

Role of Self Help Groups in Improving Members' Social Economic Condition among Women in Dodoma Municipality

Deodata V. Mtenga

School of Social Sciences, University of Dodoma, School of Social Sciences, P.o.Box 395, Dodoma-Tanzania

Abstract

Self Help Groups (SHGs) are important vehicles through which members organized themselves for mutual benefits in several aspect such as social and economic. Women all over the world and particularly in developing countries find it as a vehicle for poverty reduction. This Study was conducted in Dodoma Municipality and involved 60 Women respondents involved in Self Help Groups. Data was obtained through different method such as Household Survey, focus Group Discussion (FGDs) and Key Informant Interviews. The study found that there are about three types of Self Help Groups in the study area and each serve different functions in solving social and economic condition of poor. Village Community Bank (VICOBA) provide loan to their members on agreed basis while ROSCA is a community revolving fund on which member contribute and share the money on agreed manner. On other hand Neighbor/Ethnic group mostly provide social support in case of social problem such as funeral arrangement, illness and any other agreed festival. In whatever case Self Help Groups have been the important mechanism through which poor find the way to improve their life socially and economically. The study recommends to government to support the groups in term of training and formalization of groups so that they can reap more benefits. Also men should be encouraged to participate in SHGs as they are important vehicle for poverty reduction not only for women but also to men

Keywords: Self help groups, Social, Economic, Women

1. Introduction

Self help groups (SHGs) is a common member based institutions in many countries. They are voluntary organizations normally purely informal that value personal interactions and mutual aid as means of altering or ameliorating problems perceived to be common among the members (Emerlson 2011). The concept of self-help groups gained significance, especially after 1976 when Prof. Mohammed Yunus of Bangladesh began experimenting with micro-credit and women SHGs. Thus Self help groups (SHGs) have been defined differently by differently scholars and researchers. For example Lokeshand Chandrashekar (2009) defined SHGs as a voluntary gathering of persons who share needs or problems that are not being addressed by existing organizations, institutions, or other types of groups. This definition shows that joining SHGs is individual decision and not by force. On other hand (CIRDAP Digest, 2000) defined SHGs as small informal associations created for the purpose of enabling members to reap economic benefit out of mutual help, solidarity and joint responsibility.

1.1 Types of self help groups

The function of a group refers to the primary purpose for which a group is created and thus forms the type of the group. There are several types of Self Help Group exist in developing countries and Tanzania in particular. Financial groups are the most leading Self Help in most developing countries commonly known as Informal Financing Group (IFGs). IFGs represent the various forms of financial transactions, products, and services that individuals agree to participate. in. Informal finance relies on traditional, often unwritten norms, rules and practices. Finance is defined in terms of cash and cash-based accounts. IFGs often transact in non-cash stores of value as part of their operations (fsdt.or.tz).

In Tanzanian communities today, whether in urban or in remote rural areas, there are many IFGs, usually of several different types. These are delivering financial services and some order of financial inclusion to millions of Tanzanian households. The main purpose of IFGs is to overcome market failures with extremely limited resources, relying primarily on local norms of reciprocity and cooperation, the proclivity of humans to consolidate repetitive behaviours and habits, and village authority structures (*ibid*).

Therefore the commonly IFGs operating in Tanzania includes; Rotating Savings and Credit Association (ROSCA) that keep little or no cash between meetings. ROSCAs offer saving and loans products, but these are unfunded, means that the availability of funds relies not on keeping cash available, but on prior commitments made by IFG members. ROSCAs provide a cash hand-out to one member at every meeting, receiving the required funds from the members on the day of the pay-out, based on a pre-agreed commitment (fsdt.or.tz).

Another financial group is Village Savings and Loan Associations (VSLAs) the voluntary groups which save money on a weekly basis and can then borrow against the weekly savings. Forming a 'self organised' financial sector VSLAs can be considered as an improved and semi-formalised version of ROSCAs/ASCAs, which have been long established in Tanzania. Their introduction has been spearheaded by NGOs and churches

(Brown et al. 2015).

