

**FACTORS INFLUENCING PERFORMANCE OF SELF HELP GROUPS: A
CASE OF MUUNGANO SELF HELP GROUP IN KIANJOKOMA, EMBU
COUNTY.**

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DECLARATION

This project report is my original work and has not been presented for award of a degree in any other University.

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DEDICATION

I dedicate this project to my husband Albert Githinji, your encouragement and emotional support has kept me focused and filled me with power to press on. To my sons Bernard, Denis and Alex. Your prayers and love for me has strengthened me and enabled me to press on. Thanks for your presence in my life.

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ABBREVIATIONS AND ACRONYMS

ADB - Asian Development Bank.

AGM - Annual General Meeting

AIDS- Acquired Immune Deficiency Syndrome

APMAS - Andra Pradek Mahila Abhivruddi

HIV- Human-Immune Deficiency Syndrome

IIBM - Indian Institute of Bank Management

NABARD - National Bank for Agriculture and Rural Development

NGOs - Non Governmental Organization

SHG - Self Help Group

SHPI - Self Help Promotion Institutions

ABSTRACT

Self help groups are emerging as powerful tools for poverty alleviation. Generally SHG have anti-poverty agendas with the purpose of improving living standard of its members. In this study a critical examination is made on how management of funds influence performance of self help groups, how participation of member influence performance of SHG and also how diversification of group activities influence performance of self help groups. The study adopted a descriptive survey design. The study was conducted in Muungano SHG Kianjokoma, Embu County. The group has a total of 107 members. Management team, members and employees of the group investment were targeted in the study as respondents. The research instruments used to collect data were questionnaires for the members and employees and interview guide to collect data from the management team. Data obtained was coded then interfaced into the computer for analysis. Statistical package for social sciences (SPSS Version 18) was used for analysis. Descriptive as well as inferential statistics were obtained. Tables were used to present the data collected as well as frequencies and percentages. The findings indicated that management of funds influences the performance of self help groups. The self help members should be involved in the management of the group funds. The members should be involved by management in the budgeting process of the group expenditure and allowed to access records kept by the group as account records, assets, shares and members' records. The self help books of accounts should be audited monthly. Self help group members should be involved in the election of their leaders. The self help group should hold meetings regularly preferably monthly and financial decision, collection and disbursement of money should be made within group meeting. Self group members should have good cooperation, good management, high discipline and prompt contributions among members. The funds got from fines and other penalties fines become part of the group savings. Self help members need to diversify group activities because most SHGs activities apart from the core activity will enable the group members to benefit in times when one enterprise is not profitable. Self help members involve themselves in welfare activities like visiting the sick in the hospital, assist in weddings, burial and court cases apart from their financial contributions. The study findings will be beneficial to the group members in improving their social and economic status. It will also help the members to improve on their financial literacy. This study will also help government agencies to come up with strategies on how to facilitate capacity building of the group. This study will be significance to people aspiring to form self help groups to come up with modalities which will ensure survival and functioning of their group. To the future researcher, this study can provide baseline information on the recent status of self help groups. More significant will be the lessons learnt by the Ministry of culture at large from the findings of the research in relation to performance of the groups.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Today self help groups have become the vehicle of change for the poor and marginalized. Self help groups in this era have indeed become an indispensable part when it comes to improving the economic status of the poor and the marginalized.

In the past self help groups have been organized as a loosely help group of friends without the much need professional running, financial literacy, record keeping, prudent utilization of resources which are alien to this groups. They were simply running on trust, but nowadays self help groups have become part and parcel of most marginalized and poor members of the society.

Self help groups too are seen as instruments for a variety of goals including empowering women, developing leadership abilities among poor people, increasing school enrolment and improving nutrition and the use of birth control. Also financial intermediation is generally seen more as entry point to these other goals rather than as a primary objective. According to (Puhazedhi and Satyasai 2009) the economic impact of self help groups were relatively more pronounced on the social aspect than the economic aspect. Also according to (Laxman 2001) self help groups are really a boon in the rural areas which give financial autonomy to the rural people and make them economically independent. He further argues that self help groups have become a platform for exchange of experiences and ideas. In self help groups' members have tremendous energies to start their own enterprises given the right opportunities; they have developed self confidence and self esteem through self help groups.

According to (Chen 1996), self help groups pose interesting challenges as well as some positive aspects to its members. Some of the challenges include, negative peer pressure linked to loan repayment, emotional stress mostly against women who are members of this self help groups and also violence against women whose husbands tend to find them independent from financial needs.

According to Huume (1998) self help groups seem to be the much needed vehicle which the poor and marginalized members of society will use in order to attain financial independence. They argue few years to come members of self help groups will be doing as well as the bankable population. This they will do by acquiring property such as land, running business and accessing good medical care.

According to (Okwemba 2011) he describes self help groups are 'original' with the purpose of improving living standards. He adds that if given financial assistance most members of self help groups can progress well. According to (Gurumoorthy 2000; Barbra and Mahanta, 2000) rural communities that are well organized have better chances to develop such opportunities (access to loans by means of self-organization and the generation of community based income activities). This income generating activities make them gain funds from which the loans are derived. One of the main aims which this study seeks is to fill the existing research gap by conducting a study on factors influencing the performance of self-help group.

