DETERMINANTS OF SUSTAINABILITY OF SELF-HELP GROUPS MICROFINANCE AMONG WOMEN: A CASE OF GROUP SAVINGS AND LOANS ASSOCIATION IN MASENO DIVISION, KISUMU WEST DISTRICT, KENYA

BY
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A RESEARCH PROJECT REPORT SUBMITTED IN PARTIAL FÜLLFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF ARTS IN PROJECT PLANNING AND MANAGEMENT OF THE UNIVERSITY OF NAIROBI

2012
DECLARATION

This Research Project is my original work and has not been presented for a degree or any other award in any university.

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This Research project results is dedicated to my husband Bernard Ayieko who gave me all the support during my research and to my children Sam, Shalom and Gift for their understanding and moral support.
ACKNOWLEDGEMENT

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### ABREVIATION/ACRONYMS

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<tr>
<td>ADS</td>
<td>Anglican Development Services</td>
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<tr>
<td>ASCA</td>
<td>Accumulating Savings and Credit Association</td>
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<tr>
<td>IFAD</td>
<td>International Food Agricultural Development</td>
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<td>MFI</td>
<td>Micro Finance Institution</td>
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<td>ROSCA</td>
<td>Rotating of Savings and Credit Association</td>
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<td>SHG</td>
<td>Self-Help Group</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
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<tr>
<td>VSLA</td>
<td>Village Savings and Loans Association</td>
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<tr>
<td>UNMDG</td>
<td>United Nation Millennium Development Goal</td>
</tr>
<tr>
<td>USAID</td>
<td>United States</td>
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<tr>
<td>ILO</td>
<td>International Labour Organization</td>
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<tr>
<td>NGO</td>
<td>Non Governmental Organization</td>
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<tr>
<td>MDG</td>
<td>Millennium Development Goals</td>
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<tr>
<td>UNHDI</td>
<td>United Nation Human Development Index</td>
</tr>
<tr>
<td>MIS</td>
<td>Management Information System</td>
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<tr>
<td>KNBS</td>
<td>Kenya National Bureau of Statistics</td>
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<tr>
<td>SPSS</td>
<td>Statistical Package for Social Sciences</td>
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<tr>
<td>CGAP</td>
<td>Consultative Group to Assist the Poor</td>
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<td>LUPP</td>
<td>Luanda urban Poverty programme</td>
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ABSTRACT

This study investigated the factors that determine sustainability of self help group microfinance among women in Maseno division. In Nepal, an evaluation done by CARE on Savings and loans association found out that the perspective of sustainability was lacking. Groups trained by Anglican Development Services in Otwenya location, Maseno Division on Village savings and Loans and were practicing the microfinance collapsed one year after ADS stopped working with them. The purpose of this study was to investigate the determinants of sustainability of Self-Help Group microfinance or Village Savings and Loans among women in Maseno Division, Kisumu West District. The objectives of the study was to establish the extent to which demographic factors, economic factors, management system, and social-cultural factors influence sustainability of Self-Help Groups’ microfinance among women in Maseno Division, Kisumu West District. The study was conducted through descriptive survey design as it sought to get the respondents views and opinions. The target population was the women groups that had been trained by CARE and were practicing Village Savings and Loans Association in Maseno Division. Data was collected using questionnaires and key informant interview guide. The questionnaires were administered to 125 respondents selected from the target population through simple random selection. The key informant interview was done to 18 people, fifteen group officials and 3 local leaders. They were selected through purposive sampling. The quantitative data collected from the questionnaires were grouped under broad themes, coded and analyzed using statistical package for social sciences (SPSS) and was presented using frequency tables and percentages. Qualitative data was collected from key informants’ interview. The data was analyzed using a simple descriptive analysis. The study established that VS&L demographic factors influence sustainability of self-help group microfinance in that married women are more involved than single women in self help group savings and loans, 44.4% had complete primary education followed by 24.8% having incomplete primary education indicating that the level of education influences the sustainability. On economic factors, 98.2% of respondents were either self employed or salaried and 32.2% had a monthly income of ksh 1000-2500 level which influences the contributions and loan repayment. On management, 92.8% of the respondents underwent trainings on management of the microfinance and 98.4% had a constitution formulated by members. On record keeping, 75.6% of the respondents said that they have records like passbooks which are kept by the secretary. On socio-cultural factors, 52.8% of the respondents indicated that their self-esteem has been improved. The study concluded that based on the findings that demographic, economic, management and socio-cultural factors are the determinants of sustainability of self help group microfinance in Maseno division. The study recommended that awareness should be created and mobilization done to other women in the remote areas about the group savings and loans so that they can access loans for their economic, social and political development. This should be an area of focus by the government and all development practitioners who purport to support poverty alleviation programmes. Secondly policy framework should be put in place by the government to regulate the operations of VS&L. Proposed areas for further research are to establish the impact of forming savings and loans association with people who are HIV positive and physically challenged, study the influence of m-pesa on group savings and loans and also to research on the role of modern technology on the sustainability of group savings and loans association.
CHAPTER ONE
INTRODUCTION

1.1 Background of the study

A self-help group is a village-based financial intermediary usually composed of 10–20 local women. Members make small regular savings contributions over a few months until there is enough capital in the group to begin lending, funds may then be lent back to the members or to others in the village for any purpose. A self-help group may be registered or unregistered, it typically comprises a group of micro entrepreneurs having homogenous social and economic backgrounds, all voluntarily coming together to save regular small sums of money, mutually agreeing to contribute to a common fund and to meet their emergency needs on the basis of mutual help. They pool their resources to become financially stable, taking loans from the money collected by that group and by making everybody in that group self-employed. To make the book-keeping simple enough to be handled by the members, flat interest rates are used for most loan calculations. (http://en.wikipedia.org/wiki/self_group_(finance)#cite_note-Reserve_Bank_of_India-0).

Global poverty has been one of the most burning and unresolved issues in the human history. According to World Bank statistics, there is almost 3 billion of world population living under $2.5 per day and among them, around 1 billion living under $1 per day. Government and International organizations have been cooperating to fight poverty in different parts of the world. In recent years, microfinance has been recognized as an effective tool to alleviate poverty (Rubana, 2008; Daley-Harris, 2002; Lalitha, 2008). Microfinance offers the poor a chance to get access to financial service such as
credit and savings. They can apply for small loans and use them to run small businesses such as selling chickens, eggs or other basic agricultural commodity. They also have opportunities to save money in saving accounts. Microfinance programs in Bangladesh, Bolivia and Central America all show positive impacts on the poor as they help the poor, first, to smoothen their daily expenditure then to enhance welfare and stabilize income. (Rubana, 2008; Khander, 2003; Khandekar & Pitt, 2002; Daley-Harris, 2002; Hiatt & Woodworth, 2006).

Microfinance in Germany covers more than two centuries and is one of self-help, self-regulation and delegated supervision. It comprises two networks: community-owned saving funds, Sparkassen, and member-owned cooperatives. They learned from the early Irish charity that charity is not sustainable and that there is a strong demand among the poor for safe deposit facilities. Three centuries of microfinance in Europe have taught a number of lessons: informal local initiatives based on self-help have a tremendous potential. Savings are their foundation and the essence of self-reliance, both of the household or small enterprise and of local financial organizations. The viability and sustainability of small enterprise (farm or non-farm) and of local institution are intertwined. Continued access to financial services, particularly savings and credit, over long periods of time are crucial in poverty alleviation and economic development. Small local financial institutions have proven their ability of providing such services for generation after generation. (Seibel, 2010).

In India, Self-Help Groups (SHGs) represent a unique approach to financial intermediation; the approach combines access to low-cost financial services with a process of self management and development for the women who join as members of a
SHG (Sunha, 2010). Microfinance actions can provide women revenue to climb out of poverty and boost quality of life of the women micro-entrepreneurs, microfinance programs should offer women specific modified products through suitable methodologies which can offer competitiveness to their businesses (Venkatesh J. et. al., 2011). Large population of African countries are involved in informal income generating activities through self help groups to eradicate poverty and hunger. But the sustainability of their livelihood from the activities that are expected to redeem them from poverty remains doubtfull according to a study carried out in Sierra Leone (Fofana, 2009). Sustainable livelihood is fundamental to United Nation Millenium Development Goals (UNMDG) of eradicating poverty and hunger (UN, 2005) and Sub-Saharan Africa stands out significantly among regions of the world in terms of poverty (UN, 2005).

One of the social goals of Kenya Vision 2030 (2007) is Equity and Poverty elimination; it aims at reducing the number of people living in poverty to a small proportion of the total population. It states that this can be achieved at the society level by guarantee of equality of opportunities in accessing public services. Women are key agricultural producers in Kenya, as well throughout the East African Region and according to USAID (2000) women contribute 75 to 80 percent of all labor in food production and 50 percent of cash crop production. Women are increasingly becoming farm managers and head of households, with estimates that over 40 percent of all small holder farms are managed by women in Kenya. Forty seven percent of micro and small enterprises are women-owned and the data from USAID suggests that this number will continue to rise. In Kisumu the key issue affecting women include high poverty and illiteracy levels (ILO, 2008).
1.2 Statement of the problem

Village Savings and Loans methodology was first promoted by CARE in Kenya and CARE remains the strongest promoter of the methodology among NGOs. The objective of promoting the self-help groups’ microfinance known as village savings and loans association (VSLA) by CARE-Kenya has been to raise small holder income, increase food security and enhance living conditions (CARE, 2009). To meet these objectives, the self-help groups’ microfinance needs to be sustainable. Group based microfinance is seen as having particularly significant benefits for women, contributing not only to poverty alleviation but also to women’s empowerment (Mayoux, 1998). Tankha (2002) found that sustainability of self help groups is coming under close scrutiny, even best practiced NGO’s generally place only about fifty percent of groups highest category of performance, with ten to twenty percent failing to take off. An evaluation carried out by CARE in the two districts in Nepal found out that over 60% Village Savings and Loans groups in Syangja district and 70% in Doti district lack the perspective of sustainability and only remaining Village Savings and Loans groups had the probability for continuation/survival (CARE, 2010). A study by Anyango et.al. (2007) to assess the performance of the groups in Zanzibar found out that the number of groups had grown and overall outreach had expanded to some 4,500 members. The study concluded that the strong group performance in terms of savings-led methodology was popular with the rural poor. However the study did not establish sustainability of the programme. Apopa (2010) carried out a study on how participating in Village Savings and Loans leads to improvement in the socio-economic status of the women in Kachien Division of Rachuonyo District. The findings were that participating in Village Savings
and loans had positive impact on socio-economic status of women. However, the study did not establish the sustainability of the programme. A report by Anglican Development Services (ADS)- Nyanza one of the NGOs implementing group savings and loans in Otwenya location, Maseno Division, Kisumu West District found out that the women groups that were trained on Group Savings and Loans Association collapsed after ADS stopped working with them one year later. (ADS, 2011). It is on this background that this study seeks to determine the sustainability of this microfinance.

1.3 Purpose of the study

The purpose of the study was to explore the determinants of sustainability of self-help groups’ microfinance among women in Maseno Division, Kisumu West District.

1.4 Objectives of the study

1. To establish the extent to which demographic factors influence sustainability of Self-Help Groups’ microfinance among women in Maseno division, Kisumu West District.

2. To assess the level at which economic factors influence sustainability of Self-Help Group micro-finance among women in Maseno Division, Kisumu West District.

3. To investigate how the management system influence sustainability in the Self-Help Group microfinance among women in Maseno Division, Kisumu West District.

4. To explore the level at which socio-cultural factors influence sustainability of Self-Help Groups’ microfinance among women in Maseno Division, Kisumu West District.
1.5 Research Questions

1. To what extent do demographic factors influence sustainability of self-help groups' microfinance among women in Maseno division, Kisumu West District?

2. At which level does economic factors influence sustainability of self-help groups' microfinance among women in Maseno Division, Kisumu West District?

3. How does management system influence sustainability of self-help groups' microfinance among women in Maseno Division Kisumu West District?

4. How do socio-cultural factors influence sustainability of self-help groups' microfinance among women in Maseno Division, Kisumu West District?

1.6 Significance of the study

Self-help group based microfinance is seen as having particularly significant benefits for women, contributing not only to poverty alleviation but also to women's empowerment (Mayoux, 1998). The findings from this study will help design sustainability programs for the self-help group's microfinance among women and to alleviate poverty and empower the local women through this new intervention. It is also hoped that the findings will assist development practitioners make informed choices in promotion of sustainable rural microfinance. The study will also help the Kenya government to come up with the policy to encourage the development of an active informal microfinance
sector that is sustainable. It will also contribute to the body of knowledge of community managed microfinance that is sustainable.

1.7 Basic Assumptions of the study

The study was guided by the assumption that there are factors determining sustainability of the self-help groups’ microfinance among women. It was upon this assumption that the study sought to explore determinants of sustainability of self-help groups’ microfinance among women. It was assumed that data was available and research respondents would cooperate and not have a research fatigue. It was also assumed that the study if undertaken would add value to self-help groups, microfinance in making them sustainable. The study assumed that the results obtained from the sample population reflect the whole locality population.

1.8 Limitations of the study

Limitations of the study are the challenges anticipated or faced by the researcher during the study which would influence the scope of the study, data accessibility and unanticipated occurrence. Some respondents were not willing to give the accurate data or information due to cultural beliefs associated with disclosing their income. To address this limitation, the researcher did not ask for direct benefits or figures but inquired about the approximate range of their income and used secondary data from the group’s records.

1.9 Delimitation of the Study

Delimitation of the study is the purposeful actions to reducing the study population and area to be surveyed to manageable size. This study was carried out in 30 women groups that are practicing group savings and loaning in West Kisumu location and North West location in Maseno Division, Kisumu West District in Nyanza province.
For triangulation, 18 key informants were interviewed, 15 from group officials and 3 from local leaders, that was, from church, CARE staff and administration. This was done through purposive sampling.

Due to limited funds and time, this study was carried out among the self-help groups microfinance which CARE-K is working with within Maseno Division, Kisumu West District. The study participants were sampled from these groups and anybody who had never been a member of these self-help groups’ microfinance for the past six months was not included in the study. The study was delimited to women in Maseno because it is women who participate effectively in self-Help Group microfinance. The study was delimited to Maseno division because it is the only place where CARE has implemented the Village Savings and Loans Association with 100 women groups in Kisumu West District.

