

Women Participation on Rotating Savings and Credit Associations for Community Development In Muthara Division, Kenya

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Abstract

The study evaluated women participation on rotating savings and credit associations for community development in Muthara division, Kenya. The study's objectives sought to: examine the existing by-laws governing day to day operations of ROSCAs; establish the community benefits of participating in ROSCAs and find out opportunities influencing output performance of ROSCAs. This study employed descriptive design and worked with a total sample of 171 members drawn from 176 ROSCA groups supplemented with group officials. The study employed questionnaires and interview schedules to collect data. Major notable socio-economic benefits enjoyed by ROSCA women participants were: accessing soft credits from the group at low interest rates, getting some money to pay part of school fees for their children, clearing part of medical expenses and buying some farm inputs such as fertilizer and seeds. The study concluded that the management practices influenced the performance of ROSCAs.

Key words: existing by-laws, community benefits, opportunities and output performance of ROSCAs.

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I. INTRODUCTION

Poverty has several consequences one of which is financial exclusion. According to Rutherford (2000) the poor are considered risky clients by conventional banks because they neither have financial collateral to offer to bank as security nor credit history or certain income sources. Hence, they are unable to access funds in order to meet their financial needs. Development planners and economists believe that the FFI perform better than IFI in channeling funds to sectors and target groups in the rural economy in conjunction with the private sector, hence, stimulating economic activities and growth of nations (Olalekan, 2010). However, policy makers acknowledge the fact that majority of rural households rely on IFI for their daily financial needs.

In this regard, many studies have shown that ROSCAs are predominantly found amongst the lower income population, mostly in developing countries. However, Eroglu (2010) discovered a different dimension in regards to participation by group members and income in Turkey; where these groups are found more amongst the middle class members of the population. Moreover, Siganga (2013) observed that constant and individualistic drive for wealth, education and a heightened social class means that those who do not have the means to compete are often left behind and may be forgotten. This author found out that Bahari Women's group has a collective and long term purpose that encourages them to save and plan for the future. They utilise their available resources using the funds of the group as the tool for productivity and advancement. Through their group activities, they are able to make an impact on the community, and positively affect the lives of various stakeholders. On the other hand, VakhanaVatecho group find solace in solidarity, and maintain that it is important to build family relationships as well as to learn and pass on their cultural backgrounds and traditions. The support they offer each other through their non-financial welfare based activities suggest the reason that they are able to remain strong. (ibid)

Poverty is heavily engendered and often tied to women's unequal access to resources and limited participation in political and economic institutions (Atieno 2001; Endeley and Thompson 2007). Women are also considered to be a credit risk as they have no property to meet collateral requirements for loans from formal banking institutions (Endeley and Thompson 2007). Therefore, examining development strategies employed by women in accessing finances for self development remains important. Therefore, IFI provides an important route for gender-based development (Monique, Kulb&Kiiti 2013).

Specific Study Objectives

The study objectives were to:

- i. Examine the existing by-laws governing day to day operations of ROSCAs
- ii. Establish the community benefits of participating in ROSCAs
- iii. Find out opportunities influencing output performance of ROSCAs

II. LITERATURE REVIEW

Since 1960s access to financial services from Formal Financial Institutions has been a challenge to both individuals and formal groups in Africa and the rest of developing countries in the world. Lasagni and Lollo (2011) observed that lack of access to FFI in Africa, South America and East Asian countries led to emergence of IFI such as ROSCAs, Welfare groups (WG) and ASCAs. This need was occasioned by economic factors of social protection such as accessing medical care, acquiring household goods such as plates, cups, water tanks and buying school uniform to one's children among others.

ROSCAs are voluntary and independent groups with their own rules, and no outside organization has control over them. Agegnehu (2012) opined that ROSCAs may differ from one another in terms of membership, monetary contributions made by individual ROSCAs and enforcing mechanism used by different groups. The Membership in a given cycle of ROSCA could range from a few members to many (Ardener, 2010). However, in supporting Ardener, Agegnehu (2012) asserts that the number of members and incentives to participate have a negative correlation. In addition (Birchall and Simmons, 2004; Jones, Jussila & Kalmi 2009) noted that the monetary value of participation and the value of their individual voice may be insignificant as the number of members increase. Members could be selected based on age, ethnic affiliation, occupation, religion or educational background or any given social tie (Sandor, 2010).