1.2 Statement of the Problem

Self-Help Groups has gathered pace in the country and is directly or indirectly contributing towards the economic development of rural areas. The main objective of self-help group is to improve the economic development of men and women and create facilitating environment for their social transformation.

According to sird R. (2007) most members in the rural areas and who consist mainly of low cadre in terms of income face extreme challenges when it comes to accessing of credit in terms of loans. Some of the reasons being that they have no collateral such as land and other properties to secure the loans. This limits them from free access of banking activities for example gaining loans. Gain of capital is one of the sure way of making this class of members, mostly women attain velocity in order to escape from poverty and this make this members to turn to self-help groups in order to generate not only income but also to gain access to loans. Thus self-help group have become increasingly popular as way to mobilize rural members of community through provision of easy access to funds without unaffordable damaging collateral. Note that

in self-help groups members are allocated funds based on group solidarity instead of formal collateral.

In Muungano SHG rapid growth has been noted since its initiation. This is evident from the diversified group activities that are taking place, like investment of matatu business, construction of rental hall, running of a hospital and purchase of a plot of land. Also group members get dividends as per their shares contribution. This study seeks to establish the factors that influence the performance of self help groups.

1.3 purpose of the study

The purpose of this study was to establish factors influencing the performance of Self Help Group with a focus on Muungano self help group at Kianjokoma in Embu.

1.4 Research Objectives

This study was guided by the following research objectives.

1. To establish the extent to which management of funds influence the performance of self help groups.
2. To determine the influence of member participation on performance of self help groups.
3. To determine the influence of diversification of group activities on performance of self help groups.

1.5 Research Questions

This study was guided by the following research questions

1. To what extent does management of funds influence the performance of self help groups?
2. How does member's participation influence the performance of self help groups?
3. To what extent does diversification of group activities influence the performance of self help groups?

1.6 Significance of the study

The findings of this study provided detailed information on the issues that negatively or positively influence the performance of self help groups. Therefore the study will be beneficial to the group members in improving their social and economic status. It will also help the members to improve on their financial literacy. This study will also help government agencies to come up with strategies on how to facilitate capacity building of the group. This study will be significance to people aspiring to form self help groups to come up with modalities which will ensure survival and functioning of their group. The study will also heighten the awareness of management team on some of the issues and roles that can affect the performance of their groups. To the future researcher, this study can provide baseline information on the recent status of self help groups. More significant will be the lessons learnt by the Ministry of culture at large from the findings of the research in relation to performance of the groups.

1.7 Delimitation of the study.

The study was delimited to Muungano Self Help Group Kianjokoma, Embu County. Focus was on group officials, members and employees working on the group investments.

1.8 Limitations of the study.

The limitations of this study included limited time to collect data and financial constraints. Some respondents were unwilling to respond due to unknown fears. To counter the above the researcher pledged an oath of confidentiality and assured them that the information received will only be used for the purpose of the study.

1.9 Assumptions of the study

The study was guided by the following assumptions.

- i) All the sampled respondents were co-operative and able to give the required information without any reservations
- ii) All the sampled respondents were accessed easily.

1.10 Definition of significant terms.

Self Help Group- refers to an informal club of people who choose to come together to find ways to improve their life situations.

Participation- refers to the acting part in an activity or event.

Diversification- refers a wide range of economic and social activities.

Management - refer to a well planned day to day running of a self help group.

Performance- productivity of various activities in an organization.

1.11 Organization of the study

This study has five chapters. Chapter One covers the background of the study, statement of the problem and purpose of the study. This is followed by research objectives, research questions, justification of the study, limitations of the study, delimitations of the study, significance of the study, definition of significant terms and concludes with the organization of the study.

Chapter Two covers literature review from various sources to establish work done by other researchers, their findings, conclusions and identification of knowledge gaps which forms the basis of setting objectives and research questions of the study. The theoretical and conceptual frameworks are also explained.

Chapter Three covers the research design, target population of the study, sample size and sampling procedures. This is followed by data collection procedures, data collection instruments, validity of instruments, reliability of instrument, data analysis techniques, ethical considerations and concludes with operational definition of variables.

Chapter Four covers findings from data analysis, presentation of findings and interpretation of findings. It is will be concluded with summary of the chapter.

Chapter Five covers summary of findings, discussion, conclusions and recommendations of the study. It is will be concluded with suggested areas for further research and contribution to the body of knowledge.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section presented the literature review for this study. Information in this chapter reviewed from journals, policy papers, the internet, and any other material that will be deemed relevant to the study. The literature thematically reviewed under the following sub-titles: performance of SHGs, management of funds and performance of SHGs, participation of members and performance of SHGs and diversification of group activities and performance of SHGs. The review looks at studies done in Kenya, Africa and the rest of the world.

