

# UNIVERSITY OF NAIROBI

DEPARTMENT OF SOCIOLOGY AND SOCIAL WORK

## SOCIAL CAPITAL FORMATION AMONG WOMEN GROUPS IN NAIROBI COUNTY: ITS EFFECTS ON GROUP PERFORMANCE

BY:

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C50/P/9146/2005

C50/P/9146/2005

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE  
REQUIREMENTS FOR THE DEGREE OF MASTER OF ARTS IN RURAL  
SOCIOLOGY AND COMMUNITY DEVELOPMENT.

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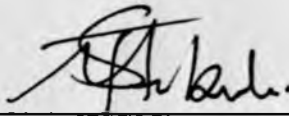


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## DECLARATION

This research project is my original work and has not been submitted to any other university

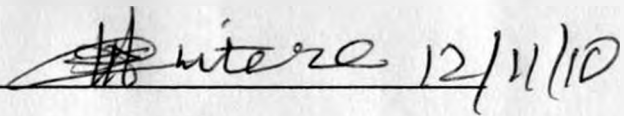


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This research project has been submitted for examination with my approval as a University  
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## **DEDICATION**

I dedicate this work to my father, Ibrahim Onginjo, who set the foundation for further educational pursuit. To my family whose care, support, patience and understanding gave me the will and determination to complete my research.

## ACKNOWLEDGEMENTS

I wish to acknowledge my supervisor Prof. P. Chitere, Lecturer, Department of Sociology University of Nairobi, for his enabling support, guidance and constructive criticism. My sincere gratitude to Agape Women's Group, Mabesta Self Help Group, Huduma Women's Group, New Life Self Help Group, Mwanga self Help Group, Faulu Kenya Organization and Action Now Kenya, who provided me with data for study.

My deep gratitude to my friends Catherine Njoroge, Muasa Ben, Ayub Anapapa for their never ending encouragement.

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## ABSTRACT

The purpose of the study was to identify the factors that are associated with relatively good performance of women groups in Kenya, in particular those associated with the growing literature on social capital. The study was guided by the following objectives; to examine the characteristics of the groups and their members; to examine support services are used among the groups which influence group performance; to establish the group members' perceived and actual benefits from their group; to determine the levels of social capital formation in the self help groups and lastly to determine the levels of overall group performance.

The target population included 16 women groups in Kibera, Nairobi County. These were groups assisted by Faulu Kenya and Action Now Kenya. For this study a sample of 5 groups was selected using purposive sampling design. The study adapted a descriptive research study design. Each group had an average of 9 members. The key informants were 2 officials from Faulu Kenya and 2 officials from Action Now Kenya. Both questionnaire and in depth interviews were used as data collection instruments. The raw data was computed using statistical package for social sciences (SPSS).

From the findings and discussions, the study concludes that successful women groups in Kibera use social capital resources in their day to day operations. Social capital is articulated and utilized in forms of networks, relationships, norms, values and collective action to facilitate the daily operations of the women groups. Women groups which perform better will had higher levels of social capital than those which had lower levels of social capital. Groups must of necessity be formed of homogeneous membership. This will occur if groups are formed around some concrete specific problem of interest.

The study also concludes that the levels of social capital were determined by latent variables or factors among observed variables, these are characteristics of the groups and their

members, Support services used by the group, perception of the group members, actual benefits and achievement of objectives.

The study recommended that there is urgent need for collective action when engaging group activities was critical so as to cultivate a sense of togetherness and belonging among members. In addition women groups once established should at least have by laws or a constitution which members are trained and educated on. This would help members change from individual opportunistic behavior to collective action and solidarity in the group.

## CHAPTER ONE

### 1.0 INTRODUCTION

#### 1.1 Background of the study

Women involvement in groups are expected to play a key role in contributing towards meeting most of the Millennium Development Goals (MDG's) on poverty reductions, mortality and morbidity reduction, environmental protection among other goals. In this light the women enterprise fund was initiated in December, 2006 by the Government of Kenya as an initiative towards reducing poverty through economic empowerment of women.

Social capital refers to the institutions, relationships, and norms that shape the quality and quantity of a society's social interactions. Increasing evidence shows that social cohesion is critical for societies to prosper economically and for development to be sustainable. Social capital is not just the sum of the institutions which underpin a society but it is the glue that holds them together (World Bank, 2001). In the past decade, a consensus has emerged among scholars and practitioners of development that social capital is local forms of association that express trust and norms of reciprocity and which can among other things contribute significantly to the alleviation of poverty.

Putnam (1993) states that when people engage in networks and forms of association, they develop a framework of common values and beliefs that can become a "moral resource" or the glue that holds a community together" (Potapchuk and Crocker 1997). The trust that emerges from common understanding will in turn generate norms of reciprocity that

can help confront the tragedy of the commons, whereby individual opportunism leaves common property resources under cultivated (Putnam 1993:page 172). Shared values endow society with “logic of collective action” (Olson 1965) by instilling in individuals a sense of stewardship for the common good and by ensuring social sanction against defection from the collective interest (Putnam 1993, 1995; Potapchuk 1997; Patricia Wilson 1997). Trust and norms of reciprocity, in other words, enhance “participants’ taste for collective benefits” (Putnam 1995: 67).

## **1.2 Statement of the Research Problem**

Social capital formation has lead to fully functional women groups and has brought the disadvantaged. mostly the women from the poorest households, within the fold of an organizational format which they can understand and manage by themselves; and reverse the age-old vicious circle of "low income, low saving and low investment" into virtuous circle of "low income, injection of credit, investment, more income, more savings, more investment, more income"(Yunus, 2003).

Giving the poor access to credit allows them to immediately put into practice the skills they already know. The cash they earn is then an important key that unlocks a host of other abilities and allows them explore their potential. The decisions made by women groups which are mature and functional is a demonstration that the poor, once economically empowered, are the most determined fighters in the battle to solve the population problem, end illiteracy, and live healthier, better lives. When policy makers finally realize that the poor are their partners, rather than bystanders or enemies, we will progress much faster than we do today (Yunus, 2003).

The underlying principle for the women fund was to establish a revolving loan fund and subsequently reduce poverty through socio-economic empowerment of women. The favored models of delivery for the funds were the financial intermediaries – microfinance institutions and banks with a track record of serving this target group. The funds would also be disbursed through the women enterprise committees formed at both divisional and district level.

However the revolving funds that were meant to help the youth and women start businesses are chalking up bad debt, causing fear of a looming liquidity crisis that could also rob them of support from financiers. Fund managers said there has been a huge build up of bad debts in the past 12 months forcing them to consider involving the provincial administration in the disbursement of new loans.

Women form groups with the noble intentions of benefiting from the synergy in many ways which are mainly economic. However among many women groups in Kenya there is a critical absence of social capital which makes the group non functional and therefore do not enjoy the benefits (effects) seen in functional groups which have higher levels of social capital e.g. economic empowerment of members, social and cultural solidarity.

The primary purpose of this study is to investigate, how do we identify a functional/mature group which is enjoying social capital? (Social capital will be identified through its various indicators norms observer, effective communication, established networks and collective group activities) Argument here is once a group

matures and is fully functional enjoying higher levels of social capital then we can talk of benefits such as micro lending in order to battle against poverty.

The analysis seeks to demonstrate to what extent are the variables which constitute social capital formation are present in women micro finance groups and how does social capital formation assist in empowerment among members. (binding the groups together)

Whereas in a functional, mature group with higher levels of social capital performs better, with no causes of business rivalry and competition in the group. The relationships and networks, which constitute basis of collaboration and collective action in exchange and transactions among members.

By living and working together, groups build up infrastructure, which includes shared vision, relationships and networks. This social infrastructure is the launching pad of social capital. Social capital blends with human capital and other factors of production such as land, labor and financial capital in order to sustain the lives of the group members and the entire community. Empirical evidence and literature tends to portray most women groups as being in stiff competition and rivalry, with no opportunities for cooperation and networking, they do not enjoy social capital.

### **1.3 Research Questions**

The study seeks to achieve the following specific research questions;

1. What are the characteristics of the groups and their members?
2. What support services are used among the groups which influence group performance?

3. What are the group members' perceived and actual benefits from their group?
4. What are the levels of social capital formation in the self help groups?
5. What the levels are of group performance?

### **1.3.1 Research Objectives**

### **1.3.2 Overall Objective**

To investigate the formation of social capital, its levels, the extent to which it varies among women groups and how it affects group performance in Nairobi county.

#### **1.3.2.1 Specific objectives of the Study**

The study seeks to achieve the following objectives;

1. To examine the characteristics of the groups and their members.
2. To examine support services are used among the groups which influence group performance.
3. To establish the group members' perceived and actual benefits from their group.
4. To determine the levels of social capital formation in the self help groups.
5. To determine the levels of group performance.

#### **1.4 Justification of the Study**

The principal argument of this study is that strengthened social capital translates to increased opportunities and benefits for a group.

Individuals and groups who can work collaboratively and establish and maintain both trust-based relationships and networks of contacts will have an advantage over their competitors who cannot.

The reason is that groups operate in an environment is technically demanding, information intensive and require coordination among different actors. Social capital can make a significant contribution to group performance by providing access to information and reducing the costs of contracting and coordination. Failure to recognize and explicitly incorporate the concept of social capital as an input into groups may limit the effectiveness of programs and projects that groups engage in to improve the livelihood of the members and eradicate poverty.

#### **1.5 Scope and Limitations**

The scope of the study will be to examine the characteristics of the women groups and their members, find out which support services are used among the groups, examine the members perceived and actual benefits derived from membership in their groups, assess the varying levels of social capital and how these levels of social capital affect the groups performance. The study site will be Kibera, informal settlements on the outskirts of Nairobi County. This area presents an ideal environment for the analysis of social capital dynamics among women groups which function in a very challenging socio economic background. The study shall be limited only to groups which operate with an affiliation to



Faulu Kenya and Action Now Kenya, in addition due to financial constrictions the study will concentrate only in Kibera, Nairobi County.