Despite the fact that all members contribute fixed and equal amount throughout the life of a given ROSCA cycle, the advantages that members enjoy are not equal. At some point in a given cycle, all members will switch from a position of net saving to net debtor except the one who collects the 'pot' at the beginning of the cycle that will make her a net debtor in the whole life of the cycle. All members except the last to receive the 'pot' get interest free loans of decreasing magnitude for decreasing periods, and all except the first to receive the 'pot' give interest free loans of increasing magnitude (Sandor, 2010).

Different ROSCAs use different enforcing mechanisms depending on the base by which the ROSCA was established. If it was established based on kinship, acknowledged social relations among relatives could be used as default prevention mechanism (Anderson and Baland 2009). This shows that the relationship between members of a given ROSCA and the social setting among members is a critical factor as an enforcing mechanism. ROSCA members are usually from the same social class with similar resources, where everyone has almost the same ability in terms of income and saving capacity. Group members know about each other's social backgrounds, their history, how they have lived and their general responsibility within the community. According to Ardener (2010), ROSCAs are usually made up of members who may be bound together by a mutually moral obligation to each other. This is usually because the members are neighbors, relatives, close friends or from a particular religious circle or ethnic background. Using this intimate knowledge of each other, they can limit participation (Eroglu, 2010).

The idea of ROSCAs as insurance could be explained by the fact that ROSCA members do not necessarily want to take the 'pot' early but join ROSCAs as an insurance scheme.

While discussing about the reason for joining ROSCAs, Gugerty, (2007) as supported by Sandor (2010) argued that ROSCAs are often presented as a substitute to insurance, particularly in developing countries where markets for insurance are underdeveloped. This interpretation applies to bidding ROSCAs, but not to a random or deterministic ROSCA, in which the allocation process does not respond to some individual specific shocks (Ambec and Treich, 2007, Gugerty 2007; Dagnelie and Lemay-Boucher, 2008; Sandor, 2010). Moreover, members of a ROSCA generally belong to the same community and have similar occupations and sources of revenues. Thus, ROSCAs could be taken as insurance by members who have not yet received the 'pot' and need some money because of an emergency. However, this will only work if other members are willing and the next 'pot' winner is willing to let go the 'pot'. In addition, even if some aspect of insurance is found in ROSCAs, there is very little chance, if any of getting insurance once one receives the 'pot'.

ROSCAs have been viewed as a means to purchase indivisible goods. Thus, Besley, Coate, and Loury (1993) suggested that members join ROSCAs because they wish to buy an indivisible good. According to this theory, the advantage of saving together is that everybody except the last person will have saved up the lump sum quicker compared to a situation where they would save alone. In this regard, Anderson *et al* (2002 and 2004) explain this by the 'early 'pot' motive'. Everybody in the group is impatient and is hoping to get the 'pot' or the lump sum early during the cycle. They claim that, their findings supported the hypothesis that, members are interested in saving towards an indivisible good. In Kibera slums ROSCA members mostly save for

indivisible goods like school fees and rent (Anderson *et al*, 2002 and 2004). This study sought to fulfill such knowledge gaps about ROSCAs in Muthara Division of Meru County, Kenya.

Moreover, ROSCAs have been viewed as commitment mechanism (Anderson *et al*, 2009). Under the commitment mechanisms two explanations have been put forward, the household conflict and self-commitment explanations. In these regards, ROSCAs have not been spared some conflicts within the household matters. This is because, a ROSCA is a device through which women can commit the household to save more than what the husband would like. Based on the data from Kibera in Nairobi, Anderson *et al* (2009) show that men prefer immediate consumption to savings. However, even if the husband preferred consumption, he could not force the wife to withdraw from the ROSCA because both were aware of the social sanctions that the ROSCA could impose on the household if the wife withdrew. Furthermore, Ning (2013) says that if ROSCAs are used as a means to put money aside from the husband, then membership would be kept secret from the husband. ROSCA meetings are usually only open to members but groups do not insist upon secrecy showing that participants are not primarily seeking to commit money against spouses.