1.10 Definition of significant terms used in the study

Self-Help Group: is a village-based financial intermediary usually composed of 10–20 local women. Members make small regular savings contributions over a few months until there is enough capital in the group to begin lending, funds may then be lent back to the members or to others in the village for any purpose. A self-help group may be registered or unregistered, it typically comprises a group of micro entrepreneurs having homogenous social and economic backgrounds, all voluntarily coming together to save regular small sums of money, mutually agreeing to contribute to a common fund and to meet their emergency needs on the basis of
mutual help. They pool their resources to become financially stable, taking loans from the money collected by that group and by making everybody in that group self-employed. In the context of this study, the term Village and Self-Help Group will be used interchangeably to refer to the same thing.

**Sustainability:** Refers to the action of ensuring that the scheme is maintained and the benefits are realized after a long period of time.

**Savings:** A fund or money kept as a reserve or set aside for future use.

**Loan:** A fund or money that is lent at an interest rate. A group member takes a loan and pays back with an interest agreed upon by members.

**Microfinance:** Refers to small-scale lending to households.

**Microfinance Institution (MFI):** Refers to organizations formed to manage small amounts of money through a range of products and services targeting poor people. In this study, their inability to reach the poor people in the society especially women is more emphasized.

**Microcredit:** Refers to a small amount of money made available as a loan to a client by a bank or microfinance institution. It can be extended to an individual or through the group. The terms of offer are usually tailored and depend on the pricing criteria amongst other things.

**Social-Culture:** Refers to the social status, knowledge and skills while culture and tradition refers to the norms and values of the society.
1.11 Organization of the study

The study was organized in five chapters. Chapter one being the introductory chapter which focused on the background of the study, statement of the problem, purpose of the study, objectives of the study, research questions, research hypotheses, significance of the study, assumptions of the study, limitations of the study, delimitations of the study and definition of significant terms used in the study. Chapter two covered literature review introduction, and what self-help group microfinance is. It then looked at demographic factors and sustainability of self-help group microfinance, economic factors and sustainability of self-help group microfinance, management system and sustainability of self-help group microfinance and social-cultural factors and sustainability of self-help group microfinance. The chapter then established the theoretical and conceptual framework, which was the foundation of the analysis to fill the knowledge gap. Chapter three described the methodology that was used for the analysis throughout this work having an introduction, research design, target population, sample selection, size and sampling technique, research instrument, and validity of instrument and reliability of instrument, data collection procedures, data analysis techniques and ethical considerations. Chapter four considered data analysis, presentation and discussion along the five thematic areas of demographic, economic, management system, social-cultural and the sustainability and the association between the characteristics and the sustainability. Chapter five was the summary of findings, conclusions and recommendations of the study.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter reviewed literature based on related studies on the determinants of sustainability of Self-Help Group microfinance among women which include demographic, economic, management system, social-cultural factors. The chapter then establishes theoretical and conceptual framework which will be the foundation of the analysis to the knowledge gap.

2.2 Demographic factors and sustainability of Self-Help Group Microfinance

A study done by Parida and Sinha in Asia concluded that on the issue of sustainability of SHGs as explained by long-term performance, the econometrics results revealed that only female SHGs were sustainable. The factors that determine sustainability were loan recovery, per capita savings of SHG members, linkage with SHG federations, and formation and financing of SHGs by banks. The all-female SHGs were sustainable because they were more focused and united, adhere to basic objectives of groups, utilize borrowed funds for different productive activities, and are highly concerned about the well-being of their children and family members. Further, female SHG members took membership in the group as a means to educate themselves and confront social, political, and economic problems. On the other hand, members of all-male SHGs have ego problems, work for their own interest, and do not follow the basic objectives and goals of group formation. As a result, they are most irregular in loan repayments and perform badly in economic and managerial activities. Internationsl Fund for Agricultural Development (IFAD) 2002 to 2006 strategic framework have
recognized the relationship between poverty reduction and gender issues coming up with the three dimensions, first being economic empowerment where they improve women access to income earning opportunities and productive assets by providing support to women entrepreneurs accessing microfinance, education, trainings and market information. According to The Hunger Project (2008), women joined together in Self-Help Groups has been an intervention to achieve the first Millennium Development Goals (MDG) “eradicating extreme poverty and hunger” in Africa and Asia. Alongside the emphasis on financial sustainability, accumulating evidence of women's higher repayment rates has enabled gender lobbies within agencies like USAID and the World Bank to argue that micro-finance targeting women is a viable means of marrying gender, poverty and efficiency concerns (Mayoux, 1998). The variables that mostly influence financial access and sustainability are age, sex and married women participate heavily in microfinance. (Fin Access (2012). Anyango et. al., (2007) in a study done in Zanzibar found out that the membership of the VSLAs was relatively well-off and well educated, with over half of members having been educated at secondary level. This was likely to be an important reason why the growth was impressive and ongoing financial performance strong, especially in the context of weak training and support. He found that it is important to consider the relatively well-off socio-economic status of the members especially the relatively high levels of secondary education. The survey of individual members in Zanzibar by Anyango et al,( 2007) showed that VS&L members had a mean age of 35, with 67 per cent being under 40 years. While the majorities were married (70 per cent) there was a relatively high proportion (20 per cent) of single members whose mean age was 19 years. A study conducted by Reppey (2010) stated that relatively high
education levels increase the likelihood of institutional sustainability in the Nyanza setting. Group savings and loans association members are more likely to be married women, poorer with larger households in Nyanza as compared with other areas. (CARE, 2010).

2.3 Economic factors and sustainability of Self-Help Group Microfinance

Studies and lessons learnt by Internationsl Fund for Agricultural Development (2005) an internationsl organization whose work are guided by the MDG targets affirms that many attempts have been made by different stakeholders to develop modalities to achieve the goals. IFAD (2005) shows that for income earning opportunities to be sustainable, the two dimensions of supporting the wellbeing and decision making must be integrated.

According to UNMDG report (2005), almost 50 percent of Africa's population lived on less than a dollar a day. The increased trend of poverty in Africa is scaring as shown by the 2008 United Nation Human Development Index (UNHDI) report in which more than half of the Sub-Saharan countries are ranked at the bottom of the world (UN, 2008).

Microfinance is one of the most popular and important poverty reduction interventions in developing countries. Microfinance is the provision of financial services, including loans, savings, credit, insurance, and payment services to low-income people (Year of Microcredit, 2005). Provision of these financial services focuses on the poor, especially those living in rural areas, who have been unable to obtain these services from formal financial institutions (Morduch, 1999). Access to financial services is important because it reduces vulnerability and helps poor people increase their income (Johnson &
Rogaly, 1997). In the three major developing regions of the world – Africa, Asia and Latin America – microfinance services are delivered by organizations that exist along a continuum from formal to informal (World Bank, 2006).

There is a general consensus that access to financial services is important for the poor to raise productivity, create assets, generate income, and achieve food security. Up to the 1970s, formal institutions in the public sector had been the main providers of financial services to the poor, mainly small and marginal farmers, usually at subsidized interest rates (Matin et al., 2002). High risks associated with lending to this group of the rural poor, together with other institutional weaknesses, resulted in formal institutions (including private ones) failing to deliver financial services effectively (World Bank, 2001).

As much as it has been noted that microfinance has the potential to have a powerful impact on women’s empowerment, Jararaman (2005) found that microcredit did not reduce poverty significantly because of its lack of mechanism to sustain the positive impact on the clients beyond the project period. The study also indicated that savings is one of the important reasons for the sustainability of self-help groups and that the poor do save, are credit worthy and are ready to access credit services, a fact that is not yet fully appreciated by the financial institutions. The study also noted that poor infrastructure and sluggish agricultural growth and limited market could slow down or impairs the sustainability of the microcredit program and as a consequence no perceptible improvement on the socio-economic livelihood conditions of the poor. People owned Savings and Credit Groups are attracting increased attention from practitioners, donors and scholars. As an alternative to the often fragile and costly Microfinance Institutions
(MFI) this members based structures seemingly offer a more cost efficient and feasible mode of reaching remote areas and poorer households (Ashe 2002, Ashe and Parrot 2002, Allen 2006). Still, several observers question the long term sustainability of the groups (Rutherford, 2000). In India it was found that the landless and marginal farm households and socially backward households participate more in the SHG-led microfinance programme. It has been suggested that higher number of Self-help groups may be formed among the economically and socially disadvantaged households in order to relieve them from the clutches of moneylenders and at the same time to bring the poor under the fold of formal banking institutions. (Anjugam and Ramasamy (2006).

The financial self-sustainability paradigm dominating microfinance debates has been a reaction to what were seen as unprofessional and charitable approaches to savings and credit delivery in government and NGO poverty-targeted income-generation programmes. Many of these had been characterized by inefficiency, low repayment levels, limited coverage and poverty reach, and corruption. The paradigm’s ambitious vision is of large, expanding and financially self-sustainable programme making access to microfinance services available to large numbers of poor as a ‘human right’ (RESULTS 1997). Another research done in Zanzibar on the impact of Village Savings and Loans by Brannen (2010) concluded that the existing groups have performed well in general in terms of financial sustainability. However he said that despite the overall success of the VSLA program, late loan repayment was a common concern. Occasionally groups failed to recover the loan completely, which could have a negative impact on the long-term sustainability of the group model. Many well-executed SHG programs are achieving financial sustainability, even when all promotion and support costs are included, though
this cannot be generalized for the entire SHG movement. (Morduch, 2007). It is assumed that sustainable micro-finance services alone will lead to women's individual economic empowerment through stimulating women's micro-enterprise development, leading to increased income under women's control. It is assumed that women's control over income will then lead to increased well-being (health, nutrition, literacy) for women and their children. This individual economic empowerment is also assumed to lead to wider social, political and legal empowerment (RESULTS, 1997). A study carried out by Linda Mayoux (1999) in Africa found out that increasing women's individual economic empowerment will contribute to wider economic, social and political empowerment. In the financial self-sustainability paradigm this is assumed to occur through micro-finance provision alone and in the poverty alleviation paradigm through addressing women's practical needs. In Angola (2005) an impact study done revealed that the scheme works best if it includes medium and high income people.

Anyango et. al., (2007) in a study done in Zanzibar found out that the membership of the VSLAs was relatively well-off. The members of VS&L had Agriculture as the primary income source for 46 per cent of member's households, business 22 per cent, and fishing and employment equal at 16 per cent. A large proportion had fishing as a secondary or tertiary income source (63 and 53 per cent respectively). Alfred Hamodziripi (2010) in his study of VS&L in Niger found that loans at the level of the VS&L groups are at a monthly interest of 10% to their members. A study on group savings and loans done in West Nile Uganda by Mule, Sasira and Nthenya (2002), concluded that most saving groups comprised of very low income people. The loans ranged from US$2.50- US$25 (ksh200- ksh2000) while savings ranged from US$0.10-
US$0.50 (ksh8-ksh40). Small business ranked higher among VS&L members. There was a desire to borrow to help the VS&L members fund their off-farm and farm businesses.

2.4 Management Systems and sustainability of Self-Help Group Microfinance

Community-owned and managed groups tend to stop functioning as a result of default or fraud that erode the asset base of the group and often reflect dysfunctional group dynamics. It is often argued that these problems stem from lack of literacy and numeracy skills, and a lack of these skills can certainly produce failures in bookkeeping and compliance with policies (Rhyne, 2006). However, problems also arise from unequal power relations within groups that produce failures in governance. For example, a few leaders may be very dominant and influence the allocation of group resources, leading to exploitation of the less powerful, for instance by taking loans and failing to repay them. Studies of savings and credit groups have rarely examined the actual lending pattern of the groups and there is little information on whether most or only a few people in the groups can access loans (Rhyne, 2006).

Evaluation carried out in Argentina found out that in rotating fund schemes, the sense of ownership in the management increases repayment. This can be facilitated by letting beneficiaries administrate funds (Chavez, 1997). The more financial services satisfy the real demand of peasants, the more they will contribute to supporting the system (Chavez, 1997). Hence, the beneficiary’s opinions regarding the optimal ways of improving the credit scheme should be considered. In general terms, they expect (1) delivery of credit when demand is expressed; (2) simplicity of lending procedures; (3) flexibility in the use of loans; (4) certainty about repeated and higher loans when repayment record is good; and (5) stringent mechanisms for those who do not repay
loans. Overall, such development will increase the trust in the system. Experience showed that low interest rates did not necessarily lead to higher repayment, and the poorest peasants were precisely those who exhibited better repayment records. (Morduch, 1999).

A larger number of better educated members could be expected to strengthen the governance of the groups since more members are likely to feel capable of taking on leadership roles, dealing with record-keeping and engaging in debating policy changes. (Anyango et al., 2007). At the same time, they are more likely to be able to question poorly performing leaders. This evidence suggests that the VSLA model has performed very well in Zanzibar in producing useful and sustainable financial services to communities poorly served by other organizations (Anyango et al., 2007).

Products primarily target women, but they still face considerable disadvantages because of limited business networks, opportunities, domestic burden, weaker self confidence and less education and a restrictive legal environment. Women face considerable disadvantage to men as the self-help group microfinance among women entrepreneurs can no longer be reduced to simple income generating activities through revolving funds but rather entails and includes other elements of empowerment such as leadership, self-management, networking and entrepreneurship (Cheston et al., NY).

In Zimbabwe Management Information Systems (MIS) emerged to be the issue affecting sustainability of Village Savings and Loans Associations implemented by CARE (Anyango et al., 2007). Most VS&L programme were found to be locally implemented and gave very little attention to data gathering and analysis. Management information systems that worked for VS&L were in their infancy and data quality was
poor, and rarely analyzed to produce sound management decision making. It was found that there was no mechanism available that performed the dual purpose of improving management capacity or permitting meaningful comparison between one programme and another. As a result there were widely differing results in terms of costs, efficiencies and impact. The author suggested that there was need to develop a set of ratios and standards of financial measurement that enable programme to assess their own effectiveness vis-a-vis peers and to enable the industry as a whole to assess the cost effectiveness of VS&L.

Associations were found to be inherently sustainable from day one because their costs were negligible, but there was a continuing challenge in terms of record keeping. Two thirds of the 10,000 groups in Niger keep no written records, but stick to a basic system of exactly similar savings and similar share out, with loans available only for one month. Record keeping that satisfies accounting norms has proven to be too complex and there is an evolution towards simplified systems based on share passbooks and longer-term loans rolled over from one month to month to try and offer minimum internal accountability. Keeping it simple is quite hard. This makes association record to be in disarray and, while the transparency of the methodology protects against loss and fraud, there is a loss of effectiveness, especially in terms of product range and yield (Allen, 2006).

