ability to improve their livelihoods. An increase in the chances of a member not getting loans from VSL groups decreases the probability of that member to improve his/her livelihood by 22.6%. ($t = 2.105$) and p – value of 0.039.

Table 4.17 Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.600	.240		2.504	.015
1 Saving with VSL	.782	.179	.470	4.375	.000
Loans from VSL	-.072	.034	-.226	-2.105	.039

a. Dependent Variable: Livelihood outcomes

Source: Author, 2016

The new model of the study was developed as below:

$$LO = 0.600 + 0.470FS - 0.226L + \varepsilon$$

Where LO is Livelihood Outcomes, FS is Frequency of Savings, L is Loans given to group members and ε is the error term.

The findings make a lot of sense because if a member saves he/she will be able to raise enough money which can enable him/her to access physical assets, social capital and human capital. When members save VSL groups they are in a better position of getting a loan from the groups. However, lack of savings can result to one not qualifying for a loan from VSL group since the loans are given based on the amount saved by a member. This becomes a reality because members who save with the groups are able to get more benefits which may lead to improvement of their livelihood.

Regular savings can enable the members with ability of building permanent house, purchasing motor vehicle, procuring land, possessing domestic animals as well as buying television set. To add on that savings and loans from VSL groups gives the members ability to have access to medical bills and payment of school fees, which can in long run improve their livelihood. The group membership also contributes in the changing of the social status of a member.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter strives in giving the summary of the major study findings and concludes on the findings of the study. It further comes up with the study recommendations and also suggests for further study.

5.2 Summary of the Key Findings

The summary of the key study findings are provided with focus on objective of the study which was to determine the effects of village savings and loans on rural women livelihoods outcomes among women groups in Kisii County. 65 percent responded to the study. It was established that most of the respondents were in the age bracket that ranged between 25 to 30 years and 41 to 45 years. The findings revealed the most women group members had attained secondary school certificates and diplomas. Majority of the respondents have been group members of VSL for a period of 2 to 5 years.

Members investigated confessed that they were saving with their respective VSL groups. The study established that the average monthly amount saved by group members was Ksh. 3,911.50, the lowest amount being Ksh. 200.00 and the highest being Ksh. 30,000.00. It was discovered that the average monthly income earned by women group members in Kisii County was Ksh. 19,245.45 where the lowest was Ksh. 2,000.00 and the highest figure being Ksh. 90,000.00. 80% of the respondents had confidence in saving with their respective VSL groups where 71 percent of them acknowledged that saving with their groups had enabled them improve their livelihoods. It was revealed that the average distance to the nearest banking institution was 4 kilometers. 69.2 percent of the

respondents admitted that they had received trainings on importance of saving with a given VSL group.

Majority (86.2%) of the group members reported that their respective VSL groups were giving loans to their members. Members seem to have benefited from loans taken from VSL groups and the loans were given to members regularly. 80% acknowledged that VSL group enabled them get access to livelihood outcome. However, VSL groups in the county could not enable their members build permanent house, purchase motor vehicle, land, and television set, but had made it possible for them to possess livestock, join merry-go-round, foot the medical expenses, and pay their school fees and that of their dependants.

The effect of VSL groups on rural women livelihoods outcomes estimated using regression model provided an R^2 value of 0.312 which means that the frequency of savings and loans from the VSL groups can explain for 31.2% of the variation in the ability to access livelihood outcomes. The P – value of the F - statistics of 0.000 meant that savings and loans altogether have a significant effect on members' livelihood outcomes. The findings further revealed that the VSL group members, who save frequently, increase their likelihood of improving their livelihood outcomes. Loan gotten from VSL group was found to have a negative influence, on the members' ability to improve their livelihoods. An increase in the chances of members not getting loans from VSL groups was found to decrease the probability of that member to improve his/her livelihood.

5.3 Conclusion

The research established that VSL groups have a significant effect on the women rural livelihood outcomes as they are able to lend many of their members with money to build permanent houses, purchase motor vehicle, buy land, medical expenses and pay school fees. For the purpose of sustainability of livelihood of the rural women, village savings and loan groups train their members on benefits of saving and taking loans and this could enhance the growth of this trend.

The study also established that the members were able to take loans in order to meet their medical expenses and education. Some treatments might be a huge burden on the group members as it might require quite a lot of money. Such cost of illness can cause difficulties in repayments of loans taken by members which could also affect their frequency of saving with VSL groups. Therefore, this might cost a member to lose his/her acquired assets in the name of repaying the loans. VSL groups could as well bring in experts who could teach their members on how to control some of these preventable diseases by observing good nutrition, sanitation etcetera. They can further address this concern introducing to their members policies of medical insurance.