2.2 Performance of self help groups

Self-help group is a rural based financial intermediary. Members make small regular savings contributions over a few months until there is enough capital in the group to begin lending to the members. A self help group may be registered or unregistered .It typically comprises a group of micro entrepreneur having homogeneous social and economical background , all voluntary coming together to save regular small amounts of money, mutually agreeing to contribute a common fund and to meet their emergency needs on basis of mutual help. They pool their resources to become financially stable taking loans from money collected by that group and by making everybody in that group self employed ,The group members use collective wisdom and peer pressure to ensure proper and use of credit and timely repayment. This system eliminates the need for collateral and is closely related to that of solidarity lending widely used by micro finance institution .To make the book-keeping simple enough to be handled by the members flat interests rates are used for most loan calculations .(Madeline hirschland 2009).

Self help groups generally have broad anti-poverty agendas. They are seen as instruments for a variety of goals including empowering rural people ;developing leadership abilities among poor people ,increasing school enrollment and improving nutrition and use of birth control .Financial intermediation is generally seen more as an entry point to these other goals ,rather than as a privacy objective that can hinder their development as sources of rural capital, as well as their efforts

to aggregate locally controlled pools of capital through federation ,as was historically accomplished by credit unions.

Many self help groups borrow from banks once they have accomplished a base of their own capital and have established a track record of regular repayment this has been seen as possible way of delivering micro finance services to poor population that have been difficult to reach directly through bank or other institutions by aggregating (Rodgers 2010)

Their individual saving into a single deposit, self help group minimize the bank's transaction costs and generate an attractive volume of deposits. Through self help groups the bank can serve small rural depositors while paying them a market rate of interest. There are many advantages of financing through self –help group, some of which include: economically poor individual gains strength as part of a group. Secondly besides financing through self help group reduces transaction cases for both lenders and borrowers. Thirdly ,while lenders have to handle only a single self help group accounts, borrowers as part of self help group out down expenses on travel, to and from the branch and other) for completing paper work and on the loss of workdays canvassing for loans.

According to (sabhlok:2009) in India the employment of SHG programs has emerged as a popular strategy for the facilitation of microenterprise development by government, non-government organizations and educational institute include areas , These initiatives are not simply the expressions of rural people's needs and interest in their own participation and empowers self help as a strategy for social development emphasis self reliance human agency and action. According to social action theory, people take action towards their goals as group within the context of their social environment. They have their own, locally defined motives and beliefs, their own interpretation of the meaning of a situation, and they control their own action (Weber A.2010)

A study conducted by peoples education and development organization (singh,2009) on the evaluation of social and economic impact on households it was observed that

members involved in SHGs program have increased involvement in decision making, awareness about various programs and organizations . He further states that members get information about the different sources of credit and also reported that there are the evidences of household income, food security and increased standard of living.

Roy,(2007), undertook quality assessment of self-help group and this was done using twenty indicators like group meeting, members participation, group discipline, savings micro-credit, financial management, economic and social initiatives and linkages with institutions.

A study carried out by the Indian institute of Bank Management (IIBM, 2009), Gurahati Assam, and commissioned by Sa-Dham, shows that the SHG movement has not caught on in some north-eastern states for reasons that are peculiar to the region. The study also observes the banking constraints as a factor that hinders the quality of self-help group in Northeast India.

In another study conducted by Haryana community Forestry project, (Govt. of Haryana, 2009) assessed the quality of self help group in a self style way which comprises nine broad indicators which includes organizational capacity, saving and credit, financial management, micro enterprises skill development, awareness and attitudes, empowerment, network and linkages and visions.

Another recent study on quality and sustainability of self Help groups in Assam, sponsored by NABARD, and Andra pradek Mahila Abhivruddi Society (APMAS, 2009) reported that self help programmed has resulted in social and economic benefits to a significant percentage of the sample groups. Despite of all round support from government of ASSAM, NABARD, NGOS, and active participation of primary members, the condition of self help groups in the state is far from satisfaction. The study also reveals that the proliferation of self help groups has posed a serious challenge to sustain this movement by maintaining quality of SHGS and hence, the quality assessment of self-help groups is now being considered as key concern. The study also articulated some serious challenges like uneven growth of self help groups

in different parts and uneven quality of self help groups across the country and issues related to their sustainability.

Self help groups are emerging as powerful tool for poverty alleviation in the economy. In India, micro finance scene is dominated by self help group bank linkage programme as a cost effective mechanism for providing financial services to the unreached poor. The self help groups have become a vehicle to pursue diverse developmental agendas and even for profit motive. To avert such a situation, growth with quality has become the paramount agenda of today along different stakeholders as there is an overreaching concern about sustainability of the self help group.

According to (Devapracash, 2008) rating of self help groups assumes importance as it not only a pre-appraisal tool but as well a self evaluation which is a continuous process. Quality assessment of self help group has come to accepted as an important tool to ensure standards in self help groups. He further argues that in the enthusiasm to ensure monitoring of self help groups every stakeholder had their own innovation in designing a new tool for grading of self help groups.