Allen (2006) in his studies of VS&L in Zimbabwe indicates that VS&L members should agree on a set of rules to guide their activities. The regulations are written in to the association’s constitution and are intended to provide authority to the committee members. Training in the selection, planning and management of VS&L is important.
In Kenya, a study carried out by Mersland (2006) to a church based Savings and Credit Group called Tuinuane found out that country-wide coverage in a quite efficient Savings and Credit programme is possible. He then concluded that whether these possibilities will increase the long term sustainability of the groups or bring other types of added value should become subjects for future research of the groups or other types of added value should become subjects for future research efforts.

2.5 Social-Cultural Factors and sustainability of Self-Help Group Microfinance

Microfinance has the potential to have a powerful impact on women's empowerment, it is unlikely that any one intervention such as the provision of credit or the provision of training will completely alter power and gender relations. Women often value the non-economic benefit of a group including programs as much as or more than the credit, some of the most valued benefits include expanded business and social networks, improved self-esteem, increased household decision making power and increased respect and prestige from both male and female relatives and community members (Cheston et. al., NY). A study carried out by Klein et al., (1999) in Argentina found out that although the group lending methodology contributes to reducing costs and empowering social organization, individual lending improves loan recovery. In effect, lessons from MFIs show that individual credits provide more flexibility in meeting the loan demand improve loan quality and reduce default risks.

A study carried in Bolivia in Latin America found out that most economic models assume that worth to clients is the increase in business profits. In fact, microfinance may improve the welfare of the poor even if it does not increase profits, so the increase in profits is just lower bound on total worth. For example, savings services may buffer
shocks, and loans may fund life-cycle events such as weddings or funerals. Often the most important effect of microfinance is to help households to diversify their sources of income (Morduch, 1998; Mosley and Hulme, 1998).

Sriraman (2005) did studies on the development of informal women’s’ group in India and showed that it is possible to avoid the ‘top-down management’ and bureaucracy that often contribute to the failure of other schemes. Informal Self-Help Groups in rural areas serve to empower women. The formation of Self-Help groups (SHG) especially among women is a strategy that has fetched noticeable results not only in India and Bangladesh but all over the world. Women Self-Help Groups are increasingly being used as a tool for various developmental interventions and this also applies to Kenyan situation. Credit and its delivery through Self-Help Groups have also been taken as a means for empowerment of rural women. This integrated approach, whereby, credit is only an entry point, and an instrument to operationalize other aspects of group dynamics and management, also caters for the need of social intermediation of these groups. A self-help group is conceived as a sustainable people’s institution that provides the poor rural women with space and support necessary for them to take effective steps towards achieving greater control over their lives. The SHG approach has proved successful not only in improving the economic conditions of women but in creating awareness about health and hygiene, sanitation and cleanliness, environmental protection, importance of education and better response for development. Through organizing informal Self-Help Group, rural women in India are provided with credit and extension support. Self-Help groups are self governed, with decisions taken collectively. These groups represent a new
culture in rural development, breaking with traditional bureaucracy and top-down management (Sriraman, 2005).

Group-based microfinance is seen as having particularly significant benefits for women, contributing not only to poverty alleviation, but also to women's empowerment through a series of interlinked and mutually reinforcing 'virtuous spirals' (Moyoux, 1998a). Firstly savings and credit provision in itself is assumed to contribute to a process of individual economic empowerment through enabling women to decide about savings and credit use. It is assumed that women will invest in their own economic activity, either agricultural production or micro-enterprise, thus increasing incomes which they themselves will be able to control. Secondly, women's economic empowerment is then assumed to lead to increased well-being for themselves and their families. Thirdly, this economic empowerment is further seen as enabling women to renegotiate changes in gender relations leading to social and political empowerment. At all these levels, group based programmes are assumed to build 'social capital' through developing and strengthening women's economic and social networks. (Mayoux 1998a). Self-help groups have facilitated the formation of social capital, where people learn to work together for a common purpose in a group or organization (Putnam 2000). The ability to associate depends on the degree to which communities share norms and values and are able to subordinate individual interests to those of larger groups. Out of these shared values comes trust, with the potential for social, economic and political change. This leads to sustainability of these groups.

Microfinance as a tool of poverty alleviation and women empowerment has gained acceptance in development dialogue the world over. There is an acute need among
the poor for credit, both for consumption and production, which often forms the declining line between survival and succumbing to poverty. It has been found that besides food, credit is also needed for health, housing and education. These needs are also critical for survival (Zeller, 2000). The success of self-help groups as a development tool depends on the availability of Microfinance. A Self-Help Group is a group of about 10 to 20 people, usually women entrepreneurs from a similar class and region, who come together to form savings and credit organization. They pool resources to make small interest bearing loans to their members (Manak, 2005).

In Uganda, a study by Build Africa (2012) indicated that women are empowered by VS&L to generate and manage household income which has led to self-esteem.

2.6 Theoretical Framework

According to Kombo and Tromp (2006) theoretical framework is a collection of interrelated ideas based on theories. Theoretical framework accounts for and explains the phenomena, attempting to clarify why things are the way they are, based on the theory. This study will be based on Social Capital Theory. The concept of social capital existed ever since small communities formed and humans interacted with the expectation of reciprocation and trust. Social capital resides in the relations among the nodes and ‘just as physical and human capital facilitate productive activity, social capital does as well (Piere B. et. al., 2006) It exists between individuals and by extension can be accumulated by the individuals. Social capital is about establishing relationships purposefully and employing them to generate intangible and tangible benefits in short or long term, these benefits could be social, psychological, emotional and economical. Social capital can be seen in terms of five dimensions: 1) networks-lateral associations that vary in density and size,
and occur among both individuals and groups; 2) reciprocity-expectation that in short or long term kindness and services will be returned; 3) trust-willingness to take initiatives (or risk) in a social context based on assumption that others will respond as expected; 4) social norms - the unwritten shared values that direct behavior and interaction; and 5) personal and collective efficacy - the active and willing engagement of citizens within participative community. These five dimensions manifest themselves in various combinations and shape the interaction amongst the members of a group, organization, community, society or simply network and can be studied through various perspectives. Social capital is context dependent and takes many different interrelated forms, including obligations (within a group), trust, intergenerational closure, norms, and sanctions with underlying assumption that the relationships between individuals are durable and subjectively felt.
Theoretical Framework

Figure 1: 
Source: Narayan and Cassidy (2001)
2.7 Conceptual Framework

The researcher formulated the conceptual framework, which was the foundation of the study to be undertaken. The framework for the relationships between the variables was constructed. It conceptualized the relationship between the independent variables for the study which were demographic, economic factors, social-cultural factors, management systems and the association of self-help group microfinance characteristics and the dependent variable which was the sustainability of the Self-Help Group microfinance among women. In the conceptual framework the background factors are demographic factors, economic factors, management factors and socio-cultural factors. The intermediate factors were generalized norms, togetherness and trust while the dependent variable was the SHG sustainability as shown in Figure 2.
Conceptual Framework for the Study

INDEPENDENT VARIABLES

DEMOGRAPHIC FACTORS
- Age
- Marital status
- Education

ECONOMIC FACTORS
- Employment
- Income
- Loan repayment
- Interest rates

MANAGEMENT FACTORS
- How leaders are chosen
- Constitution
- Record keeping

SOCIO-CULTURAL FACTORS
- Religion
- Social support network

INTERMEDIATE/PROXIMATE FACTORS

GENERALISED NORMS
- Number of group membership
- Contribution of money
- Frequency of participation
- Participation in decision making
- Membership heterogeneity
- Source of group funding

TOGETHERNESS
- How well people get along

SELF-HELP GROUPS SUSTAINABILITY
- Sustainable
- Not sustainable

DEPENDENT VARIABLES

TRUST
- Trust of family
- Trust of people in neighborhood
- Trust of business owners
- Trust of government services providers

Figure 2:

Conceptual Framework
2.8 Knowledge Gaps

Rural financial services assist the low income earners to increase their incomes and build their asset base. Access to liquidity through either savings, and/or credit services enables the low income earners to cover their needs.

Group savings and loans association has been one of the approaches that use members’ savings to offer loans with interest to members. A study done in Niger indicated that the poor can save, borrow and repay loans successfully. (Grant and Allen, 2002; Allen, 2006). The group savings and loans association approach is being widely tested. It has a wider outreach and is low-cost. The model has been promoted for over ten years now (since it started in Niger in 1999). The challenge that existed was for the study to be done and establish the determinants of sustainability of the microfinance among women participating in the scheme. A study by Anyango et.al. (2007) to assess the performance of the groups in Zanzibar found out that the number of groups had grown and overall outreach had expanded to some 4,500 members. The study concluded that the strong group performance in terms of savings-led methodology was popular with the rural poor. However the study did not establish sustainability of the programme. Apopa (2010) carried out a study on how participating in Village Savings and Loans leads to improvement in the socio-economic status of the women in Kachien Division of Rachuonyo District. The findings were that participating in Village Savings and loans had positive impact on socio-economic status of women. However, the study did not establish the sustainability of the programme.). None of these studies looked at the determinants of sustainability of this self-help group microfinance among women. In an attempt to establish the determinants of sustainability of this self help group
microfinance, the study sought to look at the demographic factors, economic factors, management systems and socio-cultural factors and sustainability of self-help group microfinance among women in Maseno Division, Kisumu West District.

2.9 Summary of Literature Review

The literature review depicts that the factors that determine sustainability are loan recovery, per capita savings of self help group members, linkage with self help group federations and formation and financing of self help groups by banks. There is need for members of group savings and loans to be educated for simple book keeping and good leadership or governance especially in the context of weak training and support. It was evident that economic factors influence sustainability of self-help group microfinance in terms of economic status of members, interest rates and loan repayment period. The scheme targets low income earners who are mainly small business people and farmers but other studies found that the scheme was more sustainable when members are medium income earners to high income earners. In terms of management systems some community owned and managed groups tend to stop functioning as a result of default or fraud that erode the asset base of the group and often reflect dysfunctional group dynamics. These problems stem from lack of literacy and numeracy skills which produce failures in book keeping and compliance with policies. Problems also arise from unequal power relations within groups that produce failures in governance. For instance, a few leaders may be very dominant and influence the allocation of group resources, leading to exploitation of the less powerful, by taking loans and failing to repay them. This in the end affects sustainability. The sense of ownership in the management increases repayment and this can be facilitated by letting beneficiaries administrate funds. The
more financial services satisfy the real demand of peasants, the more they will contribute to supporting the system. The beneficiaries expect delivery of credit when demand is expressed, simplicity of lending procedures, and flexibility in the use of loans, stringent mechanisms for those who do not repay loans and certainty about repeated and higher loans when repayment record is good. Low interest rates do not necessarily lead to higher repayment, and the poorest peasants exhibit better repayment records. Management information system was the issue affecting sustainability. Most self help group microfinance are locally implemented and gave very little attention to data gathering and analysis. No records are kept and loans are available only for one month. Micro finance improves the welfare of the poor even if it does not increase profits. The increase in profits is just a lower bound on total worth. For example, saving services may buffer shocks and loans may fund life cycle events as weddings of funerals. This therefore provide the poor rural women with space and support necessary for them to effective steps towards achieving greater control over their lives. This is a social impact which may lead to the sustainability of the microfinance.
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter discussed the research design, target population and sample selection, size and sampling procedures, research instruments, validity and reliability of instruments, data collection procedures, data analysis techniques and ethical considerations.

3.2 Research Design

According to Orodho (2003) as cited by Kombo and Tromp (2006) research design is the scheme, outline or plan that is used to generate answers to research problems. This study used quantitative using descriptive survey design. This is a method used to gather information by interviewing or administering a questionnaire to a sample of individuals. Descriptive survey design is used when collecting information about peoples' attitudes, opinions, habits or any of the variety of education or social issues. Mugenda (2008). According to Kothari (2004), descriptive research is a description of the state of affairs as it exists at present while diagnostic studies determine whether and the frequency with which variables are associated.

In this study the research problem was sustainability of the Self-Help Group microfinance among women which is a dependent variable while the determinants of sustainability like demographic factors, economic factors, management systems, social-cultural factors were the independent variables. The descriptive statistics that was obtained after the survey was used to describe, organize and summarize data obtained to come up with the a conclusion to the problem of sustainability of Self-Help group.
microfinance among women in Maseno Division, Kisumu West District. The qualitative data was collected from the key informants while quantitative data was collected through the questionnaire that was administered to the representatives of the self-help groups. This study design was chosen because it was cost effective, faster data collection and ability to understand a population by using part of the population.

3.3 Target Population

The study was carried out in Kisumu North West and Kisumu West locations in Maseno Division, Kisumu West District. Kisumu North West Location has a population of approximately 77,554 with 37,248 males and 40,306 females while Kisumu West location has a population of 22,147 with 10,609 males and 11,538 females. CARE Kenya trained 30 groups in the two locations (CARE Kenya, 1999). Each group has an average membership of 17 members, giving a total population of 510; this was the population from which the study sample was drawn. The women were of different ages and categorized as widows, single, married, divorced and separated but participating in group savings and loans. The study also targeted the key informants who were mainly the CARE staff, provincial administration, and church leaders.
Table 3.1

MASENO LOCATIONS, POPULATIONS AND DENSITY

<table>
<thead>
<tr>
<th>Location</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
<th>Households</th>
<th>Area in sq. km</th>
<th>Density</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kisumu</td>
<td>37,248</td>
<td>40,306</td>
<td>77,554</td>
<td>17,128</td>
<td>170.2</td>
<td>456</td>
</tr>
<tr>
<td>North West</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West</td>
<td>10,609</td>
<td>11,538</td>
<td>22,147</td>
<td>4,936</td>
<td>56.4</td>
<td>393</td>
</tr>
<tr>
<td>Kisumu</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Otwenya</td>
<td>8,048</td>
<td>8,928</td>
<td>16,976</td>
<td>3,834</td>
<td>36.6</td>
<td>464</td>
</tr>
<tr>
<td>East Seme</td>
<td>6,804</td>
<td>7,672</td>
<td>14,476</td>
<td>3,329</td>
<td>42.1</td>
<td>344</td>
</tr>
</tbody>
</table>

(Source: 1999 census)

3.4 Sample Size and Sampling Procedure

This section describes the sample size and the sampling procedure that was used. Sampling is the process of selecting a subject of cases in order to draw conclusions about the entire set (Mugenda, 2003). Sampling is useful in research because it ensures a representation of a group which will enable the study to gain information about the whole population. The procedure for sampling should ensure that all the members of the population are given equal opportunity in the study, while the sample size should be statistically representative of the population where research will be conducted.

