

Factors Influencing Participation of Women in Savings Groups and Small and Medium Enterprises: A Survey of West Pokot County

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Abstract

The purpose of the study was to analyse factors influencing participation of women in Savings groups and in small and medium enterprises in West Pokot County in Kenya. The objectives of the study To determine the effects of social cultural issues on women participation in Savings Groups (SGs) and in Small and medium enterprise in West Pokot County. The research study adopted a descriptive research design. The study targeted 4000 members of 20 Savings groups, 20 from Kapenguriadivision and 20 from Chepararia division of West Pokot County. The sample size was determined using Cochran (1963:75) formula and regression model used to determine the significance of the variables. The study adopted a descriptive survey method with target four thousand members of savings groups in two sub-counties:Chepareria and Kapenguria of West Pokot. A sample size of 400 was drawn from 20 Groups in Kapenguria Sub County and 20 in Chepararia Sub-county, together with 3 officers who support groups and know them very well. Questionnaires was administered to key informant and the interview guidelines administered to the respondents. Both quantitative and qualitative techniques was employed in the study. Multiple regression analysis was used to determine the significant levels. Based on the research findings, socio - cultural factors influences the participation of women in SGs and SMEs in West Pokot County. This may be a reflection of what is happening in other marginalized areas and the result of the research can be able to be used to contribute to what can be done to enhance participation of women in SGs and SMEs to a greater extent development in Kenya.

Keywords: Social Cultural Factors, Entrepreneurship Participation.

1.0 Introduction

According to Westergaard (1986) participation can be defined as a collective effort to increase and exercise control over resources and institution on the part of groups and movements of those hitherto excluded from control. The World Bank (1994) defines participation as a process through which stakeholders influence and share control over development initiatives, and the decisions and resources which affect them. Chowdhury (1996) in his definition of participation, emphasize the need to involve a significant number of persons in situations or actions that enhance their well-being, like, their income, security, or self-esteem. Savings groups are basically associations for accumulating savings and credit. They provide members a secure place to save, the opportunity to borrow in small amounts and on flexible terms, and affordable basic insurance services. SME on the other hand are small and medium enterprises. The most common criterion to distinguish between large and small businesses is the number of employees (Hatten: 2011).

One of the first attempts to provide a definition of SMEs is that of the Bolton Report 1971 (Carter and Jones-Evans: 2006). This report suggests two approaches to the definition: quantitative approach and qualitative approach. Academics, policymakers, international institutions and statistical agencies mainly apply quantitative criteria in defining SMEs. European Commission promotes "the criterion of the number of staff as the main criterion, however, introducing a financial criterion is nonetheless a necessary adjunct in order to grasp the real scale and performance of an enterprise and its position compared. In Kenya for example, small and medium enterprises are classified thus "micro, small and medium enterprises". Maximum number of employees is 1000, Micro Enterprises up to 10 employees Small 10 to 50 Medium and medium 150.

More than 5 million poor people around the world participate in Savings Groups that provide essential services to help manage their daily lives(Allen & Panetta, 2010). In Africa, there are over 1.5 million saving group (SGs) members who participate in various small and medium enterprises. In Mali for example, one of the world's poorest countries, there are 400,000 members participating in SGs where over half of the members are rural village women. Savings Groups are composed of 15 to 25 self-selected individuals who meet regularly and frequently to save; amounts are based on each member's ability to save. Groups then pool the savings to make loans on which they charge a relatively high service fee or interest rate which in turn increases the loan fund. Member's savings and loans are recorded in individual passbooks or one central ledger (some use memory-based systems that require no paper records at all, while most recently some SG members are using smart phones to record all their cash transactions using e-recording application.

In empirical studies of economic development carried out by (Tansel, 2001) consistently showed that there is a positive correlation between the degree of women participation in the economy and economic growth. It's therefore important to study the effects of various factors that influence women participation in savings and economic development. Women are particularly active in the Agricultural sector, food processing, light manufacturing, and service and entertainment enterprises which must be taken care of as they greatly contribute to growth of the economy.

A study by Kauffman foundation (Cohoon and Mitchel, 2010), based on data collected during 2008-2009 from 549 respondents business women about (40 percent of female founders from randomly selected high-tech companies) identified five top factors that influence women to become entrepreneurs. They are, desire to build wealth, wish to capitalize on business ideas, the appeal on startup culture and desire to have their own company rather than working for somebody else. The study also found that there are other factors that are obstacles to women starting a business or small and medium enterprise. These factors include among other things, cultural attitudes that limit women involvement in business and laws prohibiting female ownership of property. Others are lack of capital, lack of information due to membership in social networks that are not as robust as those of men, general inferior education, government policy on various legal issues like land ownership, inheritance, registration of groups and companies all operated as roadblocks to confronting women entrepreneurs.(Cohoon and Mitchel, 2010).