On the concept of self-commitment, Gugerty (2007), Ambec and Treich (2007) opined that individuals join ROSCAs to cope with self-control problems. They suggested further that individuals simply could not save alone since there are just too many claims on cash. Thus, poor people appreciated mechanisms that forced them to save. They reported that many ROSCA participants argue that one could not save alone. Gugerty noted that the main reason for women joining ROSCAs was a perceived self-discipline problem.

In particular, Gugerty (2007) while arguing against the “early ‘pot’ motive” stated that if the main motive of joining ROSCAs was saving for the purchase of indivisible goods, then the person who was to win the ‘pot’ last was not better off by joining ROSCAs since he could save it alone. Thus, he would leave the ROSCA. Then, second to last person would become the last and he would decide the same thing since he would not be better off by taking the last ‘pot’. In such a way, no one would remain in the ROSCA at the end of the day. In addition, studies conducted showed that ROSCA participants favour divisible expenditures more than the indivisible ones. For example, in Ethiopia, Abera and Zeller, (2009) conducted a study in rural Ethiopia about food security and concluded that the Ethiopian ROSCA (*equb*) participants used it for the purchase of divisible goods for consumption purposes.

On the other hand, Nelson (2013) opined that ROSCA’s simplicity was counterbalanced by risk and lack of flexibility. The author opined the inflexible saving and credit schemes that precluded providing credit and at time that match with needs or available opportunity. Besides, those who were last in line of receiving a ‘pot’ were at risk of not receiving their payout if members defaulted before the end of a cycle.

The absence of an interest rate also was deemed to generate unequal advantage as the early benefiter of the ‘pot’ got an interest-free loan whereas the late receiver saved without remuneration. In these regards the lack of returns on savings was also supposed to discourage savers. But the greatest reproach was that the fund did not grow in value as no interest was paid for the accumulated period of circulation (Allen and Panetta, 2010; Mersland, 2009; Nelson, 2013).

Furthermore, Dupas and Jonathan (2013) observed that the absence of capital accumulation was approved, for the poor “need to store savings for the long run, for widowhood or old age or for their heirs”.

Theoretical Framework

Liberal Feminist Theory

According to Feminism movement equality is important in all spheres of life which include social, culture and legal. As an organised movement, modern feminism rose in the nineteenth century in Europe, America and Japan in response to the inequalities that stood between legal status of women and men (Judith, 2010: Carter *et al.*, 1997). The is rooted in liberal political philosophy, that encompasses the basic tenets of equality in human beings as essential rational and the self-interest seeking agents. The theory attributes gender based differences to variations in power and opportunity availed to men and women in society, which is the structural positions women, and men occupy in the society (Beasley, 1999). Therefore, the differences in the achievements of men and women are associated to the inability of women to meet their full potential because they are denied equal access to opportunities in the labour markets and to resources. This in turn, has prohibited women from acquiring the necessary skills and capabilities to compete on equal basis with men. According to the Liberal feminist theory, once equal access to resources is accorded gender differences in performance disappears (Judith, 2010). The theory is consistent with this study because it explains on how women are denied opportunities, which in turn affect output performances of their projects carried within ROSCA in this study.

III. METHODOLOGY

This study employed descriptive design and worked with a total sample of 171 members drawn from 176 ROSCA groups supplemented with chairperson, vice chairperson, secretary, assistant secretary and treasurer from each group.

The registrar of social welfare groups in Department of the Ministry of Culture and Social Services in Muthara Division was enjoyed into the study. The study employed questionnaires on members of ROSCA groups and administered interview schedules to ROSCA group officials and registrar of self help groups within the division.

STUDY FINDINGS

By-laws Governing operations of ROSCAs

ROSCAs had various written rules that governed the groups' existence and activities. The rules were developed and agreed upon by group members and they defined both socio-economic activities of the group. The by-laws outlined the group membership requirements. For example one had to declare that they had not run away from other ROSCAs for failure to pay debts. Prudence management of a group's funds such as loan and repayments, penalties, were emphasized in all groups. For example Maburua ROSCA fined a member defaulting in paying back soft credit 10% of the amount loaned per month as long as the loan was not paid.

The study found out that many group's elections were held after two years in which a sitting official could be re-elected once for a second term of two years. Few groups did elections of their officials after one year. Leaders who had bad record of absenting themselves from meetings and, failing to pay back soft credits or keep good records of the group among other duties could not be re-elected back. The by-laws were clear on grounds for dismissal of a group official. For example one ROSCA official was removed from office for absenting herself for four consecutive meetings without valid reason like sickness or maternity leave. Attending group meetings was mandatory in all by-laws (as seen in plate 1), with penalties ranging from Kenya shillings (*Ksh*)10 for more than 10 minutes lateness to *Ksh* 200 for non-attendance without apology.