3.4.1 Sample Size

Savings and Loans association are formed by members who are self-selected. Due to this, sample respondents were drawn from all the 30 groups in the two locations to take care of the representation and inclusion of all the possible attributes under investigation.
The sample size of respondents was determined using Cole (2009) formula on sample size selection below:

\[ n = \frac{Nz^2 \times 0.25}{(d^2 + (z^2 \times 0.25))} \]

Where:

- \( n \) = Sample size required
- \( N \) = Total population (known as estimated)
- \( d \) = Precision level (usually 0.05 or 0.01)
- \( z \) = Number of standard deviation units of the desired confidence level

<table>
<thead>
<tr>
<th>Level of confidence</th>
<th>z value</th>
</tr>
</thead>
<tbody>
<tr>
<td>90% certain</td>
<td>1.65</td>
</tr>
<tr>
<td>95% certain</td>
<td>1.96</td>
</tr>
<tr>
<td>99% certain</td>
<td>2.57</td>
</tr>
</tbody>
</table>

Substitution:

\[ n = \frac{510 \times 2.57^2 \times 0.25}{(0.01^2 \times (510 - 1) + (2.57^2 \times 0.25))} \]

\[ = \frac{842.12475}{5.09 + 1.651225} \]

\[ = \frac{842.12475}{6.741225} = 124.9 \]

\[ = 125 \text{ respondents} \]

3.4.2 Sampling Procedure

The study used simple random sampling technique to select the sample. The simple random technique selects a sample without bias from the target or accessible population. The sampling unit was the self-help microfinance groups (Village Savings
and Loans associations) and each respective woman within the selected group was interviewed. The simple random sampling technique was ideal because it gave all individual members in the defined population an equal and independent opportunity of being selected as a member of the sample. The sample also produced research data that could be generalized to a larger population. It also allowed the researcher to apply deductive statistics to the data.

The researcher also used purposive sampling. This was a sampling technique that allowed a researcher to use cases that have the required information with respect to the objectives of his or her study. In this case the researcher interviewed the CARE staff, provincial administration representatives and church leaders’ representatives working with the self-help group microfinance. This technique helped the researcher to collect focused information. This form of sampling is used when working with very small samples (Lewis, and Thornhill, 2007) and the researcher selected cases that were very informative.

3.5 Research Instruments

The researcher used the following research instruments to acquire the needed information; study questionnaires, key informant interview guides and document analysis. These tools were selected due to the nature of the data to be collected, availability of time and the objectives of the study. The overall objective was to know the determinants of sustainability of self-help group microfinance or the village savings and loan among women in Maseno Division. The instruments were appropriate to the researcher because they provided an effective way of collecting responses from a large
sample for quantitative analysis. The researcher used key informant interview guide for the group officials, administrative leaders, CARE staff and local church leaders.

Questionnaires were administered to respondents from the groups who were participating in savings and loans irrespective of whether they were literate, semi-literate or illiterate. The interview was face to face communication where the researcher or research assistant asked the respondents questions with an intention of getting information from the respondents and recording that information. Key informant technique was also used mainly to collect information that could not be obtained from the group members. The interview enabled the researcher to acquire a complete and detailed understanding of the issues under research, obtained historical information and also gained control over the line of questioning. The interview was as flexible as possible and this was achieved through open and closed ended questions. The researcher ensured that the interviews were systematic in order to understand a particular issue before moving to the next item. Questions were formulated in advance to avoid confusions and pretesting done so that appropriate time allocated for each interviewer. The researcher and research assistants ensured that the respondents were at ease so that they did not feel that they were being investigated. The purpose of the research was explained to them and how the data obtained would be used.

This was done at the group level to find whether the groups kept records and what type of records they kept.
3.5.1 Pilot testing of research instrument

Piloting of the instruments in this study involved conducting a preliminary test of data collection tools. This was to make sure that the questions asked were answerable and that the tools chosen were appropriate. Pilot testing was done in Korando location to the selected women who are participating in Village savings and loans. The trained groups in Korando were 15 and the researcher sampled five groups using random sampling. Out of five groups two members each were randomly selected for interview. Five group officials were interviewed using key informant guide, one CARE staff and two local leaders.

The respondents were given the freedom to respond to the questionnaire. Any inaccurate responses and inconsistencies detected in the questionnaire was reviewed and re-testing done to ensure that questions were understood and answered correctly. Data collected from pilot testing was analyzed and the results were used for further amendment of the instruments. The purpose of pretesting was to assess the clarity of the instruments, validity and reliability of each of the items in the questionnaire. Pilot testing was also conducted to avoid threats to reliability and those found to be inadequate in measuring the variables were modified accordingly. The respondents used in the pilot testing were not used in the main study.

3.5.2 Validity of the instrument

According to Mugenda and Mugenda (2003), validity is the degree to which results obtained from the analysis of the data actually represents the phenomena under study. Taylor, Sinha and Ghoshal (2008) define validity as the success of a method in probing or assessing what it sets out to probe. The researcher discussed the research instrument with the supervisors for content validity. Validity of instrument was achieved
by pre testing the questionnaire. The ambiguous questions in the questionnaire were revised and simplified so that they were made clearer. The researcher ensured that the results were not influenced by the researcher's biases, interests or perspectives.

3.5.3 Reliability of instruments

Reliability is the extent to which a measuring device or a whole research project would produce the same result if used again on a different occasion with the same objective of the study. Taylor, et al (2008) explains further that an instrument is reliable to the extent that when repeated under the same condition by different researcher, it gives the same result. The researcher aim was to realize that the responses were consistent across variables. The researcher ensured that individuals do not vary in their responses if the instrument were administered a second time. This was achieved through pilot testing. This enabled the researcher to find out if the questions asked were the right ones to obtain the needed information. The researcher strived to maintain a high level of reliability by using simple language in the questionnaires that was easy to understand by the respondents. Training was done to research assistants so that they understand the instruments well before administering them. An interactive approach was given so that incase of any hardship, clarification was made. The researcher also reviewed the coding system as part of the pilot test and found out if the coding system would allow for data analysis.

3.6 Data Collection Procedures

Data collection procedures refer to the protocol that must be followed to ensure data collection tools are applied correctly and efficiently. The researcher was granted permission to proceed to the field by the University of Nairobi, Kisumu City Campus.
The researcher requested for permission to proceed to the field from the national council of science and technology after presentation and approval of the study proposal. She then liaised with the CARE office in Kisumu to get the sample frame. The CARE staff in the field accompanied the researcher to North West Kisumu and Kisumu West locations where the respondents were. The researcher again obtained permission from the Chiefs of the locations to carry out research in their locations. Primary data was collected by the researcher and research assistants using questionnaires and key informant interview guide. Primary data was generated from scrutiny of group records, group savings and loans activities, group management and governance. Consent of the respondents to participate in the study was requested by the interviewer before the commencement of the interview and they were assured that the information they gave would be treated confidentially. Research assistants were trained on the method and ethical issues in data collection.

Secondary data were obtained from CARE Kenya to establish how many women groups had been trained on Village Savings and Loans, how many were practicing and how many have dropped, amount of collected cumulative savings, loans disbursed, and challenges they were facing.

3.7 Data Analysis Techniques

Data analysis sought to fulfill research objectives and answer research questions. It entailed separation of the data into constituent parts or elements and examination of the data, to distinguish its component parts separately. This research used both quantitative and qualitative based on respondents' views and opinions hence the simple descriptive analysis was used. The researcher coded the data from the questionnaire used for
quantitative analysis. This was followed by entry into a preset screen, cleaning, transformation and analysis. The analysis was done using statistical package for social sciences (SPSS) software to run frequency distributions and percentages. Qualitative data obtained were summarized daily as they were received. The analyzed data was presented using frequency tables to present findings. Finally discussion of results was presented. The key informant data was used for inferential analysis to aid draw conclusions concerning the relationship and difference found in the research results where the researcher used the simple statistics from the SPSS to draw conclusion about the population from which the sample was drawn.

3.8 Ethical Considerations

Sunders, Lewis and Thornhill (2007) describes research ethics to questions about how research topics are formulated and clarified, how research are designed and finally how researcher gains access, collect data, process, store, analysis and write up findings in a moral and responsible manner. According to Mulwa (2006) ethical standard are the standards of behavior and practical procedures that researchers are expected to follow. In every research, ethical considerations should be taken seriously. In this study, the first ethics on the procedure was to get permission from the national council of science and technology to conduct the research.

According to Oso and Onen (2008), the major ethical issues to be considered during research are informed consent, privacy and confidentiality, anonymity and researcher responsibility. Informed consent was observed by making sure that the respondents or interviewees were adequately informed about the purpose of the study. They were informed that their participation was voluntary. The privacy, confidentiality
and anonymity were observed by not recording the names of respondents during the interview.
CHAPTER FOUR

DATA ANALYSIS, PRESENTATION, INTERPRETAION AND DISCUSSIONS

4.1 Introduction

This chapter presents the study findings which were analyzed, interpreted and discussed in line with the objectives under the following thematic areas: demographic factors and sustainability of self-help group microfinance, economic factors and sustainability of self-help group microfinance, management system and sustainability of self-help group microfinance and social-cultural factors and sustainability of self-help group microfinance.

4.2 Response Return Rate

The study aimed at collecting and collating data from a total of 125 respondents who randomly sampled. 18 key informants drawn from the self-help group officials, CARE staff, administrative leaders and church leaders.

Table 4.1 presents proportions regarding how the study groups responded

Table 4.1

<table>
<thead>
<tr>
<th>Category</th>
<th>Respondents</th>
<th>Issued Questionnaire</th>
<th>Returned Questionnaire</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings and Loan Schemes</td>
<td>Group Savings Members</td>
<td>125</td>
<td>125</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>125</td>
<td>125</td>
<td>100%</td>
</tr>
</tbody>
</table>
Of the 125 interviewees targeted in this category, 125(100%) responses were obtained. The response return rate of key informants was also 100% since the target was 18 and 18 were obtained. The responses from these completions were used to as a basis for ultimate deductions and recommendations.

To ensure this high response rate, the simple random sampling technique was used to select the 125 respondents'. The records gave the location of the groups and the members. The researcher worked closely with the CARE staffs on the ground and the provincial administration that were very cooperative. Both the researcher and the research assistants did face to face interview and made a follow up of the respondents who were not found on the first date of interview.

Table 4.2

<table>
<thead>
<tr>
<th>Category</th>
<th>Respondents</th>
<th>Issued</th>
<th>Returned</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Questionnaires</td>
<td></td>
<td>Questionnaires</td>
<td></td>
</tr>
<tr>
<td>Group Officials</td>
<td>Any official</td>
<td>15</td>
<td>15</td>
<td>100%</td>
</tr>
<tr>
<td>Provincial Administration</td>
<td>chief</td>
<td>1</td>
<td>1</td>
<td>100%</td>
</tr>
<tr>
<td>Church Leader</td>
<td>Lay leader</td>
<td>1</td>
<td>1</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>18</strong></td>
<td><strong>18</strong></td>
<td><strong>18</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Table 4.1 shows that the officials of the self-help group microfinance had a response of 15 out of 15 which was 100%. The provincial administration response was 100% and church leadership was also 100%.
The choice of the key informant especially the group officials were left open and not restricted to a particular official within the group. The in-depth interview responses, opinions, insights and discussions are based on this category of respondents. The response rate was considered excellent. The researcher analyzed the data based on this response rate as it was considered to depict a true picture of the study variables interacting with the population with no response error.

4.3 Demographic characteristics of respondents and VS&L Sustainability

The study endeavored to find out to what extent demographic factors influence sustainability of Self- Help Groups' microfinance. These data focused on the respondents' age, and marital status, number of children, and level of education. This information is important because these characteristics are used to get the relationships between the dependent and the independent variables. Findings regarding these characteristics are presented in the sub sections.

4.3.1 Distribution of Respondents by age and marital status

It was important to establish the age and marital status of respondents in order to find out if there is any linkage with the sustainability of the self-help group microfinance. This was also done to help understand the dynamics of the groups and how they contribute to sustainability. To achieve this, the respondents were asked their age and marital status and cross tabulation was used. This was illustrated using table 4.3;
Table 4.3

Demographic characteristics of respondents and VSLA Sustainability of VS&L

<table>
<thead>
<tr>
<th>Age sets</th>
<th>VSLA Sustainable</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>18 to 24</td>
<td>4</td>
</tr>
<tr>
<td>25 to 31</td>
<td>29</td>
</tr>
<tr>
<td>32 to 38</td>
<td>23</td>
</tr>
<tr>
<td>39 to 45</td>
<td>22</td>
</tr>
<tr>
<td>46 - 52</td>
<td>24</td>
</tr>
<tr>
<td>53+</td>
<td>17</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>119</td>
</tr>
</tbody>
</table>

Marital Status

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>%</th>
<th>No</th>
<th>%</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>5</td>
<td>4.2%</td>
<td>0</td>
<td>.0%</td>
<td>5</td>
<td>4.0%</td>
</tr>
<tr>
<td>Married</td>
<td>85</td>
<td>72.0%</td>
<td>3</td>
<td>50.0%</td>
<td>88</td>
<td>71.0%</td>
</tr>
<tr>
<td>Divorced</td>
<td>18</td>
<td>15.3%</td>
<td>1</td>
<td>16.7%</td>
<td>19</td>
<td>15.3%</td>
</tr>
<tr>
<td>Widow</td>
<td>10</td>
<td>8.5%</td>
<td>1</td>
<td>16.7%</td>
<td>11</td>
<td>8.9%</td>
</tr>
<tr>
<td>Widower</td>
<td>0</td>
<td>.0%</td>
<td>1</td>
<td>16.7%</td>
<td>1</td>
<td>.8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>118</td>
<td>100.0%</td>
<td>6</td>
<td>100.0%</td>
<td>124</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

On age sets of the respondents, out of the 125 study respondents interviewed 5 (4%) were between 18 – 24 years, 29 (23.2%) between 25 – 31 years, 25 (20%) were between 32 – 38 years, 22 (17.6%) were between 39-45 years, 25 (20%) 46 – 52 years
and 19 (15.2%) were 53 and above years old. Out of the 95.2% of all the participants who reported that their VSLA were sustainable, 24.4% were between 25 to 31 years old, 20.2% between 46 to 52 years old, 19.3% 32 to 38 years old, and 14.3% 53 and above years old, and 3.4% 18 to 24 years old. The findings concurs with the survey findings of Anyango et al (2007) in Zanzibar which indicated that the individual VS&L members had a mean age of 35, with 67 per cent being under 40 years. This is a very active and productive age group which can contribute positively to the village savings and loans association by borrowing and repaying loans effectively hence contribution to the sustainability of the savings and loans association.