## 1.6 Definition of Key Terms and Concepts

The key terms and concepts in this study are defined below

*Capital* is usually used in an economic sense to refer to monetary resources needed to undertake an activity. There is however, criticism of this restricted definition. Bourdieu and Wacquant (1992) argues that capital takes four dimensions: economic, cultural, social and symbolic. This study focuses on social capital.

*Social capital* refers to resources that societies possess in form of institutions, networks, associations, power, values and norms. Institutions, networks and associations are the avenues through which social capital is expressed. In essence social capital is the will; trust; shared vision and power that make individuals engage or participate in collective action.

### *Indicators of Groups' Level of performance*

- i. Active participation of members
- ii. Availability of dispute mechanism
- iii. Achievement of Objectives-Loan repayment
- iv. Successful involvement in projects
- v. Ability to network with other groups
- vi. Less dependency on MFIs

### *Indicators of Social Capital*

- i. Trust in the institutions of governance
- ii. Rules which control opportunistic behaviour
- iii. Members volunteering their personal time for group activities
- iv. Open dialogue during meeting and decision making.
- v. Collective action and social cohesion in group activities
- vi. Networking with other groups

## CHAPTER TWO

### 2.0 REVIEW OF THE LITERATURE

#### 2.1 Introduction

This section explores theoretical and empirical literature touching on the social capital formation its levels, its characteristic variables of norms, trust, collective action and communication, specifically the extent to which it varies among groups in Kenya. The purpose of this section is to establish the foundation for the proposed study and identify a framework within which primary data will be contextualized and interpreted.

#### 2.2 Studies of Social Capital

The establishment of the Women and Youth Enterprise Funds was an innovative developmental approach by the government to reach the low-income end and advance group formation that would enhance entrepreneurship in the country. It was also hinged on improving the economic and social situation of the target groups by fostering income generating activities in rural and urban Kenya. The Government of Kenya allocated KShs.1 billion in the 2007/2008 financial year for the Women Enterprise Fund (WEF). Gender and Children Affairs Ministry of Kenya risks returning to the treasury a staggering Kshs 680 million of the 1 billion shillings set aside in last year's budget for the W.E.F , as women are not applying for the loans (Njoroge, 2008).

The underlying principle for the women fund was to establish a revolving loan fund and subsequently reduce poverty through socio-economic empowerment of women. The favored models of delivery for the funds were the financial intermediaries – microfinance institutions and banks with a track record of serving this target group. The funds would

also be disbursed through the women enterprise committees formed at both divisional and district level.

Among the proposal evaluation criteria provided is a guideline to the women who will join or form women groups and the expected composition of a group. These guidelines include, women aged 18 years and above, where the group is mixed, that is, having men and women at least 70% of the members must be women. The leaders of the group must be exclusively female. The district gender and social services officer must ensure that, the conduct of the group members, in particular the leadership is beyond reproach that is the group has not been involved in any financial irregularity/mismanagement before; the district women enterprise fund committee must only recommend the group with good conduct.

In addition the group leaders must submit written guarantee for the loan requested. The proposed types of collateral include but not limited to the following; group guarantees (social collateral), household items, financed assets, fixed assets (e.g. land, buildings)

Women, especially the poor in Kenya are often considered as the un-banked due to the hostile access to credit avenues available to them.

Findings contained in the study commissioned by Central Bank, Kenya Bankers Association (KBA) and Growth Fin focusing on the cost of collateral states that credit is still too high for the average employed Kenyan, let alone the unemployed. The Commercial Banks have perfected the art of passing their business costs to the customers thus the high cost of collateral and by extension credit. Ideally that should mean that were banks to increase efficiency to 50 per cent, lending rates would fall by 3.5 percentage

points, making credit more affordable. Overhead costs are the most important component of interest rate spreads, accounting for 6 to 8 percentage points of the spread (Daily Nation March 30, 2010).

“High overhead cost is related to low productivity and overstaffing,” the study reveals. Banks have over the past two years decline to heed the Central Bank call to lower lending rates, citing high inflation rates (then averaging above 15 per cent) and other structural inefficiencies, such as the slow and corrupt judicial system, and high cost of securing loans.

The Monetary Policy Committee, the CBK top decision-making organ, says the best way to forestall the economy from sliding to negative growth is to have cheap credit in the market. The MPC directed the CBK to look for ways of reviving development banks as an alternative avenue to offer cheap credit to the private sector in a bid to counter the refusal by commercial banks to lower the cost of credit (IMF working paper 05/129;16).

Associations constitute the infrastructure for the flow of social capital in micro and small enterprises. Membership in associations legitimizes and institutionalizes social capital. Legitimization initiates stability while institutionalization provides governance structures for the entire membership in an association( Kinyanjui and Khayesi, 2004). These associations uphold virtues of trust and honesty for business development. The associations` visions, which are clearly expressed in their motto, are; “business development and survival”, “alleviating poverty”. “saving mobilisation” and “job creation”(Kinyanjui and Khayesi, 2004).

The norms of the group are established early and continued to act as a cohesive force which leads the group into maturity. Interactions during quarterly meetings are held to review their problems and achievements, to identify areas of concern, and to look for solutions to social and economic challenges. Over time the workshops worked so well that at the end of it, decisions are resolved on by the group. The decisions are taken as norms which new members are socialized into. They become intertwined into the social fabric (Yunus, 2006).

Organizational support and network activities are crucial for bridging and linking social capital. Engagements of people to organize themselves and mobilize resources to solve problems of common interest are some of the outputs from groups and networks that enhance or build upon social capital (Coleman, 1990). The effectiveness of groups and networks and the extent to which they can help disseminate information, reduce opportunistic behavior and facilitate collective decision-making depends upon many aspects of these groups, reflecting their structure, their membership and the way they function.

Coleman's (1990:page14) rational choice orientation is clear in his basic idea that "persons act purposively toward a goal, with the goal and thus actions shaped by values or preferences" then goes on to argue that for most theoretical purposes ,he will need a more precise conceptualization of the rational actor derived from economics, one that sees the actors choosing those actions that will maximize utility, or the satisfaction of their needs and wants. There are two key elements in his theory –actors and resources. Resources are those things which actors have control and in which they have some

interest. Given these two elements, Coleman details how their interaction leads to the system level.

Why do people unilaterally transfer control over their actions to others? From a rational perspective, is that they do so in an attempt to maximize utility. Normally individual maximization involves a balancing of control among several actors, and thus produces equilibrium among the society (Coleman 1988).

While most sociologists take norms as given and invoke them to explain individual behavior they do not explain why and how norms come to existence. Coleman debates how in a group of rational actors, norms can emerge and be maintained. He argues that norms are initiated and maintained by some people who see benefits resulting from their observation and harm stemming from their violation. People are willing to give up some control over their own behavior but in the process they gain control through norms over the behavior of others.

In functional mature groups which enjoy social capital norms become effective when a consensus emerges that some people have a right to control through norms the actions of other people. Furthermore the effectiveness of norms depends on the ability to enforce that consensus. It is consensus and enforcement that prevent the kind of disequilibrium characteristic of collective behavior. (Where the group fails to reach maturity)

Norms are macro level phenomena that come into existence on the basis of micro level purposive action. Once in existence norms through sanctions or threat of sanctions affect the actions of individuals. Within such a collectivity, actors may act in terms of their self interest but must act in the interest of the collectivity (Scott. 1991).

These are the various rules and mechanism for moving from individual choice to collective (social) choice this must be evident in a functional mature group.

The function of a social norm is to coordinate people's expectations in interactions that possess multiple equilibria. Norms govern a wide range of phenomena, including property rights, contracts, bargains, forms of communication, and concepts of justice. Norms impose uniformity of behaviour within a given social group, but often vary substantially among groups. Over time norm shift may occur, prompted either by changes in objective circumstances or by subjective changes in perceptions and expectations (Scott, 1991).

Social norms are customary rules of behavior that coordinate our interactions with others. Once a particular way of doing things becomes established as a rule, it continues in force because we prefer to conform to the rule given the expectation that others are going to conform (Lewis, 1969). This definition covers simple rules that are self-enforcing at a primary level, such as which hand to extend in greeting or attending group meetings promptly, and more complex rules that trigger sanctions against those who deviate from a first-order rule.

There are three different mechanisms by which norms enforcements are held in place. some are sustained by a pure coordination motive. If it is the norm to attend meetings promptly will be adhered to in order to avoid sanctions. These are "social" phenomena, because they are held in place by shared expectations about the appropriate solution to a given coordination problem, but there is no need for social enforcement.



Other norms are sustained by the threat of social disapproval or punishment for norm violations ( Sugden, 1986; Coleman, 1990). If contributing to the monthly kitty is the norm, I will be censured if I don't. (Fehr, et al 2002)

A third enforcement mechanism arises through the internalization of norms of proper conduct. If it is the norm not to gossip, I will avoid gossiping even in situations where no other members can see us, I need not fear the consequences because there is no continuing relationship; nevertheless I may think the worse of myself for having done it(Fehr, et al 2002).

More generally, norms often take on the character of virtuous or right action and departures from a norm can trigger emotions of shame or guilt even when third party enforcement is absent (Coleman, 1990; Elster, 1999). This fact is especially useful in large-scale societies, where it may be difficult to monitor compliance with equilibrium behavior that entails sanctions by third parties.

In addition, a norm has economic value if it creates a uniquely salient or focal solution to a coordination problem, thus reducing the risk of coordination failure. In this sense norms are a form of social capital (Coleman, 1987).

Some norms are inherently more stable or durable than others; once established they tend to remain in place for long periods of time even when buffeted by stochastic shocks. These stochastically stable norms depend on the payoff structure of the underlying game, and also on the nature of the stochastic perturbations (Foster and Young, 1990). Irrespective of these details, the important point is that some norms are remarkably resilient under changing circumstances. Due to their longevity, such norms may come to

be seen as right and necessary, though in fact they are the product of chance and contingency, and are sustained simply because they coordinate people's expectations about how to interact with one another.

Networks are an essential form of social capital. Two kinds of networks are identified; vertical and horizontal. Vertical networks are hierarchical and are generated and controlled from the top. Horizontal networks involve interaction between people, including behavior within and among organizations. Vertical networks can easily turn into patronage relationships, liable to exploitation and domination of the weak by the strong.