SGS have emerged as the most popular and durable of the community-based models in reaching the poor (Allen & Panetta, 2010) who are mainly women .CARE pioneered the SG model they call Village Savings and Loan Associations (VSLAs) in the 1990s as an adaption of Accumulating Savings and Credit Associations (ASCA). Savings groups have grown in numbers in the world and reach most rural poor communities in the world. According to research done by Aga Khan Development Network SGs are simple transparent cost effective and sustainable means of providing entry level financial services to people who are so poor and are isolated by other formal financial service providers. For this reason many NGO like AGA KHAN, Catholic Relief Services CARE, Oxfam America, and Plan international to mention but few are actively promoting SGs to reach the poorest of the poor who are on average 80% women.In Kenya where the largest number of SGs resides there are over 18,000 SGs promoted by Catholic Relief Services with over 350,000 members using SGs as vehicles of savings.Its worthy to note that South Africa has one of the most developed formal banking sector in Africa compared to other countries in the continent where 63% of the country has access to formal banking as of 2011,(Khumalo,2011) yet surveys has shown that nearly 90% of members that save primarily through ISGs also have a formal savings account(Irving,2005).These members choose to participate in an informal savings groups because the social structure it provides creates benefits that cannot be realized by saving in a any bank.

TheSGs also has insurance fund, kept as a separate fund and contributions are normally the same from each member in entrepreneurial spirit.According to Ponstadt (1998) Entrepreneurship is the dynamic process of creating incremental wealth. This wealth is created by individuals who assume the major risks in terms of equity, time and/or career commitments of providing values for some product or service like insurance.Ponstadt (1998)

Savings groups (SGs) are viable alternatives for the many community people who are unlikely to be served by big formal financial service providers or institutions not only in Kenya but also in other parts of the world. They embrace entrepreneurship and thus get a lot of benefits that enhance their participation in SGs and in small and medium enterprises.Entrepreneurial activities have been recognized as an important element in organizational and economic development, performance and wealth creation. According to World Bank (2007), Fox (2001) and Hisrich (2005) entrepreneurship has many benefits, forexample entrepreneurs are their own bosses, make their own decisions,and choose whom to do business with and what work they will do. The purpose of this study therefore was to examine the factors influencing women participation in saving Groups and in small and medium enterprise in West Pokot County.

2.0 Effects of social cultural issues on participation of women in savings groupsand small and Medium Enterprises

Traditionally, women are associated with the home and hearth and are primarily seen as providers within the confines of the home. They are perceived in many communities as wives mothers or daughters. Young upcoming girls are seen as mother work in progress while boys are men work in progress. The potential roles of wives and mothers keep them away from formal schools or advanced education especially in poor households where parents have to make a choice of either taking a boy to school or a girl as a risk mitigation and security in old age. Social cultural factors affect women not only in economic development but also in their social lives as women, the prevalent stereotype is that women are inferior to men: weak, passive, less intelligent and less capable (Akhon, 1988). Such a value system has suppressed their independent and action to a great extent. This is however is changing in many parts of Kenya where the boy is almost becoming an endangered species because of serious campaign of girl child which have been there since independence. The absence of basic literacy and numeracy on girl child in early age has a direct consequence in old age especially where establishment of

enterprise is concerned. Lack of proper education and training makes huge gaps in women knowledge and skills levels (Howarth, 1990).

According to (Lyer, 1991) as the girl grows up due to the roles given by the community and reaffirmed by the society and various institutions like school, church, marriage etc., the girl becomes a woman and may even develop inferiority complex sacrificing her self-esteem to conform with prescribed role of a dutiful daughter and good mother. Another research on the subject of female entrepreneurship has highlighted women lack of confidence and assertiveness in business (MacColl, 1989). Women are not sure about coming up with a good business idea at times a woman may feel vulnerable and unsure of her start up business idea (Hartshorn, 1992, McColl, 1989). Women participation in business may also be influenced by the roles they play at home they have to grapple with various aspects of role conflict and guilt at not being able to devote sufficient time the home creeps in (Lyer, 1991). Among the social factors affecting women participation in savings groups are close friends in the community, culture, and social involvement.

3.0 Methodology

The study adopted a descriptive survey method with target four thousand members of savings groups in two sub-counties: Chepareria and Kapenguria of West Pokot. A sample size of 400 was drawn from 20 Groups in Kapenguria Sub County and 20 in Chepareria Sub-county, together with 3 officers who support groups and know them very well. Questionnaires was administered to key informant and the interview guidelines administered to the respondents. Both quantitative and qualitative techniques was employed in the study. Multiple regression analysis was used to determine the significant levels.