On the marital status, out of all the respondents interviewed, 4% (5) were single, 70.4% (88) married, and 15.2% (19) divorced, 8.8% (11) widowed and 0.8% (1) widowed. Out of the 5.2% of the total respondents who indicated that their VSLA was sustainable, 72.0% were married, 15.3% divorced, 8.5% widowed, and 4.2% single. The findings concurs with the survey findings of Anyango et al (2007) in Zanzibar which found out that the majorities of the VS&L members were married (70 per cent) and there was a relatively high proportion (20 per cent) of single members whose mean age was 19 years. The findings also concurs with the analysis done by FinAccess survey (2010), Johnson and her colleagues who found out that variables that most strongly influenced financial access and sustainability were age and that married women participate heavily in microfinance. This contributes positively to the sustainability of the microfinance because the members are responsible and mature which allows them to be able to borrow and repay the loans responsibly.
4.3.2 Number of dependent children and VSLA Sustainability

The study sought to know the number of dependent children that the respondents had. This was important in determining the responsibilities that the VS&L members have and how this influences the sustainability of the village savings and loans association. To achieve this, the respondents were asked the number of biological and non biological children that the respondents are staying with. Cross tabulation was used and this was illustrated using table 4.4.

Table 4.4

<p>| Number of biological Children, non biological children and VSLA Sustainability |</p>
<table>
<thead>
<tr>
<th>VSLA Sustainable</th>
<th>Yes</th>
<th>No</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of biological Children</td>
<td>f</td>
<td>%</td>
<td>f</td>
</tr>
<tr>
<td>None</td>
<td>1</td>
<td>.9%</td>
<td>0</td>
</tr>
<tr>
<td>1-3</td>
<td>44</td>
<td>37.9%</td>
<td>1</td>
</tr>
<tr>
<td>4-6</td>
<td>53</td>
<td>45.7%</td>
<td>2</td>
</tr>
<tr>
<td>7+</td>
<td>18</td>
<td>15.5%</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>116</td>
<td>100.0%</td>
<td>6</td>
</tr>
<tr>
<td>Non Biological children</td>
<td>57</td>
<td>47.9%</td>
<td>4</td>
</tr>
<tr>
<td>None Biological children</td>
<td>62</td>
<td>52.1%</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>119</td>
<td>100.0%</td>
<td>6</td>
</tr>
</tbody>
</table>
On the number of biological children, among the respondents who participated in the study those who didn’t have biological children were 1 (0.8%), 1-3 biological children were 45 (36%), 4-6 biological children were 55 (44%), 7 and above biological children were 21 (16.8%), and out of the 95.2% of all the respondents who indicated that their VSLA was sustainable, 45.7% had 4 to 6 biological children, 37.9% had 1 to 3 biological children, 15.5% 7 or more biological children and only 0.9% were without biological children.

On non biological children that depend on the respondents, 50.4% of the respondents indicated that they stay with non biological children who depend on them and 49.6% reported that they stay alone with their biological children. Among those who indicated that their VSLA are sustainable, 51.3% indicated that they stay with their biological children and non biological as well, 48.7% indicated that they stay alone with their biological children only. This concurs with CARE Kenya (2010) findings on impact study done in Nyamira, Rachuonyo in Nyanza and Vihiga in Western Kenya which stated that GS&L members are more likely to have larger households and are poorer as compared to other places. This study finding found that the VS&L members have larger households which increase the dependency ratio and this may influence share contribution and loan repayment negatively hence having negative impact on the sustainability of village savings and loans association.

4.3.3 Level of education and VSLA Sustainability

The level of education contributes to the effectiveness of management and leadership of the village savings and loans association. In order to determine the level of
education of the VS&L members, the respondents were asked to state their highest level of education and cross tabulation was used. This was illustrated using the table 4.5

Table 4.5:

**Highest Level of Education and VSLA Sustainability**

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Yes</th>
<th>No</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>f</td>
<td>%</td>
<td>f</td>
</tr>
<tr>
<td>None</td>
<td>4</td>
<td>3.4%</td>
<td>0</td>
</tr>
<tr>
<td>Primary incomplete</td>
<td>28</td>
<td>23.5%</td>
<td>3</td>
</tr>
<tr>
<td>Primary complete</td>
<td>54</td>
<td>45.4%</td>
<td>2</td>
</tr>
<tr>
<td>Secondary incomplete</td>
<td>18</td>
<td>15.1%</td>
<td>0</td>
</tr>
<tr>
<td>Secondary complete</td>
<td>10</td>
<td>8.4%</td>
<td>1</td>
</tr>
<tr>
<td>Other</td>
<td>5</td>
<td>4.2%</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>119</td>
<td>100.0%</td>
<td>6</td>
</tr>
</tbody>
</table>

On the highest level of education, among all the respondents interviewed, 56 (44.8%) had complete primary education, 31 (24.8%) incomplete primary education, 18 (14.4%) incomplete secondary education, 11 (8.8%) complete secondary education, 5 (4.0%) some college education and 4 (3.2%) had no formal education. The findings differ with the findings of Anyango et. al. (2007) in a study done in Zanzibar which found out that the membership of the VSLAs was relatively well-off and well educated with over half of members having been educated at secondary level which he said was likely to be
an important reason why the growth was impressive and ongoing financial performance strong. These findings also differ with a study done by Rippey (2010) in Nyamira and Karachuonyo which found out that relatively high education level increase the likelihood of institutional sustainability in the Nyanza setting. The findings of Anyango, et al, (2010) and Reppey (2010) differs with the findings in Maseno division, Nyanza, Kenya, in that their level of education is low which may affect sustainability of the village savings and loans association.

4.4 Economic factors and sustainability of VS&L

These factors were very essential as it sought to find out to what level they influence sustainability of the GS&L. the main parameters used to determine this objective were; whether employed or not( salaried or self), type of work, total earnings per month, minimum shares per month, interest rate, who decides on the interest rate.

4.4.1 Employment Status, type of work and VSLA Sustainability

Employment status and type of work were fundamental for the VS&L members as this would determine the ease of contribution of shares and repayment of loans. Based on this, the study sought to find out the employment status and type of work among members of VS&L. The responses were cross tabulated and are illustrated using table 4.6
### Table 4.6: Employment Status, Type of Work and VSLA Sustainability

<table>
<thead>
<tr>
<th>VSLA Sustainable</th>
<th>Yes</th>
<th>%</th>
<th>No</th>
<th>%</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>114</td>
<td>95.8%</td>
<td>5</td>
<td>83.3%</td>
<td>119</td>
<td>95.2%</td>
</tr>
<tr>
<td>No</td>
<td>5</td>
<td>4.2%</td>
<td>1</td>
<td>16.7%</td>
<td>6</td>
<td>4.8%</td>
</tr>
<tr>
<td>Total</td>
<td>119</td>
<td>100.0%</td>
<td>6</td>
<td>100.0%</td>
<td>125</td>
<td>100.0%</td>
</tr>
<tr>
<td>Type of work</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small scale business</td>
<td>75</td>
<td>65.8%</td>
<td>4</td>
<td>80.0%</td>
<td>79</td>
<td>66.4%</td>
</tr>
<tr>
<td>Salary/Wages</td>
<td>12</td>
<td>10.5%</td>
<td>0</td>
<td>0.0%</td>
<td>12</td>
<td>10.1%</td>
</tr>
<tr>
<td>Farming</td>
<td>24</td>
<td>21.1%</td>
<td>0</td>
<td>0.0%</td>
<td>24</td>
<td>20.2%</td>
</tr>
<tr>
<td>Motorbike taxi</td>
<td>1</td>
<td>.9%</td>
<td>0</td>
<td>.0%</td>
<td>1</td>
<td>.8%</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
<td>1.8%</td>
<td>1</td>
<td>20.0%</td>
<td>3</td>
<td>2.5%</td>
</tr>
<tr>
<td>Total</td>
<td>114</td>
<td>100.0%</td>
<td>5</td>
<td>100.0%</td>
<td>119</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

On whether the respondents were employed or not, out of the 125 respondents, 95.2% were employed while 4.8% were not employed. Out of the 95.2% of the respondents who indicated that their VSLA are sustainable, 95.8% were employed by the time of the survey and 4.2% were not employed.

On the type of work that the respondents were doing, out of the 125 respondents 66.4% were doing small scale business, 20.2% farming, 10.1% were on salaries or wages, 3.2% were doing motorbike taxi, sand mining, masonry and community health work.
Among the respondents who reported that their VSLA were sustainable, 65.8% were doing small scale business, 21.1% farming, 10.5% were earning some salaries or wages and 2.7% were doing motorbike taxi, sand mining or masonry. This is in agreement with the study done by Mule, Sasira and Nthenya (2002) in Uganda which found out that small business ranked higher among VS&L members. The study showed a desire to borrow to help them fund their off-farm and farm businesses. It however differs with the survey findings of Anyango et al (2007) in Zanzibar which indicated that Agriculture was the primary income source for 46 per cent of member's households, business 22 per cent, and fishing and employment equal at 16 per cent. These findings in Maseno may influence the microfinance positively because members are encouraged to take loans in order to boost their businesses and repay back with interest which may sustain the microfinance.

4.4.2 Total Earnings and minimum shares per month and VSLA Sustainability

Total earnings of VS&L members gauge the category of people who participate in the VS&L and this would determine the sustainability of the scheme. To achieve this, the respondents were asked their total earnings in a month which was then cross tabulated. The results are shown on the table 4.7
### Table 4.7

**Total Earnings, Minimum Shares per Month and VSLA Sustainability**

<table>
<thead>
<tr>
<th>Total earning</th>
<th>Yes</th>
<th></th>
<th>Yes</th>
<th></th>
<th>Yes</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>f</td>
<td>%</td>
<td>f</td>
<td>%</td>
<td>f</td>
<td>%</td>
</tr>
<tr>
<td>Nil</td>
<td>4</td>
<td>3.6%</td>
<td>0</td>
<td>0%</td>
<td>4</td>
<td>3.5%</td>
</tr>
<tr>
<td>Less than 1000</td>
<td>19</td>
<td>17.3%</td>
<td>0</td>
<td>0%</td>
<td>19</td>
<td>16.5%</td>
</tr>
<tr>
<td>1000 - 2500</td>
<td>36</td>
<td>32.7%</td>
<td>1</td>
<td>20.0%</td>
<td>37</td>
<td>32.2%</td>
</tr>
<tr>
<td>2500 - 5000</td>
<td>31</td>
<td>28.2%</td>
<td>2</td>
<td>40.0%</td>
<td>33</td>
<td>28.7%</td>
</tr>
<tr>
<td>5000 - 9999</td>
<td>12</td>
<td>10.9%</td>
<td>1</td>
<td>20.0%</td>
<td>13</td>
<td>11.3%</td>
</tr>
<tr>
<td>10000 - 25000</td>
<td>7</td>
<td>6.4%</td>
<td>1</td>
<td>20.0%</td>
<td>8</td>
<td>7.0%</td>
</tr>
<tr>
<td>More than 25000</td>
<td>1</td>
<td>0.9%</td>
<td>0</td>
<td>0%</td>
<td>1</td>
<td>0.9%</td>
</tr>
<tr>
<td>Total</td>
<td>110</td>
<td>100.0%</td>
<td>5</td>
<td>100.0%</td>
<td>115</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

**Minimum Shares**

<table>
<thead>
<tr>
<th>Minimum Shares</th>
<th>Yes</th>
<th></th>
<th>Yes</th>
<th></th>
<th>Yes</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>f</td>
<td>%</td>
<td>f</td>
<td>%</td>
<td>f</td>
<td>%</td>
</tr>
<tr>
<td>Ksh. 50</td>
<td>22</td>
<td>18.5%</td>
<td>0</td>
<td>0%</td>
<td>22</td>
<td>17.6%</td>
</tr>
<tr>
<td>Ksh. 100</td>
<td>44</td>
<td>37.0%</td>
<td>4</td>
<td>66.7%</td>
<td>48</td>
<td>38.4%</td>
</tr>
<tr>
<td>Ksh 250</td>
<td>18</td>
<td>15.1%</td>
<td>0</td>
<td>0%</td>
<td>18</td>
<td>14.4%</td>
</tr>
<tr>
<td>Ksh. 500</td>
<td>25</td>
<td>21.0%</td>
<td>1</td>
<td>16.7%</td>
<td>26</td>
<td>20.8%</td>
</tr>
<tr>
<td>Ksh. 1000</td>
<td>5</td>
<td>4.2%</td>
<td>0</td>
<td>0%</td>
<td>5</td>
<td>4.0%</td>
</tr>
<tr>
<td>Ksh. 200</td>
<td>4</td>
<td>3.4%</td>
<td>1</td>
<td>16.7%</td>
<td>5</td>
<td>4.0%</td>
</tr>
<tr>
<td>Ksh. 800</td>
<td>1</td>
<td>0.8%</td>
<td>0</td>
<td>0%</td>
<td>1</td>
<td>0.8%</td>
</tr>
<tr>
<td>Total</td>
<td>119</td>
<td>100.0%</td>
<td>6</td>
<td>100.0%</td>
<td>125</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
On the total earnings per month, among the 125 respondents who were interviewed, 32.2% had a total monthly income of between Ksh. 1000 and 2,500, 28.7% between Ksh. 2,500 and 5,000, 16.5% less than Ksh. 1,000, 11.3% between Ksh. 5,000 and 9,999, 7.0% between Ksh. 10,000 and 25,000, 0.9% more than 25,000 and 3.5% had no income. The findings differ with a study carried out in Zanzibar by Anyango et al (2010) which attributed the success of the model partly to the income of the members. The member segment surveyed in Zanzibar was relatively well-off compared to groups in other parts of Africa. It also differs with a study done by LUPP (2005) in Luanda (Angola) in 2005 which revealed that the scheme works best if it includes medium and high income people. The findings however concurs with a study done by Anjugam and Ramasamy (2006) in India which found that the landless and marginal farm households and socially backward households participate more in the SHG-led microfinance programme. Anjugam and Ramasamy (2006) also suggested that higher number of Self-help groups may be formed among the economically and socially disadvantaged households in order to relieve them from the clutches of moneylenders and at the same time to bring the poor under the fold of formal banking institutions. This indicated that the level of income influence sustainability negatively or positively whereby when the income is low there will be difficulty in share contribution and loan repayment and the income is medium or high, there will be ease in share contribution and loan repayment.

On minimum shares contribution per month, among the 95.2% of the respondents who indicated that their VSLA are sustainable, 37.0% contribute Ksh. 100, 21.0% Ksh. 500, 18.5% Ksh. 10 to 50, 15.1% Ksh 250, 4.2% Ksh. 1,000, 3.4% Ksh. 200 and 0.8% Ksh. 800 per month. These findings concurs with a study done by Mule, Sasira and
Nthenya (2002) in their study of saving groups in West Nile Uganda which concluded that the most saving groups were of very low income people. The savings ranged from US$0.10 (ksh 10) – US$ 0.50 (ksh 50) weekly. This is in agreement with what VS&L in Maseno said they contribute in a month which was ksh 100.