The major difference between vertical and horizontal networks lies in control of the network. According to Putnam (1993), a vertical network, however dense and no matter how important to its participants, cannot sustain social trust and cooperation. This partly arises due to difficulties in information flow and in imposition of sanctions upwards. A basic argument has been advanced that the denser the networks in a community, the more likely that its citizens will be able to cooperate for mutual benefit (Putman, 1993).

The group members' perceived and actual benefits are important indicators which have been identified as making important contributions to social capital (Yamagishi and Yamagishi 1994; Brehm and Rahn 1997). Only if people believe that others are basically decent, sharing on some level similar values and not seeking to take advantage of them, will they be willing to engage actively in the larger society. In game-theoretic

formulations, trust is critical in inducing cooperative behavior and pareto-optimal outcomes (Axelrod 1984; Wrightsman 1992), and the same logic has been applied to real-world social and governmental settings (Levi 1997). Clearly, generalized trust is central bedrock of social capital.

Furniture and mitumba entrepreneurs work together and pool resources such information, trust, honesty and power to negotiate and transact to undertake economic and social actions. Some monetary and social resources such as money and education are acquired while other attributes such as trust and honesty are learnt or acquired through socialisation. Entrepreneurs' aptitudes may be high but levels of education are low. This was observed in mental calculations of computing cost of products, memory of what each customer needs and changing money (Kinyanjui and Khayesi, 2004).

Entrepreneurs in micro and small enterprise sites start off as complete strangers but with time they come to know each other and build strong relationships based on trust. Trust and honesty are human attributes that cannot be measured or easily identified. It is even more difficult for business people who start out as strangers and competitors. In spite of all this trust-based relationships are established in micro and small enterprises (Kinyanjui and Khayesi, 2004).

Trust does not evolve spontaneously in a micro and small enterprises environment: it is a process that takes time, courage and risk and also involves interpreting human behavior. Time and duration for which entrepreneurs have known each other is an important ingredient for building trust. The duration of knowing would be colleague ranged from a few months to two or three years. The value of business transactions also determined the

length of time taken before entrepreneur's engaged in trust-based transactions (Kinyanjui and Khayesi, 2004).

The identification of trust as a prime contributor to social capital has in turn led to inquiry into the sources of social and political trust (Hardin 1993; Fukuyama 1995; Brehm and Rahn 1997; Brehm 1999). In Brehm's (1999) characteristic formulation, trust in other people and trust in government are mutually reinforcing, and also driven by factors such as education, age, economic circumstances, and evaluations of governmental performance. Absent from this and all other existing trust models, however, is any consideration of the role of group identification in shaping individuals' attitudes toward others in society.

While Loury (1977) uses the idea of social capital to explain economic empowerment in minority populations, other scholars have given remarkably little attention to the effects of individuals' affective ties to their various social sub-groups on generalized trust. Clearly, a sense of close attachment to one particular segment of society (one's own race, gender, or religious group) has the potential to shape powerfully one's view of the larger social whole and of other people in general.

Literature tends to portray micro and small enterprises as being in stiff competition and no rivalry, with no opportunities for cooperation and networking. Instead of business rivalry and competition in these clusters, there are relationships and networks, which constitute basis of collaboration and collective action in exchange and transactions among micro and small entrepreneurs (Scott, 1991). By living and working together, groups build up infrastructure, which includes shared vision, relationships and networks. This social infrastructure is the launching pad of social capital. Social capital blends with

human capital and other factors of production such as land, labor and financial capital in order to sustain the life of micro and small enterprise owners, and the entire community (Kinyanjui and Khayesi, 2004).

The provision of many services requires collective action by a group of individuals. The purposes of collective action may differ widely across communities. In some places, collective action consists primarily of community-organized activities for building and maintaining infrastructure and for providing related public services. In other places, collective action is important for achieving improved governance and accountability, and used for example to lobby elected officials to provide more services to the community. (Scott, 1991).

The women's' group express collective action in various way which go a long way to impact the lives of its members' and lead them to maturity. Even after the post election violence in 2007 and early 2008 where unfortunately personal tragedy befell some of the borrowers, they remained committed to the group's fundamentals. Their philosophy is always to get that person to pay back his or her loan, even if it is only at the rate of a half penny a week. This discipline is meant to boost the borrower's sense of self-reliance, pride, and confidence. To forgive a loan can undo years of difficult work in getting that borrower to believe in his or her own ability. We immediately lend them new money to start up again. We never wipe out old loans, but convert them into very long term loans and try to get the borrower to pay them off more slowly and in smaller installments(Yunus, 2003).

Social cohesion manifests in individuals who are willing and able to work together to address common needs, overcome constraints, and consider diverse interests. They are able to resolve differences in a civil, non-confrontational way. Inclusion promotes equal access to opportunities, and removes both formal and informal barriers to participation

Information and new ideas are costly inputs which individual furniture and mitumba entrepreneurs have difficulties investing in. Entrepreneurs have to invest in social capital in order to receive information and new ideas. Entrepreneurs' relationships serve as platforms for exchange of information and new ideas that are important for business transactions(Kinyanjui and Khayesi, 2004).

Information and communication form the crux of social interactions. Downward flows of information from the policy realm and upward flows from the local level are critical components of the development process. Horizontal information flows strengthen capacity by providing civil society a medium for knowledge and idea exchange. Open dialogue fosters a sense of community, while secrecy breeds suspicion and distrust. Enhancing the dissemination of information can break down negative social capital as well as build trust and cohesion.

## **2.3 THEORETICAL FRAMEWORK**

### **2.3.1 The Social Capital Model**

According to Putman (1993), social capital is a defined function. It is not a single entity but a variety of different entities, which consist of some aspect of social structures, and

they facilitate certain actions of actors. Social capital is productive, making possible the achievement of certain ends that in its absence would not be possible. According to Coleman (1990), it is evident that different scholars emphasize different aspects of social capital. Social capital initially derived from social theory and from the broad idea that social relationships are resources that help people to act effectively. The theory lays emphasis on social interactions, relationships, networks, trust, norms, values and collective action as important elements of life.

Social capital can be considered as an asset to attaining the goal of sustainable development and in a more specifically, poverty reduction. The challenge therefore is on how to incorporate and promote the social capital tools in policies and programmes. Collier (1998) postulated that social capital can work towards poverty reduction through its role in access to knowledge, reduction in opportunism and collective action.

In this research, the theory of social capital is very central. One of the strengths surrounding both MFIs and women groups in Kenya is the environment of abundant supply of social resources. Among women, these resources range from Talents, willpower, dreams, experiences, education, goals, norms and values such as trust, honesty etc, which when put together, constitute social capital which serves as the basis of exchange and transactions. According to Njeri and Khayesi (2004), these rich social resources are brought on board when transactions are being made. The infrastructures upon which social resources are transmitted include social and business associations, friendship, family relationships, same area of origin, religion and ethnicity. To reduce poverty levels and generate wealth, through MFIs and women groups, it is necessary to appreciate among other things how this sector builds institutions and organizes

production and trade for use in transactions and exchange especially through the use of social resources and attributes.

The foundation of this theory refers to the root of social capital (family, friendship, etc), and the values and norms that guide exchange, transaction and interaction. However, it is important to emphasize that on their own, networks and associations do not necessarily lead to interaction and exchange. The empirical literature on social capital emphasizes networks or associational activity (Putnam 1993) and trust (Knack and Keefer 1997) as indicators of social capital. Putnam (1993) uses membership in groups and clubs as a measure of social capital and concludes that the Italian North developed faster than the Italian South because the North had higher social capital.

There are norms, values, expectations and actions that lead to the emergence and persistence of these networks and associations. In this regard, understanding the variables which contribute to the dynamics of social capital formation will lead to functional and mature women groups.

### **The Grameen Bank Model**

Grameen's success is explained by its social capital, a self-regulated normative framework not supervised by any authorized agency, which prescribes its operations in detail. It has focus on poor women, gathering detailed target group information and using rigid selection criteria to bar the non-poor from access to its services. Organizing the prospective borrowers in groups of five and centers of about six groups each which in turn come under a Grameen branch credit-first program design. Initially financed with



donor or government funds, internal resource mobilization through a compulsory savings component, supplemented by external donor or commercial resources reliance on peer pressure and joint liability of solidarity groups as a special type of risk management. This allows Grameen to lend without strict collateral credit discipline with absolute insistence on timely repayment except during natural disasters (Yunus, 2003).

Weekly center meetings with compulsory punctual attendance, where a pledge is sung and payments are transacted with a Grameen branch officer in the presence of all members meet special conditions of financial contracts, comprising a series of one-year repeat loans to individual borrowers at market rates of interest, starting small (around \$50) and, contingent upon the group members' repayment performance. Growing bigger in predetermined steps and amounts, repayable in weekly installments, with a five percent up-front deduction to be paid into the group's emergency loan fund (Yunus, 2003).

Adoption of Grameen's *Ten Decisions* of personal discipline to be followed in one's daily life, such as growing fruits and vegetables in the backyard; abstention from drinking, smoking and gambling; improving one's housing; building latrines; safe drinking water for better health; investing in the children's education intensive training of members and staff to adopt the attitudes, practices and underlying norms and values of the Grameen approach.

There are a number of sound practices which may explain some of the success of some of the replicators. It appears that successful replicators share at least the following three sound practices, constituting perhaps the hard core social capital of the original Grameen

approach which are, high moral commitment of leaders based on values enforced through training, peer selection and peer enforcement, precluding adverse selection and moral hazard. Credit discipline, including weekly installments; rigid insistence on timely repayment, and repeat loans of growing sizes contingent upon repayment performance (Yunus, 2003).

The term “group lending,” generally refers to a process whereby individual loans are disbursed to a small group of borrowers (three to ten) who are then collectively responsible for loan repayment, effectively substituting joint liability for conventional loan requirements.

Ideally, the group’s joint liability produces both peer pressure and peer support which encourages prompt payment of loan installments. From an institutional perspective, group lending presents possible advantages<sup>4</sup> because it largely shifts the burden of establishing membership eligibility and timely loan repayment from the organization to the borrowers (Berger, 1989; Montgomery, 1996).