Photo 1: Muchui ROSCA Women attending a meeting at Muthara Police Station grounds



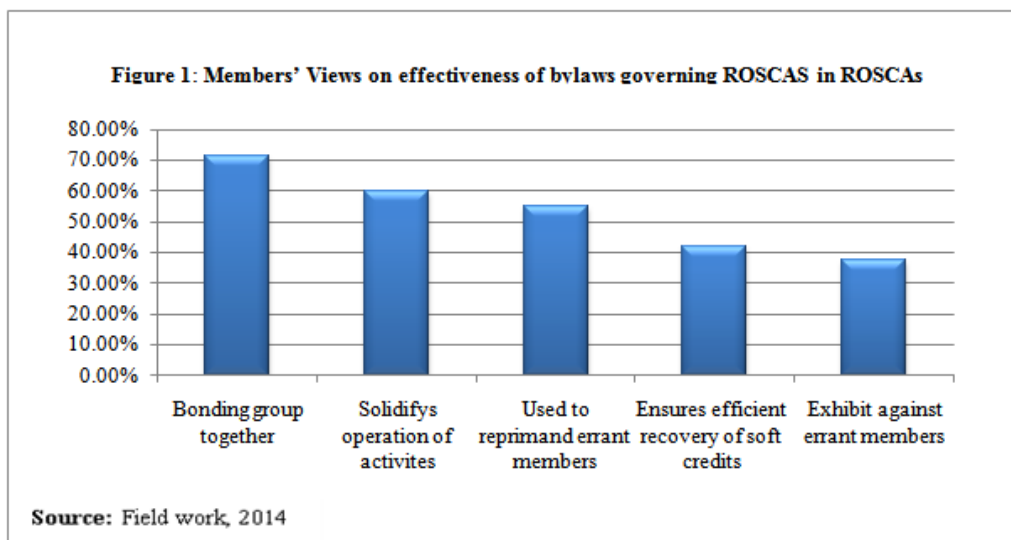
Participating in group's social duties like preparing food in a member's kin's wedding ceremony or burial activities without apology was not tolerated either. For example a by-law of Muchui ROSCA on group activities stipulated that:

A member failing to participate in group's social duties without valid reason is liable for a fine of Ksh 250.

Thus, most members attended social duties without fail. In case a member had personal issues not acceptable to the group as a valid reason they could send their kin to perform the assigned duties. This was allowed by the group because it contributed to success of the group member's events.

Examination of Effectiveness of the ROSCABy-laws

Respondents were asked to report on the effectiveness of rules and regulations governing the conduct and operations of ROSCAs as presented in figure 1, findings reveal that 71.6% of the respondents found by-laws to be effective in that they enabled the group to bond together, exchanging views about operations of the group, such as good practices of utilising 'pot' once one received it, and being loyal to the group, among others.



The findings show 60.0% respondents noted that by-laws resulted to solidifying group's activities.

This was achieved once members understood their roles such as attending to meetings on time, paying back soft credit as agreed, among other roles without coercion. 55% members noted by-laws were useful in reprimanding errant members. For example respondents said that those who attended group meetings late and absentees paid a fine of Ksh10 and 100 respectively. 42% of the members noted when by-laws are well implemented they ensured efficient recovery of soft credits from loaned members. They also increased a group's financial assets because fines levied amounted to increasing the group's finances. For example Maburua ROSCA by-laws fined Ksh 100 to every Ksh 1000 per month owned by a member past loaning period.

The by-laws were clear that failure by a member to pay loans, assets equivalent to the amount of money loaned could be taken from defaulter's home. Such assets included goats, chairs, and tables, among other valuables that could be auctioned to recover group's money. Finally, 37.4% of respondents felt that by-laws were effective because they served well during arbitration in a case of a member defaulting to pay money. By-laws were used as evidence before a local chief against an errant member so as to recover group's money or property.