According to (Singh, Sal pal, 2009) another essential factor in determining excellent in performance of self help group is presence of a strong dynamic leader. A dynamic leader presence is significant for successful functioning and sustainability of self help group. Usually a person with some previous experience or competence to discharge the various functional responsibilities of self help is selected by members to discharge their duties at ease. The leader guards the group in saving conflict and initiating social activities. The leader too, is clear and aware of the goals and concept of self help group.

Groups cannot be built overnight. Group formation is a slow time consuming process according to (sa-dhan 2009).But it performance pick up once number get the crux of the mission and realize the benefits, they then remain loyal throughout and never leave the group. When the group becomes stabilized in its functioning, internal factors like good leadership, unity, and mutual understanding among the members determine the path of growth and development. He further urges that the internal factors

contributing to group success include:- presence of an educated, sincere, and dynamic leader. Stability in leadership, homogeneity in membership (members belonging to same income or social strata), democracy and transparency and last but not least on co-operation, unity and mutual understanding.

According to Prakash A. (2009) the self help group (SHG) model is the dominant form of microfinance in India. SHGs have grown explosively in recent years. They reported that by March 2009, 2.23 million self help groups were reaching about 33 million members. Such outreach appears to represent a major breakthrough in a country where over 50 million households live in poverty, with very limited access to financial services

The institutional sustainability of SHGs depends on their management systems (including external support) and membership (sahu and Gagan Billha 2010) over all, the five programmes they studied had a good survival rates, relatively low member drop out levels, and consistent attendance and member participation. In addition, field staff of the promoting institutions rated most groups in the sample as above average in their management, systems and membership, indicating that these groups were probably capable of managing themselves in further study by (Roy, D. 2007) over an average of five years before 15 percent of members dropped out of the 150 sample of self help groups. 9 percent joined as new members. The main reason for dropping out was death, marriage or migration. Inability to meet saving requirement or attend weekly meeting was also cited in few cases.

Self help group tried to last longer and perform well if their promoters provide good organizational support and social mobilization (Gram Swarozgar Yohana 2010)

In mid-2007, a leading Indian commercial bank identified a group of researchers who were to review self help group lending operation and to suggest improvements. A device review of self group literature reviewed that few studies have tackled the problems of sustainability of self help group programs .The studies that do tract financial performance provides only a partial understanding of issues. Some studies focus on such action as the cost of forming or maintaining the group, but do not look at revenue.

Only the studies done by (Weber A. 2010) directly address the question of sustainability and performance. These studies analyze superstructure designed to provide support services to SHGs including capacity building, performance monitoring and helping to access bank credit.

How does difference in self help groups' models affect performance? Programs with higher production cost scored higher on over all self help groups ratings. Those SHGs which have better loan repayment also outperform those with problems in loan repayment. (Chvangeru 2009) those on least expensive model studied had weaker outreach collection and profitability net of potential loan losses. This shows that money saved in the careful promotion of self help groups may be lost through loan losses and other problems within the self help groups.

Self-help groups in India reach almost 33 million household and provide loans, empowerment and social services in addition to limited, largely compulsory, saving mechanisms. (Kamal 2003) it is true that many self-help groups do not perform well. But the same has been true historically of most other microfinance institutions. But in well managed programs, self-help groups can be profitable and many are. High income from loan portfolios and low operating expenses enabled most self-help groups be profitable; (Dadhich C.L 2007).

Several studies have reported that these are certain factors, which are crucial for successful functioning self-help groups which stand rooted in good performance. These major factors may be categorized into external and internal (Manimekalai M.and Rajeswari 2001) the external factors which aid performance include the agency, a voluntary agency, a banker or even a government organization that promotes and motivates the members. A Bangladesh and a Myriad experienced show that in the initial years the role of the external promoting agency is vital for motivating, nurturing and equipping the group to reach the stage of self-reliance.

However, whether it is the government or voluntary organization, the role of the promoting agency is not confined to mere mobilization of rural people. The agency is

also to inculcate in them a spirit of self-help and mutual help and a profound understanding of the mission and goals of self-help group (Majumdac 2009)

It comes out that the role of promoting agency and the co-coordinator are the most important external contributing factors to successful promoting of self-help groups. (Manimekalai M.. 2001) while considering the internal factors contributing to self-help group successful performance, good leadership, co-operation among members and transparency in decision making are essential for smooth functioning, sustainability and above per performance of self help group All and above the role of the group leader among the foremost factors responsible for effective performance and success.

Sahu,(2010) assessed the quality of self help groups North west India and found that in group formation and in order for efficient performance of self help group homogeneity in economic status should be given weight age.

2.3 Management of funds and performance of self help groups

The fund of the group comprises of thrift, interest earned on internal loans, fines and penalties levied on defaulting members, loans and grant received in the name of the group (Singh 2009). For meeting loan requirement, group should not discriminate between sources of funds, savings, loan repayment, interest payment, fines and penalties paid by members must be pooled for lending to the members. All cash collection, including savings made at the meeting should be deposited in the bank (Das Gupta 2008), cash in hand should be as little as possible, and should be kept to meet small emergency needs.