Some social scientists assert that the social benefits borrowers gain in group lending programs flow from nurturing relationships among group members. Berenbach and Guzman (1992) reviewed group lending in Africa, Asia, and the Americas and concluded that group lending is generally successful because of the positive preexisting relationships among borrowers. According to the authors, “the group’s own dynamic, beginning with self-selection, is the impetus for successful group lending” (Berenbach 1992). These researchers assert that mutual support is inherent in lending group self-

selection and claim that social development is rooted in the small group. "The solidarity group, because of its basis in mutual support," the author conclude, "frees borrowers from historically dependent relationships" the peer group itself becomes the building block to a broader social network" (Berenbach 1992). Fuglesang and Chandler (1993) similarly concluded that an attitude prevails among GB members "that the group must proceed as a whole" (Yunus 2003).

## 2.4 CONCEPTUAL FRAMEWORK

These are the indicators of social capital Levels of social capital, characteristics of groups and their members, access to support services, perception of benefits and actual benefits and effective group performance.

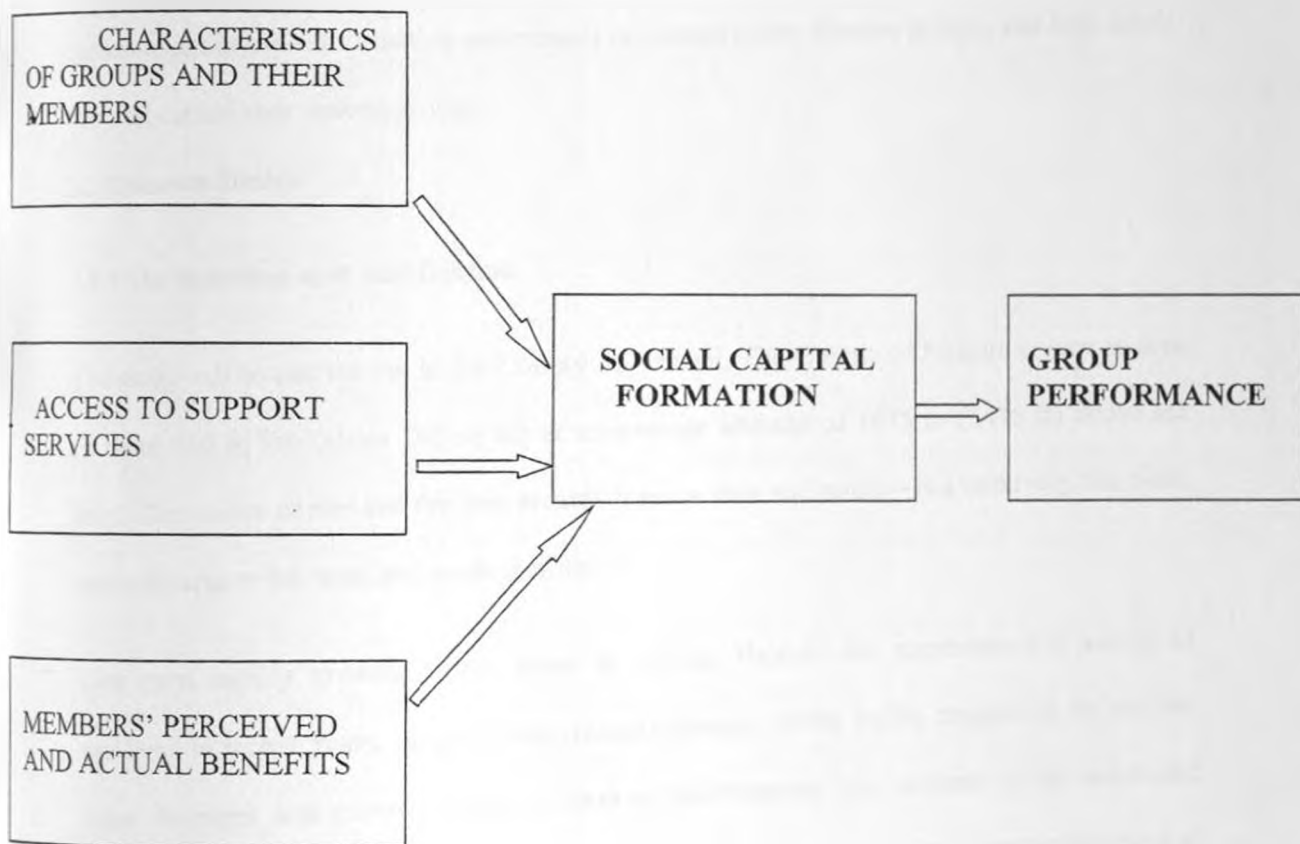


Figure 1: Link between variables of the study

## CHAPTER THREE

### 3.0 RESEARCH METHODOLOGY

#### 3.1 Overview

This chapter provides the procedures which will be followed in conducting the study. This study will use a variety of ways to demonstrate to what extent are the variables which constitute social capital formation are present in women micro finance groups, and how levels of social capital vary among groups.

#### 3.2 Research Design

##### 3.2.1 Site Selection and Justification

The study will be carried out in the County of Nairobi. The County of Nairobi covers an area of about 680 sq km (about 260 sq m) at an average altitude of 1675 m (5495 ft) above sea level. The county center and the area around it to the east and south—is a relatively flat plain, while the area to the west and north is hilly.

Like most rapidly growing urban areas in Africa, Nairobi has experienced a variety of problems in recent years, ranging from unemployment, crime traffic congestion to periodic water shortages and power outages. Kibera is unfortunately not immune to the mentioned challenges. The area consists of informal structures with no access to basic necessities such as clean water, sanitation and access to health facilities especially for low income women. The unemployment rates are still uncomfortably high. Another problem is the human immunodeficiency virus (HIV), which causes acquired immunodeficiency syndrome (AIDS), is a serious public health concern in Kibera, Nairobi and in Kenya in general.

The main practical reason that justifies the selection of the study is that as much as women form groups with the noble intentions of benefiting from the synergy in many ways which are

mainly economic, many women groups in Kenya experience a critical absence of or low levels of social capital.

This makes the group non functional and therefore do not enjoy the benefits (effects) seen in functional groups which have higher levels of social capital e.g. economic empowerment of members, social and cultural solidarity . The researcher wishes to take case study of women group in Kibera, Nairobi since he has worked with them and is familiar with the groups which make it easier to get information.

### **3.2.2 Sampling Procedures**

To obtain a representative sample, the target population was first defined. This included 16 women groups in Kibera, which were under the supervision of Faulu Kenya and Action Now Kenya MFIs. The population was then clustered in form of operational women groups. Cluster sampling ensured concentration of samples and therefore reduced costs and time that would have been spent of data collection.

The clusters were broken into the two selected area, Kenyatta Market and Gatwikira area using the stratified random sampling. Simple random sampling was used to select 5 groups from the 16 groups which are functional in the selected area. Each group had an average of nine members who constituted a sample of 50 members. Non probability (purposive sampling) was used in the selection of key informants. These were two officials from Faulu Kenya and two officials from Action Now Kenya..

From the study population target of 50 respondents, 50 respondents responded and returned the questionnaire, constituting 100 % response rate.

### **3.2.3 Research instruments**

#### **3.2.3.1 Questionnaires**

Questionnaires were administered to the respondents. Each selected member had their own copy. The women were be given time to express themselves on the issues which arose in the questionnaire. They also tried to ensure that all questions were answered. After the questionnaires had been administered, the researcher went through each response to ensure that the responses were clear. If some answers were not clear, the researcher went back to the respondent for clarification. Kiswahili and English were the main languages used in interviewing.

#### **3.2.3.2 Key Informants interviews**

Purposive sampling was used in the selection of key informants .They included two representatives from Action Now Kenya and two representatives from Faulu Kenya who were also interviewed. These individuals were people with good knowledge of the history of the particular women groups. The individuals assisted in verifying the information given by the group members.

#### **3.2.3.3 Interviewing**

The interview involved the women in the sample women's groups. Interviews were face-to-face . Each selected member was interviewed individually. The women were be given time to express themselves on the issues which arose. They also tried to ensure that all questions were answered. After the interviews had been administered, the researcher went through each response to ensure that the responses were clear so as to enable easy development of a coding system.Kiswahili and English were the main languages used in interviewing.

### **3.2.4 Data collection Procedures**

#### **3.2.4.1 Desk study**

A desk study was undertaken on women group operations and their performance, specifically looking at the women groups under study. The researcher studied the group reports, accounts, minutes and records for deeper understanding of the group. These were provided by group officials. There was also detailed information in community groups available in the local libraries such as the Jomo Kenyatta Memorial library, Department of Sociology and Social Work library at the University of Nairobi, the British council library, and on the internet. The study reviewed this literature, which gave secondary information to build on the study.

#### **3.2.4.2 Women Groups and their members**

The study used primary data gathered from the respective groups through the use of questionnaires administered to the group members. The questionnaire was administered to all members of the groups and included one official, preferably the chairlady. This ensured both perspectives were represented and this also led to greater confidence in the survey outcomes. This is partially identified through evidence of concurrence, convergence or conflict between multiple perspectives within each group.

### **3.2.5 Data Analysis**

The study aims at finding out the relationship between social capital formation and group performance. This study was yield data that require both qualitative and quantitative analysis. Simple descriptive statistics such as frequency mean and percentages were used. The quantitative data analysis namely was descriptive in nature. Data was computed using statistical package for social sciences (SPSS).

Information from key informants and secondary sources was reviewed and used to enrich the information collected from the sample under study. Based on the sample results, findings were interpreted using sociological theories highlighted in the study.



A final report was produced from the findings. However since the study utilized a non probability Sampling method in the development of the sampling frames and therefore an inference made. it may not be scientifically accurate for general representation.

## CHAPTER FOUR

### 4.0 PRESENTATION AND DATA ANALYSIS

#### 4.1 Introduction

This chapter presents analysis and findings of the research. The study targeted respondents from formal and informal women groups. Two groups from Faulu Kenya, (Mabesta Self Help Group and Huduma Women's Group) and Three groups from Action Now Kenya (New Life Self Help Group, Agape women's group and Mwanga self Help Group). The respondents were affiliated to Micro Finance Institutions namely Faulu Kenya and Action Now Kenya respectively.