VICOBA is another group of IFGs which is the variant of VSLAs. VICOBA and VSLAs adopt similar principles but slightly different methodologies (*ibid*). The acronym VICOBA stands for Village Community Bank which in part reflects its rural origin and financial nature. VICOBA uses the original version of the MMD manual, introduced in 2002 by the NGO SEDIT (Social Economic Development Initiative of Tanzania) in partnership with the WCRP (World Conference on Religion and Peace). However VICOBA originated in Niger whereby CARE international introduced the model known as *Mata Masa Dubara* (MMD), which translates from local dialect (Hausa) of Niger to mean literally a 'women on the move' probably because of high participation of women (Brown et al 2015). In VICOBA and VSLA the management and governance of the associations are in the hands of the members themselves, initially, administered by implementing organisations in terms of capacity building of members and leaders through training, guiding and mentoring (Allen, 2006).

In addition communities also participating in several informal groups which provide moral support in case of emergencies such as funeral and illness also known as Funeral societies. They form usefully large sums of money or in-kind resources to self-insure against death or severe illness of family members (fsdt.or.tz).

1.2 Importance of Self Help Group

Self Help Groups came about after the disruption of traditional society due to mobility and social changes whereby then family and friends provided social support (Ahmad, 2012) In modern Industrial Society however family and community ties are not so strong in providing community support hence people choose to join with other who share mutual interests and concern (Ahmad, *ibid*).

Designed to cope with community daily problems, SHGs enjoy a long tradition in developing countries (Schreider 1997). In their design, SHGs are favourable and most useful organizations among the marginalized poor who are naturally excluded from the formal organizations like the formal employment sector, financial and social security organizations, investment sector and formal decision-making structures (Deogratias *et al*, 2014). In addition Liheta and Uronu (2004) argue that in SHGs are very important in the community as they are the vehicle for solving members' social and economic problem. Thousands of poor and marginalized populations are building their lives, families and their society through Self Help Groups (Sundaram, 2012).

Furthermore, Self Help Groups in Tanzania and other developing countries have been used as tools for organizing individuals to form networks and institutions in which members support each other. Studies on SHGs for example by Koch (2011), Gartner and Riessman (2003) and Stewart (1990) propound that SHGs provide support to people who are facing some difficulties in their lives and are finding their changed circumstances difficult to cope with, thus SHG may give support to different aspect of life such as acute shortages of financial resources for use in families, inappropriate technology and skills in production activities, Poor housing facilities, Natural misfortunes like death, long illness, adverse weather conditions, Lack of assets and security and society traditional segregation and discriminations.

Moreover, SHGs have been used as vehicles for integrating individuals with rest of the community by ensuring them a better participation in different community activities. In addition to economic roles these groups have been providing social ties, enhancing people's participation in the decision-making process and, hence, improving the quality of rural and urban life. They play a very important role in social change. In their design the groups not only change the outer form of a community or a society but also the social institutions as well as ideas of the people living in the society. In other words it also help in material aspects of life as well as in the ideas, values and attitudes of the people (Deogratias *ibid*).

Particularly for women, SHGs are important vehicles as they create opportunities for the poor who cannot individually secure financial services such as credit from formal credit sources and other productive resources. In this case women in SHGs who manage to secure credit are able to turn their existing skills and market opportunities into small businesses and this empowers them and their communities through the financial inclusion (Billison, 2005). This is to say SHGs are major means of women's socioeconomic empowerment. SHGs increase savings habits of women, help women to raise loans, encourage women to start their income generating activities and provide bank linkage so as to gain banking facilities and services. By doing so, they increase economic freedom of women and increase the status of women in their family and society (Billison, *ibid*).

From the above ascertain it is apparently that the literatures focusing on how SHGs improve women's social and economic situation in Tanzania are very few. Most of them acknowledge the existence of Self Help group and they mostly function as a tool for organizing individuals to form networks and institutions, in which members support each other. Also the literatures available worldwide concerning Self Help Groups generally focuses mainly on how the groups can be helpful in addressing poverty and women empowerment. Example Sanga and Malunde (2005), Ranadive (2004) and Kant Das (2012) just to mention the few. However the analysis on how they benefit women socially and economically are not exhaustive thus the study tried to find out the benefit accrued by women by participating in Self Help Group both social and economically.