VSL groups are advised to play a key role in facilitating members to build permanent houses. Members, who live in decent houses in the village, are likely to attract non-members to join financial groups as they will be a reflection of the benefits received from these financial groups. Education is found to be a vital element of development of the nation. For that reason, VSL groups are supposed to play a key role in sensitizing people on importance of education by making funds available to their members to enable them further their education and that of their dependants.

5.4 Recommendation of the Study

This study recommends that VSL groups should follow Professor Muhammad Yunus pro-poor model in their operations and that they should be motivated by improvement of their members and not profits. Many of the VSL groups seem to have found business opportunities in the rural areas especially on loans. This would not go well with the struggling people in the rural economy.

5.5 Suggestion for Further Research

The study focused on effects of village savings and loans on rural women livelihoods outcomes among women groups in Kisii County. It is suggested that the same research be done in a different scope and on different unit of analysis other than rural women to try and find out the diverse opinions on the topic of village savings.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

Dear Respondent,

As part of the requirements for the award of Master of Science - Finance of The University of Nairobi, the researcher is administering this questionnaire to collect data on the topic **“Effects of Village Savings and Loans on Rural Women Livelihoods Outcomes among Women Groups in Kisii County”**. The researcher has purposely selected you to participate in this study because you perform a role of staff. Result of this study will confidentially be treated and only used for research purposes.

Your participation is voluntarily, and needed your name may not be required. Please tick the appropriate box or space that best represents your feelings.

Thank you

Nyamongo Wycliffe Mochoge

APPENDIX II: QUESTIONNAIRE

INSTRUCTION: Please answer all the questions honestly and exhaustively by putting a tick (✓) or numbers in the appropriate box that closely matches your view or alternatively writing in the spaces provided where necessary.

NB: This information will be treated with utmost discretion and will be used strictly for academic purposes only.

Section A: General Information

1. Date of Interview

2. Name of VSL group (optional)

3. Age of respondent

18 – 24 25 – 30 31 – 35 36 – 40

41 – 45 46 – 50 Above 50 years

4. Education level

No Education Primary Secondary

Diploma Degree

5. For how long have you been a member of village savings group?

Less than a year

2 – 5years

5-10 years

More than 10 years

Section B: Saving with VSL

6. Do you save with village savings group?

Yes [] No []

7. Approximately how much do you save per month? (Ksh.)

8. What is your average income per month in Ksh.

9. Do you have confidence saving with this group?

Yes [] No []

10. Has your savings with VSL group enabled you improve your livelihoods?

Yes [] No []

11. If yes, how?

12. How far is the nearest banking institution?km

13. Have you received any training on saving with VSL group?

Yes [] No []

14. If Yes, Do you use the knowledge received to enable other members to access financial services?

Yes [] No []

15. Based on the likert scale of 1 – 5 where (1 = Very low extent, 2 = Low extent, 3 = Moderate extent, 4 = Large extent and 5 = Very large extent), explain to what extent do you agree with the following statements.

Saving with VSL	(1)	(2)	(3)	(4)	(5)
a. Saving with the group enabled me access to physical assets					
b. Saving with the group enabled me access to human capital					
c. Saving with the group enabled me access social capital					

Section C: Loans Given by Village Savings

16. Does your VSL group give out loans to its members?

Yes [] No []

17. To what extent do you agree with the following statements on village loans?

Answer based on the likert scale of 1 – 5 (1 = Very low extent, 2 = Low extent, 3 = Moderate extent, 4 = Large extent and 5 = Very large extent)

Village Loans	(1)	(2)	(3)	(4)	(5)
VSL groups regularly give loan to its member					
Members benefit from the loan taken from VSL groups					
The interests rate charged on loans given by VSL is reasonable					
The loan taken from VSL group has helped me improve my livelihood					

Section D: Livelihood Outcomes

1. Has VSL group enabled you to access to livelihood outcomes?

Yes [] No []

2. Indicate whether VSL group have helped you to own the following items.

Physical assets	[Yes]	[No]
a. Permanent house	[]	[]
b. Motor vehicle	[]	[]
c. Land	[]	[]
d. Domestic animals	[]	[]
e. Television Set	[]	[]
f. If any other, please specify _____		

Social Capital	[Yes]	[No]
a. Church membership	[]	[]
b. SACCO membership	[]	[]
c. Merry-go-round membership	[]	[]

Human capital

a. Ability to meet medical expenses	[]	[]
b. Affordability of education	[]	[]

END – THANK YOU