The results from the survey are presented in five sections of this chapter. These sections represent the five sets of questions based on the research objectives as outline in the first chapter.

#### 4.2 Group and member characteristics.

The first objective was: "To examine the characteristics of the groups and their members".

##### 4.2.1 Group characteristics

The oldest group was formed 5 years ago (year 2005) and the youngest group one year ago (year 2009). It is also possible that longer expected duration in a community will mean that individuals internalize investment in the community to a greater extent. If an individual expects to move, he will be more likely to invest in skills that benefit himself but not the community. If an individual expects to stay, he will be more likely to invest in the community. Majority of the groups (89%) were formed with the aim or goal of economic empowerment of members, savings and access to loans. It is evident from the findings, the fact that all the groups in the study were based in Kibera and members where on minimum

wage. economic empowerment was therefore close to their thoughts and dictated their actions. Each group had an average of eight members. A greater percentage (80%) of the groups had a constitution or by laws and had formulated strategies for future operations. About 20% of the groups did not have by- laws in written form but relied on founder members to explain the rules of the group. This was verified by key informants who required a group to have a constitution or by laws to register with them. Putnam (1993) postulates that when social capital is defined as a set of norms or values that facilitate cooperation and efficiency, this is a functional notion. In contrast, when one argues that the cooperative behavior of others leads to expectations under which cooperation is individually rational, this is a causal notion. It seems self evident that both causal and functional definitions of social capital are necessary for successful explanation of social capital.

It can also be concluded that members were actively involved in most group activities, 80% of the groups used elections as opposed to acclamation to choose their leaders, this implied use of a constitution, trust in the instrument and collective responsibility by members. Most leaders (58%) possessed a diversity of skills that were formally or informally acquired. These skills were acquired while working as apprentice in previous forms of employment. Group leaders were the custodians of the books of accounts and records.

Majority of the groups (78%) received support from MFIs in the form of loans issued to the group. The MFIs also provided a platform for the groups to save their money in a joint group account. The groups were trained on management and financial skills on a quarterly basis.

## 4.2.2 Member characteristics

### a. Gender of the members

About 99% of the general respondents were female except one percent. The groups are predominantly women established.

### b. Age of the respondents

The members of the women groups had an average age of between 25 and 30 years. This represented 62% of the respondents (Table 1). It can be deducted that the group encourages membership of young people as exemplified by the large percentage participation of ages 25-30 years.

Table 1: Age of respondents

Age of member	Frequency	Percent%
young(<25yrs)	14	28
Middle 25-30yrs	31	62
Older >50 yrs	5	10
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Author

The table showed that more members of the group were middle age category followed by younger members.

### c. Occupation of respondents

A greater percentage (46%) of the members engaged in tailoring while 20% engaged chicken rearing activities. These skills were used in the group projects and initiated to new members of the group (Table 2).

Table 2: Occupation of the respondents

Occupation	Frequency	Percent
Tailor	23	46
Mitumba seller	8	16
Cook	5	10
Chicken rearing	10	20
House help	4	8
<b>Total</b>	<b>50</b>	<b>100</b>

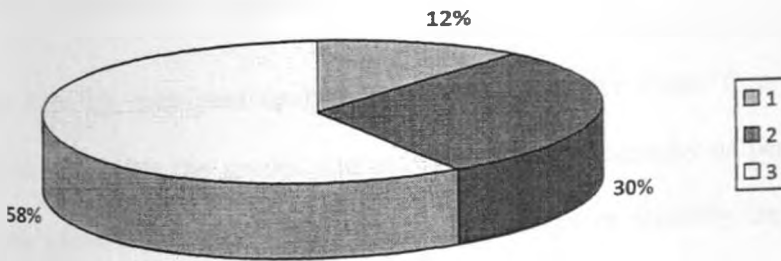
Source: Author

It was noted that individuals who work in occupations with more social contact are more likely to invest more in social connections. This also implied that the occupational skills and knowledge were not very technical and could easily be taught to new members of the group through apprenticeship.

#### d. Level of schooling

The chart below (chart 1) showed that majority of the members (58%) in the groups had attained primary school education while 30% had attained secondary education. Only 12% of respondents had attained college education.

Chart 1: Level of formal schooling



Source: Author

Key: 1. Secondary 2. primary 3. college education

n: 50

The women's aptitudes were high but the levels of education were low. This was observed in mental calculations of computing costs of products, memory of what each customer needs and changing money. In poultry farming which was done by Agape women's group, members could not read the scientific names of vaccines to give their poultry but were keen to notice any disease and apply appropriate remedy. This was learnt this was learnt through apprenticeship.

Age, gender, educational level and occupation results indicate membership recruitment is homogeneous, thus avoiding the danger of domination by a few powerful elements in membership and therefore inhibiting due participation process.

Availability and use of a constitution or by laws was of fundamental importance to majority of the groups. Members' prior business or craft skills set the path for most future commercial engagements by the members.

#### **4.3 Support services used and their impact on performance.**

Our second objective was: "To examine the support services used among the groups which influence group performance".

The indicators of support services were;

##### **4.3.1 External support**

Savings kept by members enables them to qualify for loans from the MFIs. The MFIs continued to support the groups and increase financial capacity as performance of the group increases. Monetary contributions paid daily, weekly or monthly are a sign of a member's commitment to the group where she is a member. Members who do not contribute regularly to groups are fined. If the behaviour persists they are expelled from the group.

Contributions are also based on the groups' expenses or the type of project that the membership wants to undertake. About 60% of the groups engaged in income generating

projects which include chicken rearing and tailoring among others. The groups had assets in the form of sewing machines, iron boxes, and materials, chicken and farm inputs. From the sales they can pay themselves wages on a monthly basis. If a group is unable to repay group loans its savings will cover for outstanding balance. However this is a last resort action by the MFIs. 40% of the groups were yet to establish a joint income generating project although they continued to save as a group.

The table 3 below showed that majority of the SHG (80%) seeks or receives external support from MFIs as opposed to banks. Only 20% received support from government related agencies.

Table 3: Distribution of sources of external support

Outside support	Number of groups	percent
Micro finance institutions	4	80
Government related agencies	1	20
<b>Total</b>	<b>5</b>	<b>100</b>

Source: Author

#### 4.3.2 Financial support

Table 4 showed distribution of financial support received by the group in form of loans from MFIs issues in last six months.

Table 4: Distribution of loans received from MFIs

Groups' name	Nature of loan	Amount(ksh)	Repayment period	Interest rate 12%
Mabesta self help	development	44.000	20 months	12% p.a
Huduma self help	development	42.000	12months	12% p.a
Agape women's group	development	38.600	12months	12% p.a
Kimolu women's group	development	15.000	12months	12% p.a
New life self help	development	17.000	10months	12% p.a
<b>Total</b>		<b>156.600</b>		

Source: Faulu Kenya, Action Now Kenya

Table 5 showed the distribution of loans among members in their respective groups in the last six months. Most (60%) of the loans were emergency loans which were frequently received as opposed to (18%) development loans. The other (22%) loans were distributed in form of school fees loans. Emergency loans were more frequently applied for and this was due to their quick availability. These amounts were however much smaller compared to development loans.

Table 5: Distribution of various loans

Nature of loan	Amounts(ksh)	Frequency	Percent
Development	34,020	9	18
School fees	41,580	11	22
Emergency	113,400	30	60
<b>Total</b>	<b>189,000</b>	<b>50</b>	<b>100</b>

Source: Author

The ability of a group to qualify for a loan was an indicator of social capital. Similarly, Bowles and Gintis (2002) states that social capital can be defined simply as an instantiated set of informal values or norms shared among members of a group that permits them to cooperate with one another. If members of the group come to expect that others will behave reliably and honestly, then they will come to trust one another to fulfill obligations of loan repayment. Trust acts like a lubricant that makes any group or organization run more efficiently.

#### 4.4 Members perceived benefits and actual benefits

Our third objective was: "To establish the group members' perceived and actual benefits from their group".



#### 4.4.1 Perceived Benefits

Majority of the respondents' (54%) agreed that joining a group improves access to loans for its members while 22% thought that their individual saving habits would improve by joining the group. Other respondents perceived benefits as improvement of members' family welfare as indicated by 10%. From the findings, 2% of the respondents disagreed that they would join a SHG just to utilize their free time.

Table 6: perceived benefits

Perceived Benefits	Frequency	Percent
Joining a group improves access to loans	27	54
A SHG helps in promoting saving habits of its members	11	22
Belonging to a SHG improves members' family welfare	5	10
A member of a SHG is economically independent	3	6
Members have opportunities to improve themselves through technical training	2	4
A member of a SHG is esteemed by others in the community	1	2
Joining a group helps an individual to utilise their free time	1	2
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Author

The table 6 above shows that majority of the members were of the perception that they would be more likely to get loans by belonging to a group as opposed to seeking a loan for other sources as an individual. The network strategy for expressive action is easily understood: to bind with others who share similar resources, who are sympathetic to one's needs to preserve resources, who are prepared to provide support or help. Thus, the expectation is that binding and bonding relations should be useful for accessing and mobilizing necessary resources for expressive actions. (Putnam 1993)

#### 4.4.2 Reason for joining group

Table 7 showed that 52% of respondents joined their groups mainly to enable them get access to funds, 28% joined with the expectation that they would get self employed.

Common interests among homogeneous individuals brought them together sometimes in crisis or other times by shared vision of the future. Members (14%) sought development skills mainly in entrepreneurship while 6% joined because their friends belonged to the group.

Table 7: Reason for joining the group

Reason	Frequency	Percent
Source of funds	26	52
Self employment	14	28
Gain development skills	7	14
Need for friends	3	6
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Author

Individual poor women tend to be erratic and uncertain in their behaviour; group membership smoothens such rough edges and makes them more reliable. The collective aspirations of group members become stronger day by day that works as a strong motivator to them.

(Tankha 2002) This argument would explain why majority of the members gave source of funds as their major reason for joining the group.