Build on two objectives of identifying the type of Self Help Groups used by women in the study area and examining benefits obtained from SHGs, the study is useful tool for the government, Non-Governmental Organization and policy makers' altogether. They will all be able to design a mechanism which will strengthen Self Help Groups thus smoothen their operations. The study also will come up with the strategies which will encourage women to participate in Self Help Groups which is a better means of improving their livelihood by increasing the possibility of accessing basic social services such as health, food, shelter and education for their children.

2. Methodology

2.1 Study area

The study was conducted at three streets of Kizota ward in Dodoma Municipality in Dodoma Region. The streets were Nkuhungu, Relini and Bochela. The streets selected are mainly populated with low income earners and thus women in the area struggle day and night to earn life for their families. In this case they are many Self Help Group in the area established and supervised by women themselves. Dodoma municipality covers an area of 2,669 square kilometer of which 625 square kilometers is urban area. According to the population and household census of 2012, the population of Dodoma municipality is 410,956 in which 199,487 are male (48.54%) and 211,469 are female (51.46 %). Kizota in which the study was conducted has the population of 6558 respectively .The average household size is 4.3 people, (*ibid*).

2.2 Research Design and methods of Data Collection

The study applied a cross-sectional research design, the method which allows data to be collected at one point in time and establishes relationships between variables (Bailey, 1998). Two groups were randomly selected from each ward for the purpose of this study and in each group ten (10) respondents were selected making a total of sixty respondents. However multiple methods of data collection were applied in this study. Primary data were collected through surveys whereby a total of sixty (60) respondents selected from the six groups were interviewed through questionnaire. Other methods used for primary data collection were focus group discussion, key informant interviews and observations. Secondary data was obtained from the official documentation, as well as literatures, research reports specific to the relevant issue of the study and internet t to complement the primary data.

2.3 Data Analysis

Both quantitative and qualitative data collected were analyzed. As data were collected from multiple sources, likewise multiple processing and analysis were employed. Secondary data were analyzed through content analysis while primary data were analyzed using SPSS (Statistical Package for Social Sciences).

3. Result and Discussion

3.1 Type of Self Help Groups:

The function of a group refers to the primary purpose for which a group is created and thus forms the type of the group. Most support groups fit one of three types: emotional support groups, educational support groups, social action or advocacy groups and financial groups. If the group's goal is to promote coping, offer mutual aid, and foster individual change, then emotional support is probably the model to use. If the goals are increased understanding of a problem and information dissemination, then the group should function as an educational support group, if the group focus is concerned about how others or "the system" treats or views the affected person then a social action/advocacy model may be more appropriate. In this regards several groups were identified in the study area. Furthermore if the groups' goals are to provide grants or small loan then financial model may be appropriate.

In this regards several groups were identified in the study area probably four of them with different functions and most of the participants were women. The larger number of women which account to twenty five (41.7%) participating in ROSCA, followed by Village Community Bank (VICOBA) which account to a total of twenty respondents(33.3%) whiles the rest were in Neighborhood groups 10(16.7%). Only five members (8.3 %) participate in ethnic/neighborhood groups. The reason of higher number in ROSCA and VICOBA than in other SHGs is due to the functionality of the groups. Unlike other groups of which the members have no guarantee to access financial services (loan) ROSCA and VICOBA ensure their members with loan which is of great important for them to run their income generating activities and thus improvement of their livelihood. With regard to Neighborhood and Ethnic group are just member organized groups which finance mainly social problem such as funeral, illness or any kind of agreed festival like wedding, send-off part and the like.

Table 1: Types of Self Help Groups

Parameter	frequency	percent
ROSCA	25	41.7
VICOBA	20	33.3
Neighborhood group	10	16.7
Tribe Group	05	8.3
Total	60	100

3.1.1 Composition of Group by Gender

The findings from the study indicate that many SHGs in the study area are mainly composed of women only and few of them composed of both women and men. This is apparently as shown in (Figure 1) whereby fifty six (93.3%) of all SHGs interviewed were composed of women only and only four 6.7% composed of both women and men. The reason for high number of women involvement in SHGs might be the inaccessibility of other financing institution such as Banks which need one to have collateral to access loan. So women find it easier to use social network collateral which enables them to easily access fund and loan with minimal collateral.