4.4.3 Loan Interest Rate, Who Decided the Interest Rate and VSLA Sustainability

Loan interest rates paid by members of VS&L and who decides on the amount is very fundamental as it determines the affordability by VS&L members and ownership by the beneficiaries as this would enhance sustainability. According to Consultative Group to Assist the Poor (CGAP), interest rates are key to sustainability. To get this information the respondents were asked to state the interest charged on loans and who decided on the interest rate. The responses are illustrated and cross tabulated in table 4.8

Table 4.8

<table>
<thead>
<tr>
<th>VSLA Sustainable</th>
<th>Yes</th>
<th>No</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2%</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>5%</td>
<td>3</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>10%</td>
<td>116</td>
<td>5</td>
<td>121</td>
</tr>
<tr>
<td>Total</td>
<td>119</td>
<td>6</td>
<td>125</td>
</tr>
<tr>
<td>Who decides rates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Officials</td>
<td>4</td>
<td>1</td>
<td>5</td>
</tr>
</tbody>
</table>
On the interest rates, among the 125 respondents who were interviewed, 96.8% indicated that the loan's interest rate was 10%, 2.4% 5% and 0.8% 2%. Among those who indicated that their VSLA were sustainable, 97.5% reported that the interest rate was 10% and 2.5% said the rate was 5%. This is in agreement with a study done in Zanzibar by Anyango et.al (2007) which found out that interest suggested the strength of VSL model since the GS&L makes it a priority to provide compensation for saved capital and the idea that interest, in significant amount, is available on members' money helps to convince them of the value of monetizing their savings. The findings also concurs with the study done by CGAP(2008) in Uganda which found out that interest rates should be set to reach sustainability and ensure long-term service for clients. The results are in agreement with a study done in Niger (1999) which found out that loans at the level of the VSL groups are at a monthly interest rate of 10% to their members.

On who decides on the interest rates, among the 125 respondents interviewed, 94.4% indicated that the interest rate was decided by the VSLA members, 4.0% indicated that the interest rate was decided by the VSLA officials, and 1.6% indicated that the interest rate was decided by CARE staff. Among those who indicated that their VSLA was sustainable, 95.0% reported that the interest rate was decided by members, 3.4% by official and 1.7% by CARE staff. These findings are in agreement with a study done by

<table>
<thead>
<tr>
<th></th>
<th>Members</th>
<th>CARE Staff</th>
<th>Don't know</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>111</td>
<td>2</td>
<td>2</td>
<td>119</td>
</tr>
<tr>
<td></td>
<td>93.3%</td>
<td>1.7%</td>
<td>1.7%</td>
<td>100.0%</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>83.3%</td>
<td>.0%</td>
<td>.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td></td>
<td>116</td>
<td>2</td>
<td>2</td>
<td>125</td>
</tr>
<tr>
<td></td>
<td>92.8%</td>
<td>1.6%</td>
<td>1.6%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
Allen (2006) in Zimbabwe who found out that the interest rate varies from association to association as it is fixed by members. This makes the scheme sustainable because it is decided by members hence members can afford to pay and also own it.

4.5 Management factors and sustainability of VS&L

The study sought to get the management factors influencing sustainability of VS&L. To achieve this, the respondents were asked whether they have a constitution, who formulated the constitution, how long officials stay in office, whether members are trained and what members are trained on, who keeps group records, type of records kept, and how the records are kept.

4.5.1 VS&L having a constitution, constitution formulated and it's sustainability

The study sought to find out the availability of a constitution which bears the rules and regulation that guides the running of the VS&L. The respondents were asked if groups have a constitution and who formulated the constitution. The response is illustrated and cross tabulated in table 4.9

Table 4.9

<table>
<thead>
<tr>
<th>VSLA Sustainable</th>
<th>Yes</th>
<th>%</th>
<th>No</th>
<th>%</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do you have a constitution</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>117</td>
<td>98.3%</td>
<td>6</td>
<td>100.0%</td>
<td>123</td>
<td>98.4%</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td>1.7%</td>
<td>0</td>
<td>0.0%</td>
<td>2</td>
<td>1.6%</td>
</tr>
<tr>
<td>Total</td>
<td>119</td>
<td>100.0%</td>
<td>6</td>
<td>100.0%</td>
<td>125</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Who formulated constitution
On the availability of the constitution, among the 125 respondents who indicated that their VSLA is sustainable, 98.3% indicated that they have a constitution while only 1.7% indicated that they don’t have a constitution.

On who formulated the constitution, among the 125 respondents who were interviewed, 95.1% indicated that the constitution was formulated by members, 3.3% by VSLA officials, 0.8% by chairman and 0.8% by CARE staff. Among those who reported that their VSLA are sustainable, 96.6% indicated that the constitution was formulated by members, 2.6% by VSLA officials, and 0.9% by chairperson. These findings concurs with the study done by Allen (2006) which found out that the VS&Ls should agree on a set of rules or a constitution to guide their activities. The regulations are written in to the association’s constitution and are intended to provide authority to the committee members. This enhances sustainability since the group savings and loans have the laws and regulations to guide them.
4.5.2 Period of group officials in office and the sustainability of VS&L

The study sought to know the period the officials take in office. The respondents were asked to state how long the officials stay in office before the next election. The results are illustrated and cross tabulated in table 4.10.

Table 4.10

<table>
<thead>
<tr>
<th>Period of VSLA Officials in Office and VSLA Sustainability</th>
</tr>
</thead>
<tbody>
<tr>
<td>VSLA Sustainable</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Responses</td>
</tr>
<tr>
<td>1 Year</td>
</tr>
<tr>
<td>3 years</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

On how long the officials stay in office, out of 125 respondents interviewed, 98.4% of the respondents indicated that the officials are in the office for a period of one year while only 1.6% reported that the officials are in office for a period of three years. There was no statistical significance between time in office and the VSLA sustainability. The findings concur with the study done in Argentina (Chavez, 1997) which found out that in rotating fund schemes, the sense of ownership in the management increases payment. The VS&L groups in Maseno achieved this by rotating leadership yearly.

4.5.3 Training of VS&L members and VS&L sustainability

Training of VS&L members and what they are trained on are fundamental for management of the village savings and loans association. The study sought to know whether the members were trained and what they were trained on. The respondents were
asked to state whether the members were trained and what the members were trained on.

The results are illustrated and cross tabulated in table 4.11

Table 4.11:

<table>
<thead>
<tr>
<th>Trainings and VSLA Sustainability</th>
</tr>
</thead>
<tbody>
<tr>
<td>VSLA Sustainable</td>
</tr>
<tr>
<td>------------------------------------</td>
</tr>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>------------------------------------</td>
</tr>
<tr>
<td>Don't know</td>
</tr>
<tr>
<td>Good agricultural practices &amp; IGAs</td>
</tr>
<tr>
<td>VSLA Savings, loaning, formation,</td>
</tr>
<tr>
<td>management, record keeping &amp;</td>
</tr>
<tr>
<td>constitution</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

On what the group members were trained on, among the 125 respondents interviewed, 84.9% indicated that the members were trained by CARE on VS&L management, constitution, loaning and record keeping, 10.9% indicated that they did not know whether members were trained and 4.2% indicated that members were trained on income generating activities and good agricultural practices.

The findings concurs with the findings of Allen (2006) which found out that the experiences in several countries in Africa (Uganda and Zimbabwe) proved that training in the selection, planning and management of VS&L is important for the sustainability. These trainings done to groups in Maseno are fundamental as they will enhance sustainability of their microfinance.
4.5.4 Record keeping and sustainability of VS&L

Record keeping is important in management of microfinance. The study sought to find out who keeps the VS&L records, type of records kept and how the records are kept. The respondents were asked to state who keeps their records, the type of records kept and how the records are kept. The results are illustrated and cross tabulated in table 4.12.

Table 4.12

<table>
<thead>
<tr>
<th>Record Keeping and VSLA Sustainability</th>
</tr>
</thead>
<tbody>
<tr>
<td>VSLA Sustainable</td>
</tr>
<tr>
<td>----------------------------------------</td>
</tr>
<tr>
<td>Records kept by</td>
</tr>
<tr>
<td>f</td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td>Chairperson:</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>Treasurer:</td>
</tr>
<tr>
<td>27</td>
</tr>
<tr>
<td>Secretary:</td>
</tr>
<tr>
<td>88</td>
</tr>
<tr>
<td>Total:</td>
</tr>
<tr>
<td>117</td>
</tr>
<tr>
<td>Type of records kept</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Financial:</td>
</tr>
<tr>
<td>19</td>
</tr>
<tr>
<td>Financial &amp; Membership:</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>Financial &amp; Minutes:</td>
</tr>
<tr>
<td>90</td>
</tr>
<tr>
<td>Other:</td>
</tr>
<tr>
<td>8</td>
</tr>
<tr>
<td>Total:</td>
</tr>
<tr>
<td>119</td>
</tr>
<tr>
<td>Where the group savings are kept</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Bank:</td>
</tr>
<tr>
<td>7</td>
</tr>
<tr>
<td>House:</td>
</tr>
<tr>
<td>31</td>
</tr>
</tbody>
</table>

61
On who keeps the group records, out of 125 respondents interviewed, 75.6% of the respondents indicated that their records are kept by the secretary, 22.8% of the respondents indicated that their records are kept by the treasurer and 1.6% of the respondents indicated that their records are kept by the chairperson.

On the type of records kept, out of the 125 respondents who were interviewed, 75.2% indicated that the type of records kept were financial and minutes, 16% indicated that the type of records kept were financial, 6.4% indicated that they keep other records and 2.4% indicated that they keep financial and membership records.

On where the group savings are kept, among the 125 respondents who were interviewed 66.4% indicated that their group savings were all loaned out to members, 24.4% indicated that they keep their group savings in the house, 5.9% indicated that they keep their group savings in the bank and 3.4% indicated that they keep their group savings in M-pesa account. The findings differs with the findings of Allen (2006) which found out that there was a challenge in terms of record keeping in Niger whereby they keep their records through memorization. This was not the case with the study done in Maseno. The respondents said that they use share passbooks which helps them in record keeping unlike in Niger where they use memorization.

The findings also concurs with the findings of Allen (2006) which found that management information system of VS&L programmes are locally implemented and give
very little attention to data gathering and analysis. In this study there management information system was locally implemented.

4.6 Socio-cultural factors and sustainability of VS&L

The study sought to explore the level at which social cultural factors influence sustainability. To achieve this objective, the respondents were asked to state their religion, culture and the social benefits of VS&L.

4.6.1 Religion, Ethnicity and Sustainability of VS&L

The study sought to find out the religion and ethnicity of the respondents and how these influence the sustainability of the VS&L. to respondents were asked to state their religion and ethnicity. The results are illustrated and cross tabulated on table 4.13.

Table 4.13:

<table>
<thead>
<tr>
<th>Religion, ethnicity and VSLA Sustainability</th>
</tr>
</thead>
<tbody>
<tr>
<td>VSLA Sustainable</td>
</tr>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>------</td>
</tr>
<tr>
<td>Catholic</td>
</tr>
<tr>
<td>Anglican</td>
</tr>
<tr>
<td>Pentecostal</td>
</tr>
<tr>
<td>SDA</td>
</tr>
<tr>
<td>Indigenous Church</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Ethnicity

| Luo | 107 | 89.9% | 4 | 66.7% | 111 | 88.8% |
On religion, out of 125 respondents that were interviewed, 33.6% belonged to indigenous churches, 28.0% Anglican church, 23.2% Pentecostal church, 12.8% Catholic church and 2.4% Seventh Day Adventists. The respondents interviewed stated that some churches hinder their members especially the indigenous from joining the group savings and loans.

On the ethnicity of the respondents interviewed 111 (88.8%) of the respondents were Luos, 13 (10.4%) Luhias, and 1 (0.8%) Kamba. Ethnicity and Religion had no statistical relevance with sustainability. The respondents interviewed said that the Luos have poor saving culture which affects share contributions hence sustainability.

4.6.2 Social benefits and VS&L Sustainability

The study sought to find out the social benefits members gain from being in group savings and loans association. To achieve this, the respondents were asked to state the social benefits of being in the group savings and loans association. The results are cross tabulated and illustrated in table 4.14

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Luhyia</td>
<td>11</td>
<td>9.2%</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>.8%</td>
</tr>
<tr>
<td>Total</td>
<td>119</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Luhia</td>
<td>2</td>
<td>16.6%</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Total</td>
<td>6</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kamba</td>
<td>1</td>
<td>8.8%</td>
</tr>
<tr>
<td>Total</td>
<td>125</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
Table 4.14

Social Benefits and VSLA Sustainability

<table>
<thead>
<tr>
<th>Social Benefit</th>
<th>VSLA Sustainable</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>%</td>
<td>No</td>
<td>%</td>
<td>Total</td>
</tr>
<tr>
<td>Self esteem</td>
<td>65</td>
<td>54.6%</td>
<td>1</td>
<td>16.7%</td>
<td>66</td>
</tr>
<tr>
<td>Prestige</td>
<td>5</td>
<td>4.2%</td>
<td>0</td>
<td>0.0%</td>
<td>5</td>
</tr>
<tr>
<td>Companionship</td>
<td>26</td>
<td>21.8%</td>
<td>3</td>
<td>50.0%</td>
<td>29</td>
</tr>
<tr>
<td>Economic benefit</td>
<td>23</td>
<td>19.3%</td>
<td>2</td>
<td>33.3%</td>
<td>25</td>
</tr>
<tr>
<td>Total</td>
<td>119</td>
<td>100.0%</td>
<td>6</td>
<td>100.0%</td>
<td>125</td>
</tr>
</tbody>
</table>

On social benefits, out of 125 respondents who were interviewed, 52.8% indicated that the social benefit they received from the Village Savings Loan Association was self esteem, 23.2% companionship, 20.0% economic benefit and 4.0% prestige. The findings concurs with a study done in Uganda by Build Africa (2012) which indicated that women are empowered by VS&L to generate and manage household income which has led to self-esteem. The findings concurs by a study done by Mayoux (1998a) which found out that VS&L build social capital through developing and strengthening women’s economic and social networks. It also concurs with a study done by Putman (2000) which found out that group savings and loans have facilitated the formation of social capital. This enhances sustainability as the women’s self esteem are built.
4.7 Sustainability of VS&L

The issue of sustainability was the independent variable. The study focused on sustainability of VS&L and asked the respondents whether some members dropped from VS&L and why they dropped. They were also asked in their view whether the VS&L is sustainable and why.