4.0 Discussion

Table 4.1: Respondents on Social Cultural Factors

Statement	SA	A	N	D	SD
Am too old to participate	156	118	0	0	0
Community needs leaves me with no money to save	69	127	0	78	0
Too many family needs leaves me no money to save	29	49	0	118	78
My culture does not allow women to save	137	87	0	10	40
Women are not supposed to have money of their own	213	43	0	15	3

Where SA- strongly agree, A-Agree, N- Neutral, D-Disagree, SD-Strongly Disagree

In the table 4.1 above, is evident that 156 respondents strongly agreed that they were too old to participate in saving groups or initiatives, while 118 agreed on the same that they were too old participate in saving activities, initiatives, or programs. Essentially all respondents were positive in one way or another that they were too old to participate effectively in Savings and SMEs initiatives because there was no respondent with neutral response, disagree or strongly disagree. On the issue of community needs, 69 respondents strongly agreed, while 127 agreed that community needs left them with money to save. However, 78 respondents disagreed about the same. It could be construed that most of the respondents who were engaged in community practice ended up spending the little money as a way to express their solidarity and loyalty to the community. In terms of family needs, 29 respondents strongly agreed, while 49 agreed that family needs influenced their saving ability. On the other hand, the majority of respondents disagreed (118 disagreed, while 78 strongly disagreed) that family needs influenced their saving capacity. Concisely the majority are not in agreement with this statement because they consider that consumption for the family was high; however, for those whose consumption capacities were high indicated that they support extended families.

The findings are vividly clear that a significant number of respondents (137 and 87 strongly agreed and agreed in that order) agreed that culture did not allow them to save. As that was so, 10 respondents disagreed, while 40 strongly disagreed that culture did not allow them to save. From these two statements, it is clear that respondents were deeply entrenched in cultural practices, which influenced their saving abilities.

In the above table, it is evident that 213 strongly agreed and 43 agreed that women were not allowed to have money of their own. Relative to the aforementioned indicator that stated that women were not allowed to save, the same culture hinders women from saving because of the support the culture has on the menfolk. It is also from the table that 15 respondents disagreed, while 3 respondents strongly disagreed about the same.

4.1 Multiple regression analysis

In table 4.2 below, the value of R, this gives the correlation between the observed and the predicted value if 0.812 and this value also measure the association of correlation. Apart from that it means that the measure of quality of prediction of dependent variable is 0.812; it can be reliable in that proportion. From table 4.13 below, 0.000 gives the value of p or significant statistic, which is less than the level of significance 0.001 adopted by this study.

Table 4.2: Regression model summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.812 ^a	.660	.601	.319

a. Predictors: (Constant), socio-cultural factors, government policies and support, poverty low income levels, training

Table 4. 3: Anova

ANOVA ^b						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4.524	4	1.131	11.147	.000 ^a
	Residual	2.333	23	.101		
	Total	6.857	27			

a. Predictors: (Constant), socio-cultural factors,

b. Dependent Variable: women participation in SG's and SME's

Table 4.4: Coefficients

Model	Coefficients ^a				
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	1.007	.345		2.922	.008
Socio-cultural factors	-.130	.089	-.272	-1.458	.158

a. Predictors: (Constant), socio-factors

The values of β given above, which are negative, meant that the variable is not statistically significant; ideally, it contributes more by influencing the participation of women in SG's and other enterprises. In order to predict the dependent/criterion variable $Y = 1.007 - 0.13X_1$

According to the results obtained from the table 4.4 above, it is evident that there exist a positive correlation between socio-cultural factors and poverty. The rationale behind it is that socio-cultural factors contribute immensely in hindering women the participation in saving groups and initiating income-generating activities hence increasing the poverty levels that makes the same group fail to save.

From table 4.3 above, it is clearly shown that the majority of women or respondents who took part in the study are not well-educated. This can be attributed to the socio-cultural traditions and practices especially those that favor the boy-child as opposed to the girl child. It is true that more than half of the respondents who took part in the study confirmed in table 4.4 that they are members of saving groups; however, the low level of income that is influenced by socio-cultural and other factors makes them to fail to remain with enough money that they can save and engage in meaningful income-generating activities. The result revealed that the majority of respondents save their finances in saving groups and this explains the reason why a significant number do not have bank accounts as shown in table 5 because there is the convenience in saving in SG's as opposed to banks. It should be known that there is no age limit when it comes to saving, the idea of respondents agreeing that they cannot save because they are too old means they are entrenched in outdated socio-cultural practices, norms and traditions that are conservative in nature, which makes them avoid being members of SG's or SME's.

It is from the same reason many respondents confirm that community needs are so many and they make them to fail saving or taking part in income generating activities because of the loyalty they have for their culture. socio-cultural practices or tradition influence the participation of women in SG and SME and therefore, from the analysis the null hypothesis is rejected and the alternative hypothesis that states socio-cultural factors have significant effects to the participation of women in saving groups and SME's is confirmed.

5.0 Conclusion and Recommendations

From the study, it is clear that socio-cultural factors influence women participation in saving groups. Socio-cultural traditions, norms and practices affect the way women save, acquire money and therefore participate in saving groups and SME's. The society does not allow women to save or have money of their own and such an outdated practice influence the ability of women to participate in saving groups or initiate income generating activities. The failure of some women to save or engage in income generating activities is attributed to the fact

that they are old and that they cannot take part in saving initiatives or programs.

Considering the negative impact of socio-cultural practices, norms and traditions hinder women from taking part in saving groups, it is advised that relevant stakeholders in the entrepreneurial sector should conduct training programs to sensitize and educate women so that they can identify their potential, participate in saving groups and SME's. Such training initiatives will also be beneficial considering that the majority of women were not well-educated.

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