Also women are at disadvantage as they have few resources to commit as collateral. Most have no land or houses which are mostly used as collateral in many financial institutions. They are mostly the custodian of their husbands or parents resources of which they have no mandate over them. They cannot command it for any reason without the consent of Husband or parents.. So they opt for SHGs as they can get money with minimum collateral. This is also supported by IFAD (2010), whereby SHGs has been found as the most import mechanism for empowering women. Easier access to loan was also a motivation factor to join the group as echoed by many respondents in the study area. Other factors which motivate women to join Self Help Group are such as the way to get assistance in case of social problems such as diseases and funeral and social network

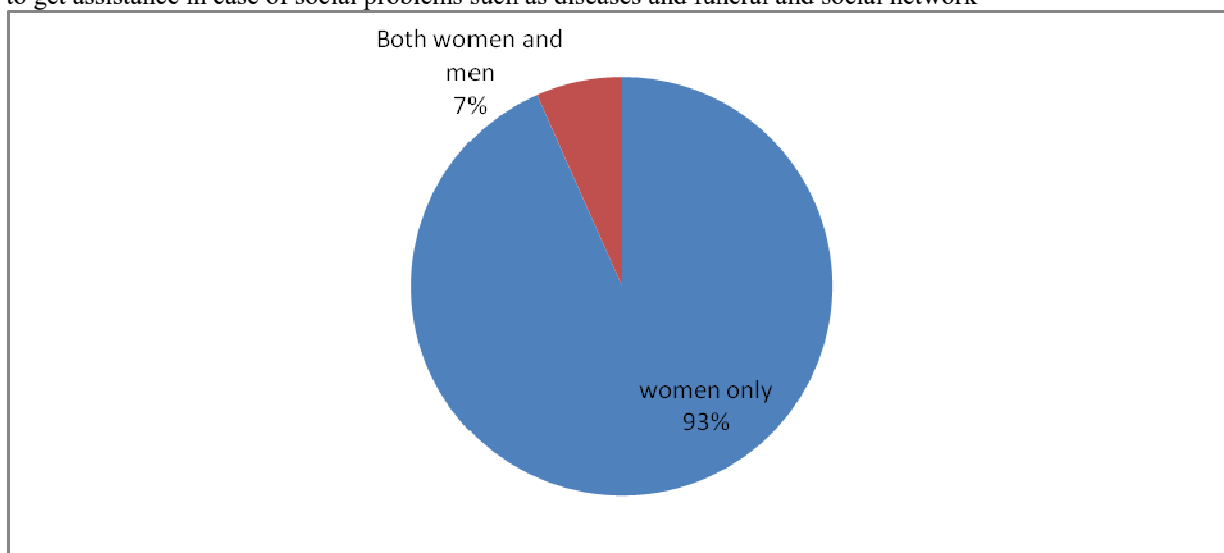


Figure 1: Composition of Group by Gender

3.2 Benefits obtained from Self Help Groups

Benefits obtained from SHGs are the one which motivate members to join the Groups. The benefits obtained by participating in Self Help Group were mentioned by all respondents interviewed as shown in detail by Table 2. The benefits includes; Loan to finance their IGAs 4(6.7%), loan and financial assistance in case of social problem 20(33.3%), several benefits 36(60%). Several benefits means one can access loan, financial assistance incase of social problem and social networks.