ROSCA members noted challenges faced by the group and this necessitated making of the by-laws to address members' lateness, absenteeism and non-payment of soft credits. Consequently, by-laws were necessary as they helped the group maintain order and secure groups assets. However, very few groups turned to expulsion measures in solving these problems because they saw this method as a slow way of winding up the group.

Delays in repayment of member's monthly subscriptions and defaults of soft credits created financial and social problems for the groups. However, since groups were typically built on existing social net-works, acknowledged social relations among relatives were used as default prevention mechanism. In support of these findings, Malkamaki (2009) noted that, "the embedded ROSCAs' economic functions within wider social relations are both a reason for their success and failure". Due to these drawbacks, Sandsor (2010) stated that, in order for the ROSCA to serve as an economic, social and cultural institution, it must be sustainable both internally and externally. Internal sustainability refers to the inclusion of mechanisms to support members' commitment and loan repayment, while external sustainability refers to the ability of ROSCAs to achieve their purpose of offering and managing credit. Achieving sustainability remains challenging for ROSCAs because even with the group by-laws all loopholes were not sealed because funds loaned to members were not insured in case of death of a member.

One official noted that:

Sometimes some members are caught between obeying the group by-laws and facing penalties. For example during the drought period some members fail to service their loans and use the money to buy food for their families and later plead with group members for considerations. However, they are treated case by case in accordance to group by-laws. Those dishonoring their pledges, their household property like utensils, and farm implements are confiscated by the group, and sold later to recover the group money (ROSCA chairperson, December 2013). These observations were supported by Buvinic, Furst-Nichols and Courtney-Pryor 2013 who opined that rural women can benefit from their involvement in ROSCAs if they enforce their group rules collectively respondents opined that ROSCA offered soft credit to members without any collateral as required by banks.

Factors Influencing Persistent Survival of ROSCAs

Findings revealed that ROSCAs groups persisted in Muthara Division during 2012 and 2013 because of the following reasons presented in Table 1. The findings show that 61.9%

Table 1: Factors influencing Persistence of ROSCAs during 2012 to 2013

Views	Frequency	Percentage
Offers soft credit as opposed to banks	96	61.9
To help when there is a death or emergency in the family	92	59.3
Persistent poverty levels among women	83	53.5
Neglect by fathers perceived to be bread winners	65	41.9
Timely payment of group dues	85	54.8
Influenced by local politics	18	11.6
Can't save at home - money gets used on other things	16	10.3
N = 155		
Source: Field work, 2014		

Thus, members could access loans from ROSCAs without barriers. Further, 59.3% members felt ROSCAs persisted because they provided both social and financial help in case of a death of a member or member's close relative like child, parent or brother. Members of a group carried out most activities before, during and after the funeral like preparing food and ensured visitors' welfare was looked into. The money they provided was used to prepare food and buy casket for the deceased.

53.5% members noted that low poverty level among women contributed to the persistence of ROSCAs. This was because majority of the women were jobless and depended on small scale farming and small businesses to earn a living. Therefore, they looked for additional source of income to provide basic needs such as; food, clothing, shelter, education and health care for their families. Besides, 41.9% members opined that neglect by fathers perceived to be bread winners at homes made mothers to join ROSCAs so as to provide for their families. While serving in ROSCAs they received 'pot' and bought clothes for their children and paid their school fees. Politicians' influence was noted by 11.6% respondents. Politicians encouraged women to form groups by giving them gifts such as money, salt and lessos which they shared among group members. This was done as an incentive to woo women to vote for them during electioneering period. Thus, groups that were well organised persisted past electioneering period. Moreover, 10.3% of members noted that savings by an individual member was not possible due to other financial demands.

In support of these findings, Basu (2008) noted that once a member was in a ROSCA, the conditions under which ROSCAs survived expanded since members were willing to remain in an existing ROSCA than they would if they were to join a new one. This implied that, as members received good benefits they chose to delay entry into new ROSCAs hence existing

ROSCAs were more likely to survive over time. Furthermore, 54% of the respondents affirmed that timely payment of group dues increased the chances of ROSCAs persistent. In supporting these sentiments Agegnehu, (2012) documented that a participant in a ROSCA was expected to contribute a fixed amount periodically from the beginning to the end of the cycle. Madiha (2013) noted that the survival of a ROSCA depended on the payments made by the members. When members could not make payments on time, the receiver of the 'pot' either got half of it or got her 'pot' late which made ROSCA ineffective because this delayed the recipient in meeting her family financial obligations. Thus, ROSCAs continue to succeed and grow, and to be popular among women in Muthara as a result of the assistance that women get from participating in them. Many traders, farmers among others have used ROSCA to access capital for self development.