4.7.1 Reasons for drop out of VS&L members

The respondents were asked to state why some members dropped out from the group savings and loans association. The reasons for drop out were important as it would help to gauge the levels of sustainability. The results are illustrated and cross tabulated in table 4.15.

Table 4.15

*Reason for Drop out from the VSLA and VSLA Sustainability*

<table>
<thead>
<tr>
<th>Responses</th>
<th>VSLA Sustainable</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>%</td>
<td>No</td>
<td>%</td>
<td>Total</td>
</tr>
<tr>
<td>Death</td>
<td>f</td>
<td>%</td>
<td>f</td>
<td>%</td>
<td>f</td>
</tr>
<tr>
<td>Death</td>
<td>2</td>
<td>2.9%</td>
<td>0</td>
<td>.0%</td>
<td>2</td>
</tr>
<tr>
<td>Marriage</td>
<td>1</td>
<td>1.4%</td>
<td>0</td>
<td>.0%</td>
<td>1</td>
</tr>
<tr>
<td>Don't trust leaders</td>
<td>5</td>
<td>7.1%</td>
<td>1</td>
<td>25.0%</td>
<td>6</td>
</tr>
<tr>
<td>Unable to pay the loan</td>
<td>35</td>
<td>50.0%</td>
<td>3</td>
<td>75.0%</td>
<td>38</td>
</tr>
<tr>
<td>Unable to contribute shares</td>
<td>22</td>
<td>31.4%</td>
<td>0</td>
<td>.0%</td>
<td>22</td>
</tr>
<tr>
<td>Partner refused</td>
<td>2</td>
<td>2.9%</td>
<td>0</td>
<td>.0%</td>
<td>2</td>
</tr>
<tr>
<td>Don't know</td>
<td>3</td>
<td>4.3%</td>
<td>0</td>
<td>.0%</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>70</td>
<td>100.0%</td>
<td>4</td>
<td>100.0%</td>
<td>74</td>
</tr>
</tbody>
</table>
On the reasons for drop out by members, out of 125 respondents interviewed, 51.4% reported that they dropped out because they were unable to pay the loans, 29.7% unable to continue contributing shares to the association, 8.1% didn’t trust the leaders, 4.1% didn’t know the reason, 2.7% the partner stopped her from continuing being a member of the association, 2.7% death and 1.4% got married away..

These results are in agreement with the study done in Niger by Allen (2006) which indicated that the reasons why members dropped out were; inability to raise the required contributions, fear to misuse loans, not having income generating activity, husband denied permission from attending meetings and lack of willingness to spare time for group savings and loan meetings. These findings influence group savings and loans negatively and may hinder sustainability.

4.7.2 Reasons why members think their VS&L is sustainable

The respondents were asked whether they think their VS&L is sustainable and reasons why they think their group savings and loans are sustainable. This was important to get the respondents views. The results are illustrated and cross tabulated in table 4.16.
Table 4.16:

**Members' reasons for sustainability**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Yes</th>
<th>%</th>
<th>No</th>
<th>%</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagreements among officials and members</td>
<td>0</td>
<td>0.0%</td>
<td>3</td>
<td>50.0%</td>
<td>3</td>
<td>2.4%</td>
</tr>
<tr>
<td>Members are knowledgeable and empowered by VSLA</td>
<td>7</td>
<td>5.9%</td>
<td>0</td>
<td>0.0%</td>
<td>7</td>
<td>5.6%</td>
</tr>
<tr>
<td>Members have improved their living standard</td>
<td>21</td>
<td>17.6%</td>
<td>0</td>
<td>0.0%</td>
<td>21</td>
<td>16.8%</td>
</tr>
<tr>
<td>Members Unity, Interest, Commitment &amp; Dedication</td>
<td>68</td>
<td>57.1%</td>
<td>0</td>
<td>0.0%</td>
<td>68</td>
<td>54.4%</td>
</tr>
<tr>
<td>More members are joining the VSLA</td>
<td>8</td>
<td>6.7%</td>
<td>0</td>
<td>0.0%</td>
<td>8</td>
<td>6.4%</td>
</tr>
<tr>
<td>Unless we get support from outside</td>
<td>0</td>
<td>0.0%</td>
<td>1</td>
<td>16.7%</td>
<td>1</td>
<td>0.8%</td>
</tr>
<tr>
<td>VSLA members not serious</td>
<td>0</td>
<td>0.0%</td>
<td>1</td>
<td>16.7%</td>
<td>1</td>
<td>0.8%</td>
</tr>
<tr>
<td>VSLA officials are corrupt</td>
<td>0</td>
<td>0.0%</td>
<td>1</td>
<td>16.7%</td>
<td>1</td>
<td>0.8%</td>
</tr>
<tr>
<td>VSLA officials are transparent &amp; trustworthy</td>
<td>15</td>
<td>12.6%</td>
<td>0</td>
<td>0.0%</td>
<td>15</td>
<td>12.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>119</td>
<td>100.0%</td>
<td>6</td>
<td>100.0%</td>
<td>125</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

On whether the respondents think that their group savings and loans are sustainable, out of the 125 respondents interviewed, 95.2% indicated that their VSLAs...
were sustainable. On the reasons why respondents think that their microfinance is sustainable, 57.1% reported that the VSLA members had unity, interest, and commitment and were dedicated to the association. 17.6% of them reported that the VSLA made them improve their living standards, 12.6 reported that their officials were transparent and trustworthy. (6.7%) noted that more members were joining the VSLA, 5.9% acknowledged the fact that members were now knowledgeable and empowered by the association.

4.7.3 Challenges of village savings and loans association

The study sought to establish the challenges facing group savings and loans. This information was sought from key informants who were the group officials from a total of 15 groups out of 30 groups. Their responses were as follows in order of strength: Loan defaulting, high loan rollover (where one pays the interest only but does not return the loan), loan amounts given by groups savings and loans are small and for short duration, high liquidation towards sharing out the amount in the box making it unsafe to be kept in the house some members do not want to take loans and some members mistrust leaders.

These results concurs with the findings in Uganda by CGAP(2006)which found out that the challenges group savings and loans faced in Uganda were; loan default, inability of members to contribute shares, loan amount being small, loan period usually short limiting long term investment and loan funds not always available at appropriate time. These challenges are normally a threat to VS&L sustainability.

4.7.4 How groups deal with the challenges

The key informants gave the following ways of dealing with their challenges:

Shares of defaulters are redeemed to pay their loans, visiting the members with
rollover to discuss the matter, members are given loans in turns, members are urged to keep group secrets about their money in the cashbox, members who do not take loans are not given interest at the end of the cycle, and members are asked to follow constitution.
CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of findings in the study, conclusions made from the study, recommendations and contribution to body of knowledge

5.2 Summary of Findings

The study was to get the determinants of sustainability of self-help group microfinance among women. Findings indicate that there are factors that determine sustainability of self-help group microfinance among women in Maseno division, Kisumu West District. It is evident that women participate more in Village Savings and Loans which is shown by 88.8% with 70.4% them married indicating a sense of responsibility. The majority of the members VS&L have low level of education with 44.8% having completed primary followed by 24.8 having not completed primary. This may influence sustainability negatively.

The extent to which economic factors determine sustainability of groups' savings and loans association was determined by finding that 66.4% of the studied group had small businesses, the total earnings of the respondents from all sources in a month was between ksh1000-ksh2500 which was 32.2% of the respondents. This would also affect sustainability negatively given that the income of members are so low which would affect their share contribution and loan repayment. 96.8% respondents said they their interest rate was 10% with a minimum share contribution of ksh100 per member per month and 94.4% said that this was agreed on by the members and they were comfortable with it.
This would influence the sustainability positively in that members own the amount and they can easily contribute per month.

The findings explored the level at which management factors determine sustainability. The results confirmed that the women groups have office bearers in place with the positions of chairperson, secretary, treasurer and money counters which forms the management committee. These office bears were said by 98.4% respondents that they stay in office for one year and election is done by members. The majority of the groups meet fortnightly. This influences sustainability positively in that the leadership is rotated among members. Among the respondents that were interviewed, 98.3% said that their groups had a constitution which guides them in managing the affairs of the group. 96.6% of the respondents said that the constitution was made by members and they know the content. This influence sustainability positively since the groups have laws and regulations to guard against fraud.

On the side of trainings, 92.8% respondents consented that they have been trained on issues of village savings and loans especially on management of VS&L, record keeping and constitution. 75.6% of respondents said that their records are kept by the secretary and these are financial records by use of share passbooks and minutes. Information management system was not applied in any of the groups. This influences sustainability positively as group members are knowledgeable on management of village savings and loans and they also keep records. On the issue of money, 66.4% said that they loan everything out to members and so no cash in terms of shares and interest gained are kept.

The findings explored how socio-cultural factors determine sustainability of the group savings. From the findings, 88.8% of the respondents were Luos, 33.6% of the
respondents came from indigenous churches. The results also indicated that the indigenous churches hindered their members from joining the savings and loans associations and that the Luo as an ethnic community does not have a saving culture and this may affect the sustainability of the association negatively.

The results found out that 52.8% of the respondents had their self esteem built, 23.2% of the respondents benefited in terms of companionship, 20.2% of the respondents gained economically and only 4.0% got prestige. The groups also benefited from social fund which they contribute and help them to sort out their social problems as agreed by members. This influences sustainability positively as more members would want to stay on for the social benefits.

The findings tried to find out whether some members of the group savings and loans had dropped out and the reasons why they dropped. The results were that 51.4% of the respondents said some members dropped because they were unable to repay the loans, 29.7% of the respondents said that the members were unable to contribute shares, 8.1% respondents did not trust their leaders, 4.1% did not know the reason why some members dropped, 2.7% respondents said it was due to member’s death while 1.4% respondents said the members got married off. This creates negative impact on sustainability.

The findings explored the respondents’ opinion on whether they think their group savings and loans associations are sustainable. The results were that 95.2% of the respondents had the opinion that their group savings and loan was sustainable while 4.8% of the respondents thought it was not sustainable. When asked the reason why, 57.1% of the respondents said that it is because of unity among members, interest, commitment and dedication of members to the association, 17.6% of the respondents said that Group
Savings and loans association improves the living standard of members hence that makes it sustainable. 12.6% of the respondents said that the officials were transparent and trustworthy and this makes it sustainable. 6.7% of the respondents said that more members are joining and this makes it sustainable and 5.9% of the respondents said that members were knowledgeable and empowered by the group savings and loans. The respondents who said that the group savings and loans are not sustainable gave the following reasons: 16.7% of the respondents said that members are not serious, 16.7% of the respondents said that the officials are corrupt and 16.7% of the respondents said that unless they get support from outside, their group savings and loans cannot be sustainable.

5.3 Conclusions

In conclusion, it is clear that demographic factors, economic factors, management factors and socio-cultural factors determine the sustainability of self-help group microfinance among women in Maseno Division, West Kisumu District. The demographic factors especially marital status and age which indicated that more members were married women and these married women belonged to the productive age group. The study proved that mostly married women participate in group savings and loans proving that married women are more focused and united, adhere to basic objectives of groups, utilize borrowed funds for different productive activities, and are highly concerned about the well-being of their children and family members and this enhances sustainability. The level of education influences sustainability. In this study, the results showed most of the respondents were primary level incomplete. This may influence the uptake of trainings negatively and even the record keeping especially each members
records and the leadership. The membership of group savings and loans need to be educated with the majority having reached at least secondary level.

On economic factors, it was evident that it influences sustainability. From the study, the income of members was relatively low which affects the loan repayment and share contributions. It also affects the amount of loan members can take forcing members to take very little money which may not boost their economic status much. This was indicated by self esteem ranking higher than economic improvement. It is important for these groups to be trained on income generating activities to boost their income in order to be able to contribute their shares and repay their loans easily so that they do not default. The interest rate is important for the sustainability of the self help microfinance as was evident from the results. The members decided on the interest rate that they could easily afford which enhanced ownership and hence sustainability. The accumulated interest is also shared among members at the end of the cycle which makes the savings and loans association sustainable.

Establishing the management factors, the availability of the constitution in all the groups enhances sustainability since the groups have their rules and regulations which guide them in running the affairs of the microfinance. Given that this constitution is made by the members and they know the content enhances sustainability. The indication of all the office bearers in place and their term in office was a good indicator for sustainability. The trainings done to members and management committee enhance sustainability as their knowledge is enhanced to manage the group microfinance well. However there is need for the both the members and officials to be trained on income generating activities and information management system as it was lacking.
In establishing the socio cultural factors, it was evident that this influences sustainability. It was evident that women's self esteem was built and their social capital was enhanced. This was important to the women as it empowered them in making decisions. The savings and loans also helped the women to find companionship among their fellow women. This enhances sustainability at it brings women together.

On cultural issues, it had influence on the sustainability in that when saving culture is not instilled among the members of group savings and loans, it may lead to the collapse of the association in that members will not be able borrow the mount they require and this may discourage other members and lead to drop out.

In general, the group savings and loans association is sustainable and should be encouraged among women.

5.4 Recommendations

Based on the theoretical framework, the conceptual framework, the literature review and the findings, the following recommendations are made;

1. More awareness should be created and mobilization to other women in the remote about the group savings and loans so that they can access loans for their economic, social and political development. This is because this model is sustainable and easy to manage by the local women. This should be an area of focus by the government and all development practitioners who purport to have poverty alleviation programmes. It is a working model for poverty alleviation strategies.
2. Group savings and loans associations are informal and not registered and operate without any policy framework to guide them. The groups cannot even open bank accounts since they are not registered, this makes the operations of the scheme to be in the hands of the officials without any controls. It is very risky for the groups especially towards the end of the years when they want to share out the money and the money is kept in the house. The members operate so much on trust which may not be healthy. It is therefore recommended that some regulation is put in place by formulating policies that could guide the scheme and protect them from any kind of fraud.

5.5 Contribution to the Body of Knowledge

This study contributes to the body of knowledge as indicated in the table below.

Table 5.1

<table>
<thead>
<tr>
<th>Contribution to the Body of Knowledge</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objectives</strong></td>
</tr>
<tr>
<td>1. To establish the extent to which demographic factors influence sustainability of Self-Help Groups' microfinance among women in Maseno division, Kisumu West District.</td>
</tr>
</tbody>
</table>
2. To assess the level at which economic factors influence sustainability of Self-Help Group micro-finance among women in Maseno Division, Kisumu West District.

3. To investigate how the management system influence sustainability in the Self-Help Group microfinance among women in Maseno Division Kisumu West District.

4. To explore the level at which socio-cultural factors influence sustainability of Self-Help Groups' microfinance among women in Maseno Division, Kisumu West District.