Money obtained from participating in SHGs was also spent in several activities and particularly to obtain basic needs such as food, clothes and shelter. Shelter for many respondents was payment of house rent as the money obtained was too little for housing construction. Moreover many participants declare to have improvement in their social and economic condition after joining Self Help Group as compared to before joining the Group. For them due to loan and financial assistance obtained through collective action they have been able establish Income Generating Activities which ultimately help them to access their basic social needs and service thus improvement of their life socially and economically. One respondent had the following remark to say:

I joined 'Mwamko Mpya' Vicoba Group since 2010. It is 8 years now with the group. Before joining Mwamko Mpya' Vicoba Group I was struggling very had to meet basic social service for my three children whom by then were in primary school. Being a female who head my own house it was really difficult for me to provide enough

to my family. But after joining the group I am in better position to provide at least the basic necessities to my children including paying for their education, buying for them a descent cloth and meet their daily meal. In addition I can also participate in community social activities such as wedding, funeral and other social ceremonies by contributing some money. This is due to soft loan obtained from the group which enabled me to establish Income generating Activity.

Table 2: Benefits Obtained from Self Help Groups

Parameter	frequency	percent
Loan	4	6.7
Financial assistance in case of social problem	20	33.3
Several Benefits	36	60
Total	60	100

3.3 Operating Model of Self Help Group

The system designed by different type of Self Help Groups ensures equal access to service provided by that particular group. As mentioned earlier there were three types of Self Help Groups identified in this study and each has different means of facilitating their member in accessing their service such as loans, financial service and any other benefit as determined by the group. Despite the fact that some operating procedure may be the same but the method for providing benefits to their members varies.

To start with VICOBA SHGs, imply giving loan to someone after saving certain amount of money. Collection of money is during the group meeting organized by members themselves and the frequency of meeting varies. Some groups do their meeting weekly, other on the interval of two weeks and other monthly depending on the decision of the group. The main aim of VICOBA is to give loan to their members so that they can use to improve their life and particularly establishing income generating activities. In most cases members receive three times of which she/he saved and some amount as determined by the group is to be returned back with an interest so that other members can also benefit.

Another group identified in the study area is ROSCA which operate by members contributing some money in agreed amount and the money obtained is given to one or two members depending on their agreement and the routine continue till all members in the group are covered. The operating Model of ROSCA is also determined by their members and all members has to contribute and benefit.

In other case the neighborhood /ethnic groups entail member contribution on agreed basis and the member is benefitted by receiving some agreed amount in case of social problems such as funeral arrangement, sickness and any other social problem as may be determined by members. The group also may support any kind of group agreed festival such as wedding; send off-part and the like. Neighborhood /ethnic groups may sometimes also provide small loan on agreed basis to support some economic activities and the amount should be paid back on agreed basis.

3.4 Loan from SHGs and livelihood improvement

Loan is amount of money obtained from the group to help member run their daily activities including meeting their daily basic needs such as food, shelter and clothes. The loan may also be used in any other Income Generating Activities (IGAs) according to individual decision. In the study area respondents were asked to say whether they receive loan or not. The response is that, thirty six (60%) respondents claimed to have received loan from their group while twenty four respondents claimed not to have received loan (40%). As elaborated earlier that some groups mainly VICOBA gives loan to their members while others like neighborhood /ethnic groups do not give loan rather they provide some financial assistance incase of social problems. When asked to mention the amount of loan received the response as indicated in Table 3 shows that, the amount of loan varies from 50,000 to more than 500,000. The detail is that twelve respondents (20%) received 50,000Tsh to 100,000Tsh, nine respondents (15%) received 100,000Tsh to 200,000Tsh, eleven respondents (18.3%) received 200,000Tsh to 500,000Tsh and only four respondents (6.7%) received more than 500,000Tsh. With this result it is clearly that amount received by majority of respondents is too little for larger investment. It is just for survival and run very small kind of business.

Furthermore when asked to state how they spend their loan the response was as shown in Table 3: whereby only one respondent (1%) use the loan for house construction, five respondents (8.3%) invest their loan in small business while 30 respondents (50%) use the loan obtained from SHGs in several activities including education of their children, house rent payment, health service and food. This is to say the amount of loan obtained from SHGs was mostly used to meet the social basic needs.