#### 4.4.3 Benefits met

Bourdieu (1985), states that it is the underlying economic organization, which is seen to constrain social processes. He argues that it is the presence of profit that is the major reason for the type of solidarity that makes group existence possible in the first place and thus, he argues that it is structural economic organization that is the base for the creation of social capital.

The table 8 below showed the distribution of respondents according to whether members' expectations had been met. About 54% of the members agreed that their expectations had been met as compared to 12% who did not feel their expectations had been met.

Table 8: Benefits met

Goals/objectives met	Frequency	Percent
Yes	27	54
No	6	12
Partly	13	26
No Answer	4	8
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Author

The respondents listed the following as benefits they accumulate by being members (Table 8).

The table 9 below showed that most members identified various benefits by joining the SHG. access to loans was the most consistent benefit to most members. About 52% of member's had benefitted through access to loans. These loans were mainly to increase stocks in business or personal emergency loan.

Majority of the respondents (68%) had been able to repay individual loans without many problems. However 32% of members who borrowed requested for extended time to repay.

Members (20%) had been able to save money though SHG this implied that group cohesion among members had instilled a sense of belonging and a desire for self empowerment.

They responded as follows

Table 9: Distribution of benefits

Benefits	Frequency	Percent
Promoting saving habits	10	20
Get access to loans	26	52
Technical training	4	8
New skills in entrepreneurship	7	14
Life skills	3	6
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Author

#### 4.4.4 Other benefits to members

Tables 10 below showed most of the members were also engaged in other projects which benefit them. A greater percentage of members were engaged in selling cereals (30%) and green groceries (28%).

Table 10: Distribution of projects' members were engaged in.

Projects	Frequency	Percent
General shop	6	12
Spinning and weaving	1	2
Selling second hand clothes	8	16
Selling paraffin	2	4
Green groceries	14	28
Selling cereals	15	30
Hotel business	4	8
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Author

The table 10 indicated that a larger percentage (58%) of respondents had other business ventures. It implied that there was need for financing to maintain their livelihood.

#### 4.5 Group's level of social capital

Our fourth objective was; "To determine the level of social capital formation of the self help groups".

##### 4.5.1 Level of social capital

The indicators of social capital were trust in the institutions of governance (including fairness of rules, official procedures, dispute resolution and resource allocation), rules which control opportunistic behaviour, members volunteering their personal time for group activities, open dialogue during meeting and decision making, collective action and social cohesion in group activities and networking with other groups.

Table 11 below showed various distributions of groups according to level of social capital.

Social Capital indicators were trust in the institutions of governance, rules which control opportunistic behaviour, members volunteering their personal time for group activities, open dialogue during meeting and decision making, collective action and social cohesion in group activities and networking with other groups.

Table 11: Distribution of groups according to indicators of level of social capital

Groups	Level of Social Capital						frequency
	Indicators						
	1	2	3	4	5	6	
Agape Women's Group	X	X	X	X	x	X	6
Mabesta Self Help Group.	X	X		X			3
Huduma Women's Group	X	X	X	X	X		4
New Life Self Help Group		X		X			2
Mwanga self Help Group.		X					1

Source :Author

### Key: Indicators

1. Trust in the institutions of governance
2. Rules which control opportunistic behaviour
3. Members volunteering their personal time for group activities
4. Open dialogue during meeting and decision making,
5. Collective action and social cohesion in group activities
6. Networking with other groups

Groups which had more than four indicators marked present(x) indicated High level of social capital, groups which had two or three indicators marked present(x) indicated Average level of social capital while groups which had only one indicator marked present (x) indicated Low level of social capital.

The indicators of social capital were numbered from one to five in order to identify the various levels present in the groups. Table 12 below showed the indicators of social capital among the groups. Availability and subsequent use of the indicators showed the various levels of social capital formation available. Majority of the groups (80%) had some form of rules which control opportunistic behaviour and enhance norms. Members had gained the trust of each other to fulfill the objectives which were required of them. According to the Key informants, groups with higher levels of social capital (40%) had most members volunteering in one way or another by sacrificing their personal time for group activities. Willingness to be part of the group boosted obligation and reciprocity among members.

Open dialogue during meeting and decision making developed communication, trust and social cohesion. This indicated maturity among members and high level of social capital. Groups with low levels of social capital (20%) resorted to gossip or witch-hunting whenever

dispute arose. Profits and most importantly losses were all shared equally this was in accordance to obligations members had to each other and the group.

Table 12: Distribution of Groups according to indicators of social capital

Social Capital	Frequency	Percent
High (>4)	2	40
Average (2-3)	2	40
Low (<1)	1	20
Total	5	100

Source: Author

Most of the rules and regulations govern monetary-related issues in the group and they regulate contributions, savings, and borrowing and repayment procedures. They also outline punishment for those who default in payment. Money issues appear to be a critical factor in maintaining group cohesion. Poor money management could also lead to the disintegration and eventual collapse of groups.

The findings concur with argument raised by Putman (1993) that when the returns to social capital investment are higher in high investment communities, then there may be some communities with high levels of investment and high returns to investment and some with low levels of investment and returns to investment. Both types of community will be in equilibrium, and this may lie behind the differences between northern and southern Italy.

#### 4.6 Level of group performance.

Our fifth objective was: "To determine the level of groups overall performance".

Indicators of overall performance were active participation of members, Availability of dispute mechanism, achievement of goals and objectives, network with other groups and less dependency on MFIs. The indicators of group performance were numbered from one to six in order to identify the various levels present in the groups.

##### 4.6.1 Level of performance

Table 13 below showed various distributions of groups according to performance.

Performance indicators were active participation of members, Availability of dispute mechanism, achievement of goals and objectives, network with other groups and less dependency on MFIs.

Table 13: Distribution of groups according to indicators of level of performance.

Groups	Indicators of Level of Performance						frequency
	1	2	3	4	5	6	
Agape Women's Group	X	X	X	X	x	X	6
Mabesta Self Help Group.	X	X	X				3
Huduma Women's Group	X	X	X	X			4
New Life Self Help Group	X	X					2
Mwanga self Help Group.	x						1

Source :Author



### Key: Indicators

1. Active participation of members
2. Availability of dispute mechanism
3. Achievement of Objectives-Loan repayment
4. Successful involvement in projects
5. Ability to network with other groups
6. Less dependency on MFIs

Groups which had more than four indicators marked present(x) indicated High level of performance, groups which had two or three indicators marked present(x) indicated Average level of performance while groups which had only one indicator marked present (x) indicated Low level of social capital.

Groups' performance was seen to be influenced either positively or negatively depending on the level of social capital. Table 14 shows that two groups in the study were found to enjoy high levels of performance as seen in 40% representation as opposed to one group which had low performance as seen in 20% representation.

Table 14: Distribution of groups according to performance

Level of performance	Frequency	Percent
High (>4)	2	40
Average (2-3)	2	40
Low (<1)	1	20
Total	5	100

Source: Author

It is evident from the findings that active participation was an important indicator to level of group performance and it set direction to the other five indicators used in the study. Availability of a dispute mechanism was also critical to the proper functioning of the groups as further explained below.

Table 15 below showed that most groups either used constitution or by laws to resolve disputes in the group. About 60% of the groups used constitution/by laws as a conflict mechanism tool. The laws were simple and easy to apply however in case of unfamiliarity with its application the officials from MFIs would step in and assist in its interpretation. Fines against those who did not follow norms were swiftly imposed.

#### 4.6.2 Dispute mechanisms as reported by Key informants

Availability of dispute mechanisms was also used as an indicator of level of performance.

A norm has economic value if it creates a uniquely salient or focal solution to a coordination problem, thus reducing the risk of coordination failure. In this sense norms are a form of social capital (Coleman, 1987).

Table 15: Distribution of conflict resolution mechanism by groups

Conflict resolution	Frequency	Percent
Constitution	1	20
By laws	2	40
Chairperson decides	0	0
Members vote	2	40
Conflicting members decide	0	0
<b>Total</b>	<b>5</b>	<b>100</b>

Source: Author

Dispute settlement in the groups is based on the local understanding of social justice. This makes dispute settlement a critical factor in relationships and groups through which exchange and transactions between members take place. Breaking of trust based transactions is the most common dispute among the members of the women groups. This occurred in the form of non remittance of loan on the due date or complete default in some cases.

Most groups (73%) kept records of minutes, accounts and inventory. This implied that the ability to foster trust in the group through accountability was a critical part in performance of the group. Due to the few number of members in each group under study, it was found that (90%) of all members were involved in decision making concerning loans issue, default of loans, current and future projects, conflict resolution, and members welfare. This structuring enhanced solidarity and a sense of ownership of decisions among members.

#### 4.6.3 Members' attendance

Table 16 showed the distribution of members' attendance in last six months. Members' attendance was also used as an indicator for level of performance. About 58% of members attended general meetings when they were scheduled. This implied that most members actively participated in their groups and were involved in collective decision making concerning group leadership and direction. Most members (51%) made more contributions in form of money than materials and labour. Money was collected during weekly meetings and materials which were needed for the respective projects bought. Labour contributions was very significant to most groups since all members wanted to participate in the common projects.

Table 16: Attendance of meetings

Group meetings	Attendance in last six months	Percent
General	29	58
Special/committee	21	42
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Author

Interactions during quarterly meetings are held to review their problems and achievements, to identify areas of concern, and to look for solutions to social and economic challenges. (Yunus, 2006)

In conclusions drawn from the findings it can be said that levels of group performance were directly dependant on levels of social capital. The indicators of performance are intertwined in the variables which constitute social capital (norms, networks social cohesion, communication). Active participation of members, availability of dispute mechanism and achievement of objectives were critical indicators of level of group performance. Most members actively participated in their groups and were involved in collective decision making concerning group leadership and direction.

Groups view membership recruitment which is based on individuals who share common interests as an important factor in the formation of social capital.

Common interest among homogeneous individuals brings them together, sometimes in crisis or other times by shared vision of the future.

From the findings it was clear that norms impose uniformity of behavior within a group. This implies groups which established norms and abided by them would have higher levels of social capital. Groups with higher levels of social capital (40%) had most members volunteering in one way or another sacrificing their personal time for group activities. Groups will lower levels of social capital would also impose sanctions to enforce members to abide by the group norms.