Benefits of Participating in ROSCAs

Respondents were asked to state benefits of their participation in ROSCAs. The findings in Table 2 show that 78.7% of the respondents opined that accessing soft credits at low interest rates was their biggest benefit.

Table 2: Benefits of Participating in ROSCAs

Views	Frequency	%
Accessing soft credits at low interest rates	122	78.7
Managed to pay part of school fees for my children	86	55.4
Bought some farm inputs and household goods	76	49.0
Assisted in paying medicine expenses for my family	75	48.3
Put up some manageable income generating unit	55	35.4
Supplemented building of semi permanent family house	37	23.8
Members participated in various activities during my ceremony	29	18.7

Got monetary assistance for burial of a relative	26	16.7
Saved for festive season	25	16.1
N = 155		

Source: Field work, 2014

ROSCAs unlike microfinance institutions did not demand for collaterals from their members but provided credits to them on rotational basis. Such credits attracted an interest of 5% of the total amount advanced to a member. The interest was paid before one was given the money. Additionally, 55.4% respondents opined that ROSCA assisted them to partly pay school fees for their children. ROSCAs unlike microfinance institutions did not demand for collaterals from their members but provided credits to members on rotational basis.

Moreover, 49.0% respondents noted that they could purchase seeds during planting season. Such seeds are high-breed maize seeds that yield bumper harvest, unlike ordinary maize seeds.

The respondents observed that through ROSCAs they were able to purchase utensils such as plates, cups and plastic chairs for household uses. 48.3% of the respondents felt that they were assisted in meeting health obligations of their families such as paying for medicine and meeting hospital bills. This is because the medical facilities in Muthara Division hardly provided requisite drugs and medical tests to patients and hence, they sought these services from private medical clinics at Muthara market centre. 35.4% respondents noted that ROSCA assisted in income generation activities. Such activities ranged from selling cereals and perishables such as bananas, cabbages and mangoes among others in the open air market. Other members had started agora goat rearing for milk and meat, and others reared chicken for eggs. Besides, 23.8% of the respondents noted that ROSCA was instrumental in supplementing building of a semi permanent family house with timber walls and iron sheet roof replacing grass thatched mud houses. 18.7% respondents noted ROSCA members participated in various activities during their family functions such as weeding and graduation ceremony among others. The members performed duties such as preparing dishes, serving guests; ensuring seating arrangements are done and took general care of the guests. In case of death, the group assisted in planning and organization of the funeral and preparing food for the mourners. They also took turns in comforting and staying at the home of the bereaved member until the deceased is buried. 16.7% of the respondents noted that they got monetary assistance for burial of a relative. The money was used in burial preparations. These preparations included, buying casket, transportation of the body to burial site, among others. Finally, 16.1% of the respondents affirmed that ROSCAs allowed their members to save for festive seasons. Savings accumulated for festive seasons like Christmas were used to buy clothes for family members and prepare dishes for family members and friends alongside other activities. In supporting these findings Mbamaonyekwu (2013) in a study of ROSCAs in Nairobi opined that the group offered welfare and support to each other, especially during weddings and funerals.

During the interview one respondent from Maburua ROSCA reported that:

For the past 10 months, I have saved with my group for Christmas festivities. ROSCA savings enabled me and my family to enjoy Christmas (respondent, December 2013).