Groups incurring regular expenditure towards cost of bank transaction, honorarium to book keeper, can consider collecting additional amount every month from their members to avoid erosion of funds.

All financial decision, collection and disbursement of money should be made within group meeting Mosley and Home P.(2009).Group member too, have to pay interest and principal amount monthly. Thus in self help groups, one come to see that among the various initiatives pursued by SGHs savings and loaning, are among the most

important activities. Thus the most important activities undertaken by self help groups are, it seem, saving and loaning. It is further seen that provision of micro finance is a logical extension of the managerial and pragmatic approach to poverty reduction but with regard to financial perspective credit is an effective tool which helps the poor to decide the program of deprivation, improve their welfare and social acceptance and credibility (Robert P. et al 2006)

Funds of self help group consist of ;-(a) membership fund (b) membership fee is payable only once at the time of admission (c) minimum regular deposits every month (d) interest earned (e) Grants from promoters and government (f) project s fund provided by promoters and to carry out specific activities (g) donations and gifts (h) Development fund (i) fine and penalties due to defaults.

When it comes to management of self help fund they are too some agreed format by which members should abide by such as:-

Members shall be jointly and severally liable for all debts contracted by groups.

All assets and goods acquired by the self help group shall be in the joint ownership of all the members.

Members shall elect and appoint a certain person to look after and manage the day-to day affairs of the group.

This person shall be responsible to manage all affairs of the group within the bank e.g filling in loans application, receiving the cheque from bank, loan disbursement to the members, securing repayment for the bank.

The appointed person can be removed at any time by majority vote of the members and new person to be elected or appointed. In the event of death of any members of the SHG all entitlement shall be handed over to the next of kin of the person. (Das p. and Gupta R..2009) In case of loans to be granted the self help group meeting takes a decision regarding the amount to be loaned out and such that the amount has to be uniform .It is further decided that every member should get the same amount for a particular activity. Norms for loan in the self help groups are fixed for each activity and its size (Mosley & home 2009)

Loan repayment capacity is also assessed for each activity and all members can revise the amount of loan. Further, all decisions pertaining to the value of long term of repayment quantity of penalty and other terms relating to the loan deposits.

Importance of this principle. Regular repayment has been a special feature of a self help group. In more than 90% cases members do return their loans (Shiyani R.C 2010)

However, in a situation where the member find it difficult to repay in time, a special request with a specific explanation can be given to the self help group at its half monthly meeting. The member must be present and must explain the reason for default. If the reason submitted is reasonable and acceptable to the rest of the members the repayment can be rescheduled and the member has to pay a penalty for default. Default in repayment is a serious matter as in the long run the financial situation of the group gets worse. The saving of self help group can be rotated smoothly where this is a prompt and regular repayment and that also motivates lending agencies like bank to send more number of self help groups.

The amounts deposited by the members every month and the interests earned become the development fund of the group. It is from this amount that the group grants loans to the members. As the repayment gets into a regular mode without any defaults, the development funds continues to increase. The money collected by the group on account of fines and penalties becomes the income of the group and is distributed equally among the members (Shiyani R.C 2010).

What on decision on financial transactions? Collective decision is the tool for effective functioning of self help groups. If majority of the members are involved in decision making definitely there will be more commitment on part of the members. (Sahu 2010) what mole? The sure test of sustainability, democratic management and a proper accomplishment of the objective of a self help group is the level of satisfaction among the members and confidence among the leadership of the self help group.

Further loans taken from groups are used mostly for the following purposes(a) Education of children and their clothing (b) purchase of household goods(c) Health

care(d) purchase of fertilizer and other input including implements(e) improvement of land (f) running of small scale business(g) release from old debts. This can be seen as categorization of cost given by self help groups.

According to (Sird R. 2007) it is important that while assessing the working of self help groups it need to be seen whether these units have emerged as empowered groups, both economically and socially, and whether their faculties of Co-operation and self reliance have increased through participatory development or not. It must, he insist, be clearly understood that the working methodology of self help groups shall always differ from the functionality structure of commercial institutions.

The self help group essentially deal with money of poor members. Though it is a small yet the apprehension of members about their money is great. It therefore becomes necessary that the funds are handled in such a way that members remain assured of the safety and security of their deposits. The self help groups have, therefore , to be transparent and objective in their financial management (Das P. and Gupta 2009).

Though there is mostly no legal requirement to conduct audit of self help groups it is still necessary to get an internal audit of self help groups it is still necessary to get an internal audit embedded in the system of financial management of these groups. The audit therefore requires:- better control of funds, better and transparent accounts keeping and proper utilization of loans taken by members, repayment made by members, maintenance of proceeding book and other document (Jaipur 2010).