## CHAPTER FIVE

### 5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Summary of the findings

The results of this research provide a detailed understanding of the dynamics of social capital formation among women groups in Kenya. The findings show that there are some critical variables which contribute to the eventual levels of social capital developing in a group. How well these variables are integrated in the group will determine level of social capital and group performance.

#### 5.2 Characteristics of the group and its members.

In order to be effective instruments of transformation and authentic representation of collective interest, groups must of necessity be formed of homogeneous membership. This will occur if groups are formed around some concrete specific problem of interest e.g. group to fight poverty. There is wide consensus from empirical research that the rural poor will participate more effectively where membership recruitment is homogeneous, thus avoiding the danger of domination by a few powerful elements in the membership therefore inhibiting the participation process (Mulwa 1994) and social capital formation.

In most cases people who face a similar set of circumstances will form homogeneous groups spontaneously. By doing so they build strength, an ability to generate change (or indeed to resist undesirable change) that they could have otherwise never achieved individually.

Groups view membership recruitment which is based on individuals who share common interests as an important factor in the formation of social capital. 58% in the groups had attained primary school education while 30% had attained secondary education. Common

interest among homogeneous individuals brings them together, sometimes in crisis or other times by shared vision of the future.

Higher levels of social capital was evident among groups where members jointly contribute towards group projects. Generally as found in the survey the extent to which members are motivated and actively participate in group activities would either affect the group's performance positively or negatively.

Groups which involved all their members in decision making process concerning group activities showed higher social capital and therefore better performance.

The other factors which affected social capital are members' attendance of meetings as scheduled and whether or not group leaders are chosen by merit and not favoritism. Groups where attendance and partisan selection of leaders were positive exhibited higher social capital.

As per the study groups where members have shared values of accountability for each other was still another determinant that majority of the respondents agreed that influences social capital formation.

### **5.2.1 Support services used and their impact on performance.**

Availability and use of a constitution or bylaws acted as a unifying factor for most groups. Where it was effectively used, trust relations were more easily formed and less conflict occurred. This implied that its effective use would result in higher levels of social capital in the group. Groups where members readily volunteered their time and effort towards group activities had average to high levels of social capital. Consistency in members' availability when needed improved cohesion among the members. The study found out that keeping of updated records of meetings and other transactions was an important support strategy and a salient contributor to develop trust relations, cohesion and collective action.

Generally keeping updated records was viewed as important to majority of members interviewed. Decision to provide education and training through seminars and workshops was highly valued by members. This enforced a sense of togetherness and social capital formation. Groups set open structures which enable the facilitation of elections immediately they are due. Attendance of meetings was found to be paramount to majority of the respondents. Absence from the meetings was faced by negative sanctions of fines. Equity of any monetary or material contributions by members was an important factor to majority of respondents since lack of the same would result in poor participation in decision making and leadership by members whose contributions less towards the group. The MFI's continue to support the groups and increase financial capacity as performance of the group increases. Majority of the SHG (80%) seek or receive external financial support from MFI's as opposed to banks. Only 20% received support from government related agencies.

### 5.2.3 Members' perceived and actual benefits

Majority of the respondents were of the perception that being a member of a group improved their saving habits. This led to economic independence and improved family welfare. Availability of opportunities for participation through technical training for members enhanced altruistic leadership and collective responsibility.

The study found out that possibility of access to individual and group loans influenced members overall perception towards benefits they would accrue by joining the group. This enhanced social capital formation and eventually its performance.

Groups which have higher levels of social capital are evidently more beneficial to members who belong to it. From the study ability to save more when in a group than individually was of great benefit to majority of respondents. Groups with average or higher social capital were

able to qualify for loans and were also able to repay them at the stipulated duration. About 52% of members had benefitted through access to loans. These loans were mainly to increase stocks in business or personal emergency loan.

Initially financed with donor or government funds, internal resource mobilization through a compulsory savings component, supplemented by external donor or commercial resources reliance on peer pressure and joint liability of solidarity groups as a special type of risk management (Yunus 2006).

Group cohesion was an important indicator to social capital formation and as a result those groups which had open membership attracted new members.

#### **5.2.4 Group's level of social capital**

From the study it was clear that norms impose uniformity of behavior within a group. This implies groups which established norms and abided by them would have higher levels of social capital. Once in existence norms through sanctions or threat of sanctions affect the actions of individuals. Within such a collectivity, actors may act in terms of their self interest but must act in the interest of the collectivity (Scott, 1991). Groups with higher levels of social capital (40%) had most members volunteering in one way or another sacrificing their personal time for group activities. Groups with lower levels of social capital would also impose sanctions to enforce members to abide by the group norms. This would however only apply in the short term.

Networks established by the group enabled them to be better positioned in terms of information regarding their areas of business, these networks were mainly with consumers and micro finance institutions. Networks with other groups were established through the nature of the businesses the groups were engaged in. Agape Women's poultry project supplied eggs and



chicken to food kiosks in Kenyatta Market area at fair prices. These food kiosks were also group established businesses. Huduma women's group offered tailoring training to other women groups which were in need of learning the skill. The training course was offered at a subsidized fee. Trust within the group was an important variable and a big determinant of the level of social capital of a group. Trust and honesty are human attributes that cannot be measured or easily identified. It is even more difficult for business people who start out as strangers and competitors. In spite of all this trust-based relationships are established in micro and small enterprises (Kinyanjui and Khayesi, 2004).

From the findings it was established that presence of trust relationships determines the level of social capital and the extent to which people are willing to invest or disinvest themselves in social relationship with another. Groups with low levels of social capital (20%) resorted to gossip or witch-hunting whenever dispute arose.

High stocks of trust invariably lead to higher levels of social capital which, in turn, promote the emergence of more dense social networks and progressively stronger norms of reciprocity (Smith, 2001) collective action and social cohesion was found to be another salient variable in social capital formation. Groups which were able move to maturity and were more functional, had members who had a feeling of obligation to improve governance and accountability of the groups activities. This had a multiple effect on all the other variables in social capital formation.

The study also found out that open dialogue within the group members led to social capital formation. Open channels of communication entrenched a sense of togetherness and belonging. Mature groups where high social capital was evident had members who were not afraid to voice their opinions in decision-making. Majority of the respondents indicated that

all losses were shared equally among members. This implied that collective action and social cohesion in group activities will make groups increase their level of social capital and therefore group performance.

### **5.2.5 Group's overall performance**

From the findings it can be concluded that majority (58%) of members attended general meetings when they were scheduled. This implied that most members actively participated in their groups and were involved in collective decision making concerning group leadership and direction. Most groups (60%) used constitution/by laws as a conflict mechanism tool. The groups identify ability to repay loans borrowed the group as a significant indicator of performance; this was also the opinion of the key informants who used loans repayment as an indicator of good performance. This implies that the group has high levels of social capital and is functional.

Most groups are also able to increase their borrowing capacity over time. This was only possible for functional mature groups with high levels of social capital. Successful initiation of joint projects was a motivational factor to members and this enhanced group solidarity and cohesion. Networks with other groups were established through the nature of the businesses the groups were engaged in. Agape Women's poultry project supplied eggs and chicken to food kiosks in Kenyatta Market area at fair prices. These food Kiosks were also group established businesses.

Huduma women's group offered tailoring training to other women groups which were in need of learning the skill. The training course was offered at a subsidized fee. Majority of the respondents agreed that less dependence on external support (MFI) was an indicator of a

positive performance. This implies that the group continues to engage in activities which are self sustainable.

### 5.3 Conclusion

From the findings and discussions, the study concludes that successful women groups in Kibera use social capital resources in their day to day operations. Groups which perform better will have higher levels of social capital than those which have lower levels of social capital. Groups must of necessity be formed of homogeneous membership. This will occur if groups are formed around some concrete specific problem of interest.

The norms of the group are established early and continue to act as a cohesive force which leads the group into maturity. Interactions during quarterly meetings are held to review their problems and achievements, to identify areas of concern, and to look for solutions to social and economic challenges (Yunus, 2006).

The study also concludes that groups which involved all their members in decision making process concerning group activities showed higher social capital and therefore better performance. The availability and use of a constitution or bylaws acted as a unifying factor for most groups, where it was effectively used, trust relations were more easily formed and less conflict occurred. This implied that its effective use would result in higher levels of social capital in the group.

The study also concludes that keeping of updated records of meetings and other transactions was an important support strategy and a salient contributor to develop trust relations, cohesion and collective action. Interestingly levels of social capital were determined by latent variables or factors among observed variables, these are characteristics of the groups and their

members, support services used by the group, perception of the group members, actual benefits and achievement of objectives.

#### 5.4 Recommendations

From the findings and conclusions, the study makes the following recommendations:

1. Collective action when engaging group activities is critical to cultivate a sense of togetherness and belonging among members. Observations from the study indicate that the success of Agape women's group poultry project and Huduma women's tailoring school was mainly attributed to collective action in all group engagements. This induced trust, enhanced communication and solidarity in the group. The characteristics of the group and members play a pivotal role in determining collective action.
2. Joint pre project evaluation which is inclusive of MFI officials and group members should be done before disbursement of loans. Follow up visits should be in build in the MFIs support services that they offer to the women groups.
3. Group performance can be greatly improved if the women groups are motivated through competition and appropriate rewards organized by government agencies and MFIs which target the most functional group is important.
4. Social capital formation among women groups will be more evident and continue to grow in groups which have by laws or a constitution which members are trained and educated on. This would help members change from individual opportunistic behavior to collective action and solidarity in the group.

5. Good leadership within the groups and community is essential in any community based activity. The training sessions provided internally or externally should therefore consider training in aspects of leadership and management skills in addition to training on entrepreneurship.
6. Implementation of the group projects through group work rather than individual activities should be encouraged.
7. If women empowerment is to be pursued as a serious objective by SHG programmes in particular and the larger microfinance community in general, greater emphasis needs to be placed on training, education and creating awareness in order to achieve a larger and more lasting empowerment.

#### **Further research**

This study has revealed the importance of social capital in women groups. There is nevertheless need for further research on the following concepts;

1. Utilization of social capital as a strategy for entry and stay in micro and small scale enterprises in Kenya: strategies for poverty alleviation.
2. Implementation of Training and Education programmes in women groups in Kenya as a tool to increase cohesion and effectiveness.