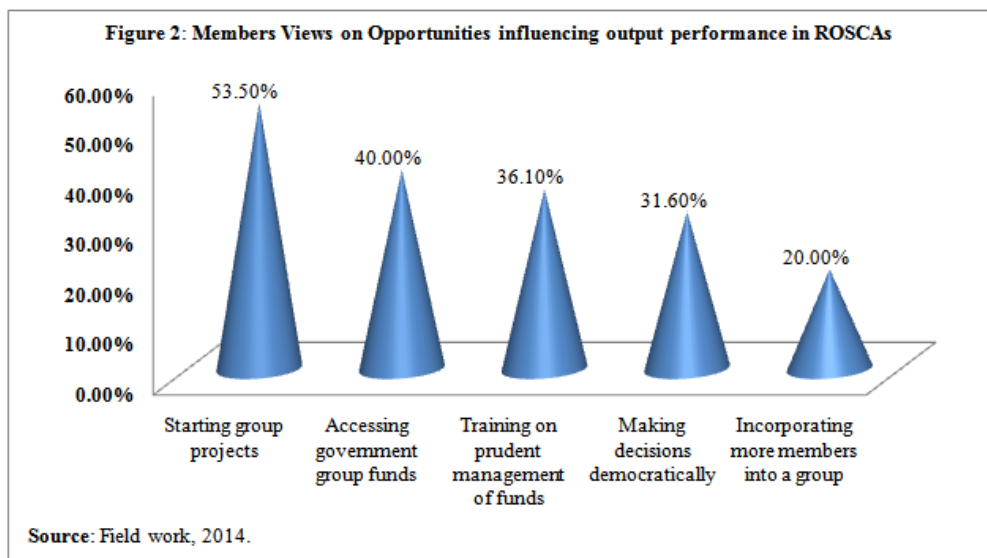
A respondent chairperson of a ROSCA when asked to explain her experiences about socio economic benefits accruing from ROSCA noted that:

ROSCA allows me to save a little with others because saving money at home gets used on other things. This encourages me to work harder to save more so as to do something big for my family (chairperson, December 2013).

These were experiences of a chairperson about a useful activity of her ROSCA. In supporting these observations, studies by Mbamaonyekwu (2013), Eroglu (2010) and Gugerty (2007) noted that in developing countries, one of the highest costs that poor families encounter is that of educating their children. ROSCAs therefore help the poor or less affluent to finance their children's education. Besides, the money from ROSCA's is used to cater towards fixed and working capital on land, housing and enterprises that have problems gaining access to bank credit. On the other hand Robinson and Dupas (2013) observed that some ROSCAs in Kenya provided other services besides the 'pot' savings. They noted that 64% ROSCAs provided loans to members, and 54% had an insurance fund for funerals or, in some cases, illnesses which required hospitalization.

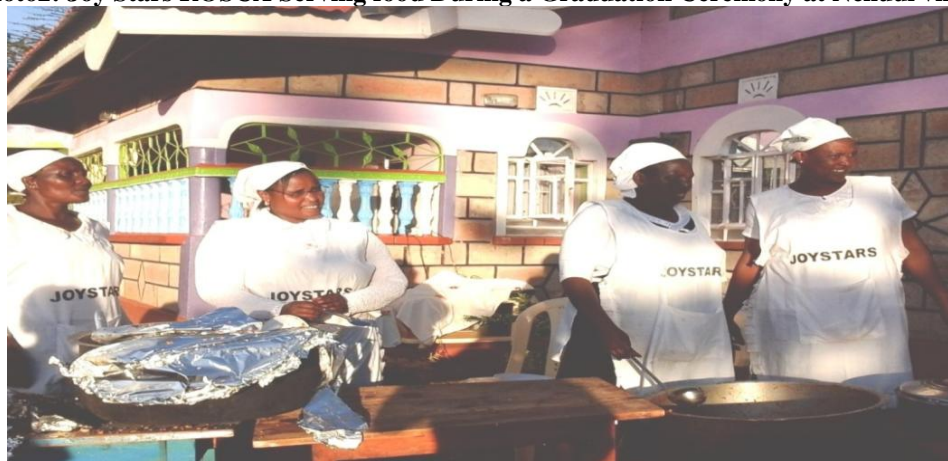
Opportunities influencing output Performance of ROSCAs

The findings on members' views on opportunities available in ROSCAs are presented in Figure 2. The findings show that 53.5% members perceived ROSCAs had opportunities for starting projects such as: chicken and Angora goat rearing, utensils for hire, and offering outside catering services among others that benefitted the community.



For example, Joy Stars ROSCA offered outside catering services for hire to people having parties such as wedding, farewell and graduation ceremonies as shown in Plate 2. These are Joy Stars ROSCA at work in a graduation ceremony at Nchuui village.

Photo2: Joy Stars ROSCA Serving food During a Graduation Ceremony at Nchuui village



On the other hand Kamathi-Kailutha group kept angora goats for milk production which was sold to local consumers such as families and hotels. Muchui ROSCA hired out utensils to partying groups like wedding and graduation ceremonies.