An important function of Audit is to provide guidance and advice to the group leaders and members. The facilitator who looks after documentation (writing of minutes of Group meetings and accounts can be trained to assist in the audit and vigilance activities of self help groups. Since self help group is an organization, it is necessary to maintain and to keep track not only of account but also of membership and on decision made (Jai P. 2006) thus self help groups should maintain the basic minimum books of account and records, which are necessary as per the standard. The type of records maintained by group are minute book which shows the proceeding of the

meeting, the roles of the group and the names of the members are recorded in this book. The other record is saving and loan register which shows the saving of members separately and of the group as whole. It also shows details of individual loan repayments and interest collected. Weekly register is also kept showing summary of receipts and payments on weekly basis maintained and updated. The other record is members pass books, this encourages regular savings. Payment and loans, taken from the group are recorded in this book.

While the self help group continue to collect money from the member and maintain relationship with lead bank, it is also necessary to carry on regularly reconciliation of accounts with the bank (Fernandez 2009).

A well financially managed self help group can be profitable. High income from loan portfolios and low operating expenses goes towards making a self help group profitable, even after adjusting for loan loss provision and the case of launching, supporting and monitoring.

Looking at fund management further are came across homegrown self help groups such as Milele Alliance ,which was initiated in 2007,with the Ten members to date it has an investment Portfolios of35million shillings. Which factors have contributed to Milele's Longevity and financial success? Today they hold a residential property in Thika and Mlolongo and a car-cleaning service at Mountain View. This goes towards contributing finances to the group.

They engage professional Accountants and auditors to maintain their books. According to one of the Bona fide Member, Milele too have employed a full investment manager for its Portfolio.

According to a member of Awesome self-help group the consistency in members making their contribution has lead to success of the group. This has made it possible for the self help to start lending loans. The loans are at simple interest rates of 12%, with a repayment period of 6months.to date, due to prudent servicing by members the group has made 1.5M shillings from interest on loans only.

According to (Ndirangu 2014) Muungano self help group members pay an amount of 1060 each which count as shares. A member also pays 575shillings for insurance. In case a member needs a loan an interest of 2% on reducing balance is charged. The amount a member qualifies to access as loan is 3 times one's shares. The loan advance is payable in 17 months. He further notes that in case a member fails to pay installments fees, a charge of 2% is placed upon such a member. And if such a member fails to pay for 3 consecutively Months such a member is entitled for dismissal and the guarantors takes responsibility .On this account he says many members have been dismissed. Upon dismissal a member is refunded with outstanding balance.

Funds too is availed to members in order to assist in burial of nuclear family members, this amount comes to around 15,000 shillings, also in case of weddings or sickness within the nuclear family members some funds too are availed. In case of a wedding the amount total to 15,000 shillings while in case of sickness a member is given 9,000 shillings. The group also takes insurance to cover loans in case of deaths. To keep records of the trends of or financial transactions receipts and statements of the transaction are availed.

For prudent management of funds a team of members is formed in order to negotiate the buying price of a property. When the pricing is done the withdrawal of funds is confirmed by both participation of members and executive (Ndirangu,2014).Budget of the group is usually done in AGM and once done all members present vote for it. This goes a long way towards realization of prudent management of fund within the muungano self help group .

2.4 Participation of members and performance of S.H.G

According to (Singh O.R 2009) SHG is small voluntary association of rural people, preferably from the same socio-economic background. He adds that the main objective of the group is to gain strength from each other and be able to deal with exploitation which they are facing in several forms. He adds that these groups have become the basis for action and change. He further adds that group members usually create a common fund by contributing their small savings on regular basis. Sometimes

group evolve flexible systems of working pooled resources in democratic way. He adds that meetings and competing claims on limited resources are settled by consensus.

According to (Puhazendhi & Satyasai 2009) SHG have become a platform for exchange of experiences and ideas in South Asia. The groups have made its members develop abundant self confidence and self esteem through sharing which is done during meetings (Laxman 2010). He adds that most members have gained organizational skills, management of various activities of business and sense of leadership through S.H.G movements.

In India according to Prakash (2009) SHG are formed with the assistance of self- help promotions institutions (SHPI's) which include non-governmental organizations (NGOs), government agencies, banks, co-operative and microfinance institutions. SHPIs provide training, monitoring and other support services. He adds out that groups begin by saving and tending out their member's own resources and these have seen SHG growth.

Institutional sustainability of SHGs depends on their management systems (including external support) and membership. He adds that good survival of SHG is facilitated by consistent attendance and member participation. In addition most S.H.Gs whose decisions are made at meeting attended by 50% or more members has good survival rates than those attended by fewer. He noted that in India SHG meetings are held regularly with 82-100 percent of groups reporting regular meeting. But meetings seem to become less frequent as groups age. Also in a quarter of the SHGs members sometimes send family member or others to make payments on their behalf, which have affected overall functioning of some groups.

According to Kamal V. (2003) there is no leadership rotation in India in significant number of SHGs (50%) as groups don't have specified norms about the leadership, which includes change of leaders and term, willingness of members to take up leadership responsibilities. However the incidence of leadership change is high in NGO promoted and older SHGs. For SHG members to have stronger ownership and

to sustain their SHG regular elections at SHG are a must and can be conducted once a year. Though majority of the SHGs are aware of group norms, but a few SHG strictly adhere to them in practice. Institutional capacity building on SHG concept functional capacity building on SHG concept, functioning leadership and financial literacy is very much needed for the organizational health of SHGs.