Table 3: Access to Loan, Amount of Loan and the Uses of Loan

Access to Loan	Number of Respondents	percentage
supported	36	60
Not Supported	24	40
Total	60	100
Amount of loan Received		
50,000Tsh-100,000Tsh	12	20
100,000Tsh-200,000Tsh	9	15
200,000Tsh-500,000Tsh	11	18.3
More than 500,000Tsh	4	6.7
Total	36	60
The use of Loan		
House Construction	1	1.7
For business	5	8.3
Several activities	30	50
Total	36	60

3.5 Social Support from Self Help Group

Social support is provided for any social problem which might happen to group member. Social problems in this study are associated with health problem such as diseases, memorial service arrangement such as funeral, wedding and any other agreed benefits. The group also supports education to some small extent. Respondents were then asked whether they have received some social assistant in their SHGs. The result is that forty two respondents 70% agreed to receive financial assistant and eighteen respondents (30%) had not received any financial assistant. This is depend on the function of the group as mentioned earlier that other groups are for loan provision only while other provide financial assistance in case of social problem. The result is summarized in Table 4 below. When asked to mention the amount they receive the response was that ten respondents (16.7%) received 50,000Tsh to 100,000Tsh, thirty one respondents (51.7%) received 20,000Tsh to 50,000Tsh and only one (1.7%) received less than 20,000. It is clearly summarized in Table 4 below.

Furthermore respondents were asked to mention social problem they consider for financial help and the result is that health is the most social problem which received financial help as forty respondents (66.7%) mentioned health as the problem which is considered for financial help. Only two respondents (3.3%) mentioned other problems such funeral arrangement and any kind of festival such as wedding. This is also supported by researcher such as Gartner and Riessman (2003) and Stewart (1990) who propounded that, SHGs provide support to people who are facing some difficulties in their lives and are finding their changed circumstances difficult to cope with. They mentioned the problem such as acute shortages of financial resources for use in families, inappropriate technology and skills in production activities, Poor housing facilities, Natural misfortunes like death, long illness, adverse weather conditions, Lack of assets and security, Society traditional segregation and discrimination.

Table 4: Access to Financial Assistance

Access to financial assistance	Number of Respondents	Percent
Supported	42	70
Not supported	18	30.
Total	60	100
Amount Received		
50,0 000Tsh-100,000Tsh	10	16.7
20,000Tsh-50,000Tsh	31	51.7
Less than 20,000Tsh	01	1.7
Total	42	70
Service Financed		
Health	40	66.7
Other	02	3.3
Total	42	70

4. Conclusion

Self Help Groups is most important group for the women livelihood in the world and Tanzania in particular. For many women participating in Self Help groups have something good to tell on how they benefited from them. There are several kinds of SHGs of which women can engaged with and improve their social and economic

conditions. Although they are not formally arranged they are of very important to women. The most important types of Self Help Groups are VICOBA, ROSCA, ethnic/tribe group and neighborhood group. Women participate more in Self Help Group than Men as the alternative to obtained loan as opportunity to receive loan from other financial institution is minimal. All groups have almost the same function though in different mechanisms and they all aim at giving financial assistance in agreed basis. VICOBA is mostly operated in form of saving and lending mechanism of which their members have the guarantee for loan. ROSCA (a rotating savings and credit association is a group of individuals who agree to meet for a defined period in order to save and borrow together, a form of combined peer to peer banking and peer to peer lending. On other hand neighborhood and ethnic groups have the same functioning mechanism whereby members contribute the some agreed amount of money which is used for financial assistance of any member on agreed amount. But in almost all cases the main purpose is to get financial assistance either in form of loan or grant.

5. Recommendation

The study to women SHGs discovered that SHGs are the most important means of survival and livelihood improvement. Therefore this study some recommend the following:

Firstly, government support and training; the support can be of material nature or knowledge. This could be the most important means of assisting members to acquire skills and material for group improvement. The entrepreneurial skills should also be provided to members so that they can be able to invest the little money they obtained from the group being it loan or grant.

Secondly, Policy makers to find means of formalizing the group as most of them are informal in nature. This could be the most important mechanisms which can even assist them to overcome challenges facing them and particularly dealing with loan defaulters. Also if formalized more members can become interested particularly men who mostly lag behind in this sector. By doing so, the nation will benefit by improving the social and economic condition of their members.

Thirdly, men should encourage to participating in SHGs as means of assisting their fellow women improve their social economic activities and particularly Income Generating Activities.

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