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## APPENDICES: APPENDIX I: LETTER AND QUESTIONNAIRES

Department of Sociology

University of Nairobi

Box 30197,

Nairobi, Kenya

September 14, 2010

Dear Sir/Madam,

### RE: EFFECTS OF SOCIAL CAPITAL FORMATION AMONG WOMEN GROUPS IN NAIROBI.

I am a student in the Faculty of Arts, Department of Sociology. I am in my research year of my M.A studies focusing on social capital formation among women groups. I am conducting a study on what extent are the variables which constitute social capital formation are present in women micro finance groups and how does social capital formation assist in empowerment among members. My goal is to investigate the formation of social capital, its levels, its indicators and the extent to which it varies among women groups in Kibera, Nairobi.

Specifically:

1. To examine the characteristics of the groups and their members.
2. To examine the support services used among the groups which influence group performance
3. To find out members' perceived benefits from their groups.
4. To establish the extent which group members are able to benefit from the group and achieve their set goals or objectives.
5. To determine the level of social capital formation of the self help groups.
6. To assess performance of the groups.

If you are interested in the results from this study you are welcome to request a copy of the final report by supplying your name and email address. Any queries regarding the questionnaire or the overall study can be directed to the undersigned.

Please be assured that this information is sought for research purposes only and your responses will be strictly confidential. No individual's responses will be identified as such and the identity of persons responding will not be published or released to anyone. All information will be used for academic purposes only.

Please assist me in gathering enough information to present a representative finding on the current status of social capital formation among women groups by completing the attached questionnaire. Your participation is entirely voluntary and the questionnaire is completely anonymous. Thank you very much for helping with this important study. Yours truly,

MARTIN.O.TUBULA

M.A Candidate, University of Nairobi

# Study of Social Capital Formation among Women Groups in Nairobi:

## Leaders of the Groups

Dear Leader,

I am a student at the University of Nairobi. I would like to seek information on indicators of social capital Levels of social capital, characteristics of groups and their members, access to support services, perception of benefits and actual benefits and effective group performance among women groups in Nairobi. This interview guide will be used to collect information from group officials. *(Please tick one choice or fill in your most accurate response)*

### 1. Group characteristics

- a) When was the group formed? \_\_\_\_\_
- b) Why was the group formed? \_\_\_\_\_
- c) When was the group registered? \_\_\_\_\_
- d) How members did it have-----
- e) Does the group have a constitution and by- laws? Yes / No
- f) Has the group formulated strategies for future operations? Yes / No
- g) Do the members contribute jointly towards group projects? Yes / No
- h) How active are the members of your group?
  - i. Number Very active \_\_\_\_\_
  - ii. Number active \_\_\_\_\_
  - iii. Number inactive-----
- i) Composition of Group membership: Males \_\_\_\_\_ Females \_\_\_\_\_
- j) How were the current officials chosen? \_\_\_\_\_
- k) How many are they? \_\_\_\_\_
- l) What are group's goals/objectives? \_\_\_\_\_
- m) In what activities does the group engage?  
\_\_\_\_\_
- n) Which skills do leaders and some of the members have?*(tick where appropriate)*
  - ✓ Entrepreneurial skills
  - ✓ management
  - ✓ Craft skills
  - Other(specify) \_\_\_\_\_

2. Support received by the group from micro-finance institutions-----  
-----
3. How was support used-----  
-----

### 3. Group Performance

a) Which type of the following records does the group keep?

	YES	NO	WHY IN EITHER CASE?
Minutes			
Accounts			
Membership register			
Assets			

- b) Which decision making committees does the group have? \_\_\_\_\_
- c) Has the group had conflicts among the members? Yes / No  
If yes, how were they resolved? \_\_\_\_\_
- d) How many meetings has the group held over the past six months?

TYPE OF MEETING	NUMBER OF MEETINGS HELD	LEVEL OF ATTENDANCE
GENERAL MEETINGS		
COMMITTEE MEETINGS		

e) Which of the following contributions have the members made to the group over the past one year and how much?

CONTRIBUTION	AMOUNT/QUANTITY
MONEY	
MATERIALS	
LABOUR	
OTHER	

f) In which ways have members benefited from the group? \_\_\_\_\_

If there has been no benefit, why? \_\_\_\_\_

# Study of Social Capital Formation among Women Groups in Nairobi:

## Individual members

Dear Member,

I would like to seek information on indicators of social capital, levels of social capital, characteristics of groups and their members, access to support services, perception of benefits and actual benefits and effective group performance among women groups in Nairobi. This interview guide will be used to collect information from individual members (*Please tick one or fill the blank space*)

Name \_\_\_\_\_

Name of Group \_\_\_\_\_

### 1. Characteristics of member

- a. Age \_\_\_\_\_ b. Gender \_\_\_\_\_
- c. Level of schooling \_\_\_\_\_
- d. Previous occupation \_\_\_\_\_
- e. Current occupation \_\_\_\_\_

### 2. Participation in the group

- a) When did you join this self help group? \_\_\_\_\_
- b) Are you one of the founders of the group? Yes / No
- c) Have you been/are you a committee member? Yes / No
- d) What was your reason for joining the group?
- Need for self employment
  - Source of funds
  - Need for friends
  - Other (specify) \_\_\_\_\_
- e) Which of the following contributions have you made to group?
- Money (Kshs.) \_\_\_\_\_
  - Labour \_\_\_\_\_
  - Materials \_\_\_\_\_
- f) How many group meetings have you attended over last six months
- General meetings \_\_\_\_\_
  - Special meetings \_\_\_\_\_
  - Committee meetings \_\_\_\_\_

g) Would you say you are an:

- Active member of the group
- Somewhat active member of the group.
- Inactive member of the group.

h) In which ways do you settle group related disputes?

- Group intervenes
- Issues are settled outside group
- Nothing is done
- Other(specify)\_\_\_\_\_

i) In which ways have you voluntarily served the group? \_\_\_\_\_

j) Would you say goals/objectives of your group have been met? Yes / No  
If No, Why not? \_\_\_\_\_

k) In what ways have you benefitted from the group?  
\_\_\_\_\_

l) Are you included in decision making process concerning group activities? Yes / No

### 3. Access to support services

a) How is the structure of your group and what are the responsibilities at each level.

- i. Main committee \_\_\_\_\_
- ii. Sub committees(specify)\_\_\_\_\_

b) What assets does your group have? \_\_\_\_\_

c) Which educational/capacity building activities has the group carried out in the past year? \_\_\_\_\_

d) Does the group have outside support in its operations?\_\_\_\_\_. What type?  
\_\_\_\_\_

e) Does your group have income generating activities? Yes / No

If yes, which ones?\_\_\_\_\_

f) Do you have any personal but group funded income generating projects? Yes / No

g) Does the group have any assets? Yes / No

If yes, which ones?\_\_\_\_\_

**4. Members' perception of benefits**

a. Please tick the most appropriate answer:

Item	Strongly agree	Agree	Disagree	Strongly Disagree
Joining a group improves access to loans				
A SHG helps in promoting saving habits of its members				
Belonging to a SHG improves members' family welfare				
A member of a SHG is economically independent				
Members have opportunities to improve themselves through technical training				
A member of a SHG is esteemed by others in the community				
Joining a group helps an individual to utilise their free time.				

**5. Members' actual benefits**

- a) Have you been able to access loans through your group? Yes / No
- b) If yes, how much (Ksh)----- Which year?-----
- c) What was the purpose of the loan?-----  
-----
- d) Have you been able to repay the loan? Yes / No
- e) If No, why?-----  
-----
- f) Have you been able to save money through your SHG? Yes / No
- g) If yes, approximately how much (Ksh)-----
- h) Which training sessions have you attended through your SHG? -----  
-----



i) What know-how and skills have you acquired through your SHG? (tick one):

- Entrepreneurship
- Finance / Cash management
- life skills
- Other (specify).....

j) Do you have your own income generating project since joining the group Yes /No

If yes, which one? \_\_\_\_\_

In which ways has the group assisted you to improve the project?-----  
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## 6. Social Capital

a) Does the group have rules to control member's behaviour? Yes / No

b) If yes, which ones? -----  
-----

In which ways have you found your group helpful? -----  
-----

c) Have you ever helped your group in the capacity of a volunteer? Yes / No

-If Yes, in which capacities? -----  
-----

--If No, why?

d) Do members have open dialogue among themselves about issues concerning the group? Yes / No

-If No, why?-----  
-----

e) Do members share losses incurred by the group equally? Yes / No

-If No, why?-----  
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**Study of Social Capital Formation among Women Groups in Nairobi:  
Interview Guide for Officials from Faulu and Action Now**

Dear respondent,

I would like to seek information on indicators of social capital, levels of social capital, characteristics of groups and their members, access to support services, perception of benefits and actual benefits and effective group performance among women groups in Nairobi. This interview guide will be used to collect information from officials from Faulu and Action Now.

*(Fill in the most appropriate response)*

1. Conditions for award of loans to groups
2. Ability of groups to achieve their set goals/objectives and reasons for doing so
3. **Access to support services**
  - a. Which type of support services to you offer group members  
\_\_\_\_\_
  - b. For what period of time do you maintain this support  
\_\_\_\_\_
  - c. Under what circumstances does the support cease?  
\_\_\_\_\_

**Member's benefits**

- a. What do you consider as benefits which may accrue to members of a SHG \_\_\_\_\_  
\_\_\_\_\_
- b. Have members been able access higher level of well-being, economic empowerment by joining the group? Yes /No  
specify \_\_\_\_\_

**4. Social capital formation**

- a. How has the group, in terms of the networks, communication, collective action, norms, and trust that people have available to them been able to use them for productive purposes \_\_\_\_\_

b. What strategies within the groups contribute to the welfare of members?

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**5. Group performance**

a. What does your agency treat as indicators of performance?

b. Rate groups you work with in terms of their meeting of these expectations as (% fully meeting-----%half-way meeting-----%not able to meet-----)

c. If some groups are not meeting your expectations, why is this so?

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