According to Kamal, since 2003 kindermothiiife and its local partner Africa Evangelistic Enterprise have been implementing self- help Aproach in five regions in Rwanda which include Kigali, Butere, Rwamagana, Byumba and Gitarama. More than 748 SHGs have been founded with a total of 29458 members, supporting 106,160 children (2010). Since most of these people are from the same background they meet once a week, get the chance to talk, discuss certain problems or topics to support each other and collectively save money. He adds.

He further argues that these groups help the marginalized people to escape loneliness and social isolation. In the group they experience solidarity and empowerment and develop self confidence. Given the trauma a lot of Rwanda still faces due to war and genocide the groups also help to cope with the past experiences and contribute to the reconciliation and healing. SHG members also support each other in case of illness. They help with the field work or provide credits in case of financial emergency.

According to Panda T. (2001) a member of a self help group in Kigali Rwanda, the group saves money and after a while the group members take turns in borrowing money to start a business or make other investment. She adds that SHG members vote representatives in a higher –level group who take care for the concerns of the whole community e.g. improvement of water supply or vaccination campaigns. These representatives are more likely to be recognized by governmental authorities as they represent large numbers of people, she argues.

In Rwanda according to Laxman P. (2010) report indicates that KNHs partners support the initial phase of the implementation staff members attend the group meetings and facilitate workshops on topics like health care, nutrition, HIV/AIDs, conflict management or organic farming. The support is gradually reduced when the

groups are able to work independently. The SHGs initiate literacy classes or day care centers for children without external support. He further argues that due to meeting regularly and participating in leading SHG meeting and in decision making, their self esteem and confidence has increased. They also learn how to do viable small business and they start by using their small group savings. This has brought an increased family income and as a result, the children dietary habits and their health have improved. More of the SHGs members' children attend school due to increased family income and increased knowledge on the need for education.

In South Africa, according to (Weber A.2010), the practice of holding regular group meetings is found to build better understanding, forge solidarity, and develop qualities of self help and mutual help among the members.

Most of SHGs have become savvy Money makers says a member as she explain the achievement of three such powerhouse groups in Nairobi Kenya. In her report one Milele Alliance in Kenya started with 10 members with 30,000 initial contributions in the year 2007 and now has an investment portfolio only worth Sh. 35 million.

According to a member of Milele Alliance, what matter most was their shared goals. To collect their resources to achieve financial independence. She adds that the group meets every third Saturday of the month, with the agenda to align its member's synergies and lay to its foundation. She further argues that there is great power and financial muscle in numbers especially when people are fully willing to take part in ensuring group objectives has been achieved. Members monetary contributions on time is what have made the group to progress, she adds.

According to (Janet 2014) a member of Mapato group in Kenya, the idea of SHGs is to pull resources together and invest. She adds the groups was formed in 2010 and registered with ministry of gender, children and social services. The group makes monthly contributions which are banked. She adds that they hold monthly meeting which involve team building activities for members to bond and also to have talks from investment professionals and managers for inspiration and to educate them on investments and internal management structures. She further explains some of

challenges that they experience and have started making the group shrink is when members fail to make their monthly contributions on time or to make them at all. Also when members fail to participate in responsibilities like book keeping and administrative duties, she adds that divergent views on how to finance the investment also challenge the group regular meetings and serious deliberations is all we are doing to overcome these challenges and strive towards our goals of financial empowerment. According to (Oyula 2014) a member of Awesome group which was formed in 2008 with an aim of contributing money to invest, the group started with a monthly contribution of 2000 and the motivated behind contributing was not to invest in land and property only but – primarily- to invest in each other. They share ideas and problems as members of the same family. She adds that members get loans from the saving at a simple interest rate of 12 percent, with a repayment period of six months. Members share the group roles. The treasurer maintains its books. A secretary documents meetings minutes. Since Awesome contribution is not documented, these minutes are followed for its decision making.

A member of the same group attributes its growing success to consistency in members making their contributions and also priority and discipline of members making contributions and attending meetings. She further adds that group members have learnt to accept each other's personalities, we are friends and we want this group to last a lifetime. We need each other for that, she adds.

In Muungano self help group, a meeting is held after every 30 days and it is mandatory to members to avail themselves. The executive members too happen to meet monthly, while a full committee meeting usually takes place on quarterly basis. If a member fails to attend a meeting, a fine of 100 shillings is placed on him, according to (Ndirangu, 2014) A member is considered late if he/she comes to the meeting within twenty minutes after it starts. Not availing oneself within one hour after the meeting starts is usually considered to be a case of absenteeism. According to (Ndirangu, 2014) contributions are made by members at every end of the month. If a member fails to pay from the given date of contributions, such a member is given a 24 hours notice, to pay, failure to which such member is charged a two percent interests of the total monthly contribution. This amount constitutes the fine.