Maburua ROSCA entertains guests during public “baraza” and wedding ceremonies with traditional dances for pay as shown in Plate 3. These are Maburua ROSCA dancers entertaining guests during a Meru County Governor’s public baraza at Muriri, Tigania East Sub County headquarters. The proceeds obtained from hiring out of these services/utensils constituted loaning capital and profit shared among ROSCA members at the end of each year.

Photo 3: Maburua ROSCA Dancers Entertaining Guests at MuririTigania East Sub County Headquarters



ROSCAs accessed government group funds which attracted low interest rates as noted by 40.00%. Members reported funds were accessed from Women Enterprise Fund and Uwezo Fund which charged 5% interest on credits advanced to members. On the other hand 36.10% members said that training members on prudent management of funds advanced to members was practiced. This was done by Women Enterprise Fund and Uwezo Fund officers invited courtesy of ROSCA officials. During training, members were educated on identifying viable projects such as buying cereals and selling them to institutions like schools and hospitals; keeping records of accounts and avoiding diverting of funds to other an intended uses. 31.60% members noted decision making on group affairs was made democratically by involving all members and group officials. For example, Lanyiru members said when they obtained loan from Women Enterprise Fund in 2014 they democratically decided to share out the Ksh 100,000.00 to all the members into categories of Ksh 5, 000.00, 4,000.00, and 3,000.00 per member.

Finally, 20% members noted that ROSCAs had opportunity to incorporating more members into the group. More membership would mean consolidating resources (financial and labour) together to venture into profitable business such as running a posho mill. Members noted two or three ROSCAs with similar business ideas could merge so as to undertake big projects like running a posho mill in a market centre.

During interviews respondents of Joy Stars ROSCA reported that:

Group members offer good ideas on project that interest them and that could fetch some money for the group. Such projects must benefit all members for survival of the group. The project proceeds are shared at the end of the year. Initially the money is used for soft credits advanced to members (ROSCA respondent, December 2013).

Thus, ROSCA reliance on social capital to create a functioning group was evident in Joy stars. Thus, ROSCA participants depended on social capital to assess financial risk and viability; to promote savings, networking, and information-gathering; and finally, to create the group pressure on collective action that would guarantee continued commitment (Hevener, 2006; Anderson, Siwan, and Baland, 2002).

IV. CONCLUSION

Major notable socio-economic benefits enjoyed by ROSCA women participants were: accessing soft credits from the group at low interest rates, getting some money to pay part of school fees for their children, clearing part of medical expenses and buying some farm inputs such as fertilizer and seeds. Some ROSCA members benefited through: getting some monetary assistance for burial of a close kin, using 'pot' proceeds to finance part of construction of a semi-permanent house and that members of their group graced a ROSCA member's occasion by playing different roles. Moreover, ROSCA encouraged members to work harder and to save more so as to do something big for their families.

In summary, the findings of third objective about the opportunities that ROSCAs of Muthara Division enjoyed were: initiating group projects like chicken rearing, renting out utensils to organised groups like

wedding ceremonies, performing traditional dances at weddings and graduation ceremonies for pay; and offering outside catering services for hire. On the contrary, borrowing government group fund, training on prudent management of funds, making decision democratically and incorporating more members into group were unexploited opportunities. Most of these opportunities were least exploited and ROSCA members could move fast and exploit them.

On the other hand, ROSCAs in Muthara Division faced almost universal challenges, though some were peculiar to the region of study. Some of these challenges were limited sources of income, failure by members to honour promises, weak group by-laws; and fallout by members after receiving 'pot'. Besides, the study noted dividing oneself between family and ROSCA affairs; receiving 'pots' (money) when not ready to spend and bad weather resulting to famine and inadequate areas of investment by members as some of the main challenges facing ROSCAs of Muthara Division.

Finally, the study informed that management practices influenced the performance of ROSCAs. This was explained by: giving directions to members, providing timely feedback about soft credit, interest dues, groups' by-laws, arbitration of members' conflicts, ensuring members attended to meetings and Keeping groups records (register and cash book) properly. Hence, there was a positive association between ROSCAs management and performance output, like good organization of meetings that resulted to all members receiving their 'pots' on time.

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