The level of income influences sustainability. When the income is low it affects members share contribution and loan repayment negatively. The income of group savings and loans need to be moderate to high for sustainability. Interest rates and amount of share contribution need to be set by members to enhance sustainability.

The availability of constitution, group officials are important for the group savings and loans association to be sustainable. Trainings enhance member’s skills and knowledge on management of the scheme. More training on income generating activities and management information system need to be incorporated in the topics to be trained.

Women have gained self esteem, companionship, prestige and it has enhanced their decision making at the house and community level. This has enhanced sustainability of the scheme and
5.6 Suggestions for Further Research

The study suggests to future researchers to conduct further investigation in some very important areas.

1. The impact of forming savings and loans association with people who are HIV positive and physically challenged.

2. The influence of m-pesa on group savings and loans

3. The role of modern technology on the sustainability of group savings and loans association.
REFERENCES


Village Savings and Loans Association and the Chars livelihood project(2006), Bangladesh.

APPENDIX I: LETTER OF TRANSMITTAL

Magero Millicent Agola
University of Nairobi,
Kisumu Campus
P.O Box 825-40100
KISUMU

Dear Respondent,

RE: SURVEY DATA COLLECTION

My name is Magero Millicent. I am a student from the University of Nairobi. We are conducting a survey on group savings and their sustainability. The information provided by you will be treated confidentially and will not be disclosed to any third party. Information will only be collected for the purposes of research in order to establish the sustainability of the scheme. We therefore request you to feel free and provide honest answers without fearing any intimidation or disclosure of the information.

Your assistance and cooperation will be appreciated.

Kind Regards.

Magero Millicent
Student Researcher
University of Nairobi
Client Consent (to be administered by the Research Assistant)

A STUDY ON SUSTAINABILITY OF SELF-HELP GROUPS MICROFINANCE AMONG WOMEN: THE CASE OF GROUP SAVINGS AND LOANS ASSOCIATION IN MASENO DIVISION, KISUMU WEST DISTRICT

Participant Instructions:

We are conducting a research on sustainability of self-help group’s microfinance among women in group savings and loans association in Maseno division, Kisumu west district so that we may understand why most of our self-help group’s microfinance are not self sustaining. This will help us get more information on how to help them become sustainable. We are interviewing members of self-help groups in Maseno division are a member of a self-help group microfinance in Maseno division?

1 = YES [Proceed and consent the participant] 2 = NO [STOP]

Confidentiality and Consent:
The information you give will be treated with utmost confidentiality. Your name will never be used in connection with any of the information you provide. You do not have to respond to any questions that you do not feel like responding to. There is no wrong response and you may terminate this interview at any time you want to. Participation in this study is completely voluntary, however, your honest response to these questions will help us better understand the issues around self-help groups microfinance in Maseno division. We would greatly appreciate your participation in this study. The interview will take about 30 minutes. Would you be willing to participate in this study?

1 = YES [Proceed with the interview] 2 = NO [STOP]

(Fill the participant’s questionnaire)

Signature of the research assistant certifying the status of informed consent

Name of the Research Assistant

Signature: ____________________________ Date: ____________________________
PARTICIPANT IDENTIFICATION

SHG CODE: ...............................................................................................SHG /
PARTICIPANTS CODE: ............................................................................ PAR/

1.0 DEMOGRAPHIC FACTORS

I am going to ask you some questions about you so that we can know you better; you/we don’t need to write your name on the questionnaire.

1. How old are you (in year)?
   - 18 to 24
   - 25 to 31
   - 32 to 38
   - 39 to 45
   - 46 to 52
   - 53 +

2. What is your marital status?
   - Single
   - Married
   - Separated
   - Divorced
   - Widow
   - Widower

3. How many biological children do you have?
   - None
   - 1-3
   - 4-6
   - 7 +

4. If you stay with other non-biological children, how many?
   - None
   - 1-3
   - 4-6
   - 7 +

2.0 ECONOMIC FACTORS

I am going to ask you some questions to find out a little bit about your economic life

1. Are you currently employed [both self and salaried]?
   (If no skip to Section 3.0 Q 1)
   - Yes
   - No

2. If employed, what type of work do you do?
   - Small Scale Business
   - Motorbike taxi
   - Salary/Wages
   - Sand mining
   - Farming
   - Masonry
   - CHW
   - Other (specify)

3. Approximately how much do you earn every month from all sources?
   - Nil
   - Less than 1,000
   - 1,000 - 2,500
   - 2,500 - 5,000
   - 5,000 - 9,999
   - 10,000 - 25,000
   - More than 25,000
4. What are the minimum shares members contribute per month?
   - Ksh. 10
   - Ksh. 20
   - Ksh. 50
   - Ksh. 100
   - Ksh. 250
   - Ksh. 500
   - Ksh. 1000

5. How much of your shares can you be loaned?
   - Times 1
   - Times 2
   - Times 3
   - Other (specify)

6. Before you get a loan, what are some of the securities needed by the association?
   - Shares
   - Guarantors
   - Shares & Guarantors
   - Household goods
   - No security
   - Other (specify)

7. What is your highest level of education?
   - None
   - Primary incomplete
   - Primary complete
   - Secondary incomplete
   - Secondary complete
   - Other specify

8. Have you ever taken a loan from the village savings and loans association in the past three months?
   - Yes
   - No (if no skip to question 9)

9. If yes how much?
   - Less than 1,000
   - 1,000 – 2,500
   - 2,500-5,000
   - 5,000-9,999
   - 10,000 – 25,000
   - More than 25,000

10. What was the loan’s repayment period?
    - One month
    - Two months
    - Three months
    - Six months
    - One year
    - Other (Specify)

11. Were/are you comfortable with the repayment period?
    - Yes
    - No
12. If yes, why?

☐ Easy to pay ☐ Enough period
☐ Comfortable interest ☐ Members agreed
☐ Interest not cumulative ☐ Other (specify) ____________________

13. If no, why?

☐ Indequate payment period ☐ Inadequate income
☐ Other (specify) ____________________

14. What was the reason for the loan?

☐ School fees ☐ Business
☐ Funeral ☐ Sickness
☐ Buying household items ☐ Celebrations

15. What are the sources of your loan repayment?

☐ Business ☐ Salary
☐ Husband ☐ Children
☐ Relatives ☐ Other (Specify)

16. Since you joined the association, how much total loan have you ever taken?

☐ Less than 1,000 ☐ 1,000 – 2,500
☐ 2,500–4,999 ☐ 5,000–9,999
☐ 10,000 – 25,000 ☐ More than 25,000

17. If you have never taken a loan from the village savings and loans association, why not?

☐ Didn’t have enough shares ☐ Fear of repaying the loan
☐ Fear of auctioneers ☐ Other (Specify) ____________________

18. What was the interest rate?

☐ 1% ☐ 2% ☐ 5% ☐ 10%
☐ Other (Specify) ____________________
19. Who decided on the interest rate?
   - [ ] Chairperson
   - [ ] Officials
   - [ ] Members
   - [ ] CARE Staff
   - [ ] Other (specify)

20. Were/are you comfortable with the interest rate?
   - [ ] Yes
   - [ ] No

21. If yes, why?

22. If no, why?

23. Have you ever defaulted from paying any loan from the Village Savings and Loans Association?
   - [ ] Yes
   - [ ] No

24. If yes, why?

3.0 SOCIO-CULTURAL FACTORS

1. Which ethnic community do you come from?
   - [ ] Luo
   - [ ] Luhya
   - [ ] Kisii
   - [ ] Other (Specify)

2. What is your religion?
   - [ ] None
   - [ ] Catholic
   - [ ] Anglican
   - [ ] Pentecostal
   - [ ] SDA
   - [ ] Islam
   - [ ] Indigenous Church
   - [ ] Other (specify)

3. What other social benefits do you get from being a member of this Village Savings and Loan Association?
   - [ ] Self esteem
   - [ ] Prestige
   - [ ] Companionship
   - [ ] Economic benefits
   - [ ] Other (specify)

4.0 MANAGEMENT FACTORS

1. When was the Village Savings and Loans Association started?
   - [ ] Less that a year ago
   - [ ] 1 year ago
   - [ ] 2 years ago
   - [ ] 3 years ago
   - [ ] 4 years ago
   - [ ] 5 years ago
   - [ ] Other (specify)
2. Why was the Village Savings and Loans Association started?
☐ To boost members income ☐ Social support
☐ Other (specify) ____________________________

3. Does your Village Savings and Loans Association have officials?
☐ Yes ☐ No (skip to Q5)

4. If yes, what positions?
☐ Chairperson ☐ Chairperson & Secretary ☐ Chair/Secretary/Treasurer
☐ Chair/Secretary/Treasurer/Money counters ☐ Management Committee
☐ Money counters ☐ All the above ☐ None

5. How were they elected into office?
☐ Elected by members ☐ Selected by CARE
☐ Self appointment ☐ Other (specify) ____________________________

6. How long are they supposed to be in office?
☐ One year ☐ Three years
☐ Five years ☐ As long as they want

7. If no, why? _______________________________________

8. How regular do you have meetings?
☐ Weekly ☐ Fortnightly ☐ Monthly ☐ Never
☐ Other (specify) ____________________________

9. Does your Village Savings and Loans Association have a constitution?
☐ Yes ☐ No

10. If yes, who formulated it?
☐ Chairperson ☐ Officials ☐ Members
☐ CARE Staff ☐ Other (specify) ____________________________

11. Do you know the contents of your Village Savings and Loans Association’s constitution?
☐ Yes ☐ No
☐ If no, why ________________________________________
12. If not, what governs your Village Savings and Loans Association?

- Chairperson decides
- Officials decide
- CARE staff decides
- Members decide
- Other (specify)

13. What are your financial sources?

- Microfinance Institutions
- CARE
- Members contributions
- Other (specify)

5.0 The VSLA's Management Information System

1. Who keeps the Village Savings and Loans Association's records?

- Chairperson
- CARE staff
- Treasurer
- Secretary
- Other (specify)

2. What type of records does the group keep?

- Financial
- Membership
- Minutes
- Financial & Membership
- Financial & Minutes
- Other (specify)

3. How is the group's savings kept?

- Bank
- House
- Loan out everything
- Other (specify)

6.0 SUSTAINABILITY OF THE VSLA

1. How many members dropped out of the Village Savings and Loan Association in the past year? ____________________________

2. What were the reasons for the drop out?

- Death
- Marriage
- Do not trust leaders
- Unable to pay loans
- Unable to contribute shares
- Partners refused
- Other (specify)

3. How many new members joined the Village Savings and Loan Association in the past year? ____________________________

4. In your opinion do you think this Village Savings and Loan Association is sustainable?

- Yes
- No

5. If yes, why? ____________________________

6. If no, why? ____________________________

Thank you very much for taking your time to answer these questions. This will help us understand the sustainability of Village Savings and Loans Associations in Maseno Division.
APPENDIX III: KEY INFORMANT INTERVIEW SCHEDULE

(GROUP LEADERS/CHAIRPERSONS)

1. Background Information
   a) The name of the group
   b) Position in the group
   c) How long have you been in this position?
   d) What is your level of education?

2. How would you define Village Savings and Loans Association?

3. What makes Village Savings and Loans Association different from other Microfinance?

4. In your opinion, what are the key successes of the Village Savings and Loans Association?

5. What are the challenges of Village Savings and Loans Association to groups?

6. How have the groups managed to cope with challenges?

7. In your opinion what roles do the following play in Village Savings and Loans Associations' operation and sustainability?
   a) Level of education of members
   b) Economic status of members
   c) Tradition, beliefs and culture of members
   d) Interest rates
   e) Loan repayment period
   f) Record keeping

8. Has your group ever had loan defaulters?
9. How do you handle loan defaulters?

10. What management systems do you have in place to ensure sustainability?

11. How do you keep group records?

12. How many group members do you give loans per month?

13. What do you consider before giving loans?

14. What is the repayment rate per month?

15. How much profit does the group earn at the end of the year?

16. Is there any running cost? If yes,

17. How does the group meet the cost?

18. In your opinion, do you think VSLA is sustainable? If yes, how? If no, why?

19. What are some of the social benefits that members gain from VSLA?

Thank you for your time and response.
APPENDIX IV: KEY INFORMANT INTERVIEW GUIDE

(LOCAL LEADERS/CARE STAFF)

1. Name of the community/ church/organization

2. Position in the community/ church/organization

3. What do you understand by Village Savings and Loans Association?

4. In your opinion, what is the difference between Village Savings and Loans Association and other microfinance?

5. What role do you play to ensure the sustainability of Village Savings and Loans Association in your capacity as a leader?

6. What are some of the factors that can ensure sustainability?

7. What are some of the factors that can hinder sustainability?

Thank you for your time and response.
APPENDIX V: OBSERVATION SCHEDULE

1. The records and documents kept by the VSLA

2. Type of the businesses funded by the money from the scheme

3. Lifestyle of members- housing, health etc
Following your application for authority to carry out research on “Determinants of sustainability of Self Help Groups Microfinance among women: A case of Group Savings and Loans Association in Maseno Division, Kisumu West District,” I am pleased to inform you that you have been authorized to undertake research in Kisumu West District for a period ending 30th June, 2012.

You are advised to report to the District Commissioner and the District Education Officer, Kisumu West District before embarking on the research project.

On completion of the research, you are expected to submit two hard copies and one soft copy in pdf of the research report/thesis to our office.

DR. M. K. RUGUTT, PhD HSc.
DEPUTY COUNCIL SECRETARY

Copy to:
The District Commissioner
The District Education Officer
Kisumu West District.
THIS IS TO CERTIFY THAT:

Prof./Dr./Mr./Mrs./Miss/institution
Millicent Agola Magero
of (Address) University of Nairobi
P.O.Box 30197-00100, Nairobi.

has been permitted to conduct research in

Kisumu West Location
Nyanza District

on the topic: Determinants of sustainability of self help groups microfinance among women: A case of Groups Savings and Loans Association in Maseno Division, Kisumu West District.

for a period ending: 30th June, 2012.

CONITIONS

1. You must report to the District Commissioner and the District Education Officer of the area before embarking on your research. Failure to do that may lead to the cancellation of your permit.

2. Government Officers will not be interviewed without prior appointment.

3. No questionnaire will be used unless it has been approved.

4. Excavation, filming and collection of biological specimens are subject to further permission from the relevant Government Ministries.

5. You are required to submit at least two (2) four (4) bound copies of your final report for Kenyans and non-Kenyans respectively.

6. The Government of Kenya reserves the right to modify the conditions of this permit including its cancellation without notice.

GFK6053/30/2011

(CONITIONS-see back page)