The Muungano self help group is also deeply involved in its members welfare, such that if a member happens to lose a family member one is given a total amount of Ksh15,000 from the welfare kitty. In addition, such a member is given Ksh9000 as a contribution for one's settling a coffin payment (Ndirangu, 2014). In case a sickness befall any family member or Muungano SHG member, such a member is given Ksh9000 to cater for the ailing member inclusive of visits by other members of the SHG to that particular member home. This amount is only released in case the member has been admitted in the hospital. He further adds that in case a member is having a wedding within a nuclear family, a contribution of Ksh15000 is given to such a member.

According to Ndirangu, the Sacco gives some loans to its members. The members also benefit by gaining access to cash in order to access school fees for a member sibling. A member too can have some amount loaned in order to settle a court fine.

2.5 Diversification of Group activities and performance of self help groups

In recent years micro-finance has become an important intervention as a tool for rural development and poverty alleviation in India (Majid 2011). He adds that innovation of group based microfinance especially SHGs has replaced the physical collateral for micro loans. The giant step of NABARD on SHG-Bank linkage program is really praiseworthy which has been considered as one of the biggest micro finance intervention in the world (Panda T. 2001).

He adds that SHGs has proven that they can be better entrepreneurs and development managers in any kind of human development activities. He observes that many SHGs face difficulties in establishing an enterprise and also women have barriers that challenge them which include negative socio-cultural attitudes practical external barriers, legal barriers and lack of education. All this hinder them in running an enterprise smoothly.

According to Weber A. (2010) most SHGs in south Africa have taken their members for training to acquire skills that will help to bring in income. He adds that some women SHGs weave mats and sell them to help boost their savings. He further adds

that there has been training in making petroleum jelly, grass huts and resale of quality clothing and goods in most SHGs. Business and entrepreneurial training has been given by Amangwe village and Ithala Bank.

Rural people in Kenya are finding that there is strength in numbers, if they pool their resources together in form of SHGs of their own creation, they can radically change their lives and the lives of their families (Miano 2012).

According to Kianda (2012) there are 3050 registered SHGs under the ministry of Home Affairs in Lugari district. He adds that most of these groups are active and with some external assistance the groups can achieve a lot. He discloses that most of these self help groups have assets that generate income for the groups. He further adds that in some SHGs members purchase farm inputs through revolving fund and they assist each other in acquiring household assets.

According to a member of a SHG in western Kenya, the purpose of a SHG is to deal with social and economic problems that particularly engulf the rural areas. They add that since they started the group they have been able to acquire two plots of land. They further adds that the group has a common business which they sell charcoal on wholesale which have enabled them accumulate a lot of savings.

“Unity is strength and division is weakness” says a member of a SHG in Thavu village Makueni County. She adds that with support from Africa sand dam foundation in partnership with the water project the SHG has been able to construct a dam and a shallow well which have now become their main source of water for both domestic use and for their livestock. They are able to grow vegetables and make bricks which have greatly improved their income.

According to (Ndirangu 2014) a members of Muungano, said that Muungano SHG have various activities being undertaken by the group to add onto their shares and income. Since initiation of the group members have accumulated millions of money in form of shares. The shares are in form of fixed shares which are realized from fixed assets, and individual shares from monthly contributions of Ksh575 which is compulsory. They added that members earn dividends from both individual shares

and fixed shares. The report also the activities the group is operating which include a dispensary at Kianjokoma, a rental hall, a Nissan matatu registered with Neno Sacco and 0.25 acre of land with coffee trees. According to 2013 budget members were paid dividend of Ksh1.5 for every Ksh20, from a profit of Ksh1546700.

2.6 Theoretical Framework

This study was supported by participation theory. A useful definition of public or community participation is that adopted by stoker (1997) for ‘political participation’ and (paury et al, 1992); This theory underline the importance of members of the public taking part in any processes of formulation, passage and implementation of public policies. It extends the emphasis of public participation beyond the development of policy, to decision making and implementation.

In particular, there has been a shift towards understanding participation in terms of the empowerment of individuals and communities. Under this model, people are expected to be responsible for themselves and should therefore be active in public service decision –making.

On a more practical level, steward and Taylor (1995) argue that determining which issues the communities are allowed to be involved in is central to an understanding of participation and empowerment.

Hart et al (1997) emphasis the different between strategic and operational decisions. Strategic power involved the ability to set target, allocate priorities and determine policy. Operational power is having the ability to decide how these things are carried out. At self help groups both types of power are fully utilized. Members are involved in setting target, allocating priorities and determining policy. The top brass, executive, decide how these things are carried out, with input of members too, being heard and put into consideration.

Skinner (1995) also looked at what individuals and communities were actually involved in within participative partnerships as a tool to categories participation.

Within an effective participative structure, roles and responsibilities will be clear and transparent: among members and executive.

Chan (2000) further discusses that it is crucial to support the community generically to aid community involvement. He states that it is important to support engagement processes by maximizing participation at a full range levels at the same time.

In self help group members are involved in five main roles, roles which relate to five areas of activity. The five levels of participation include:

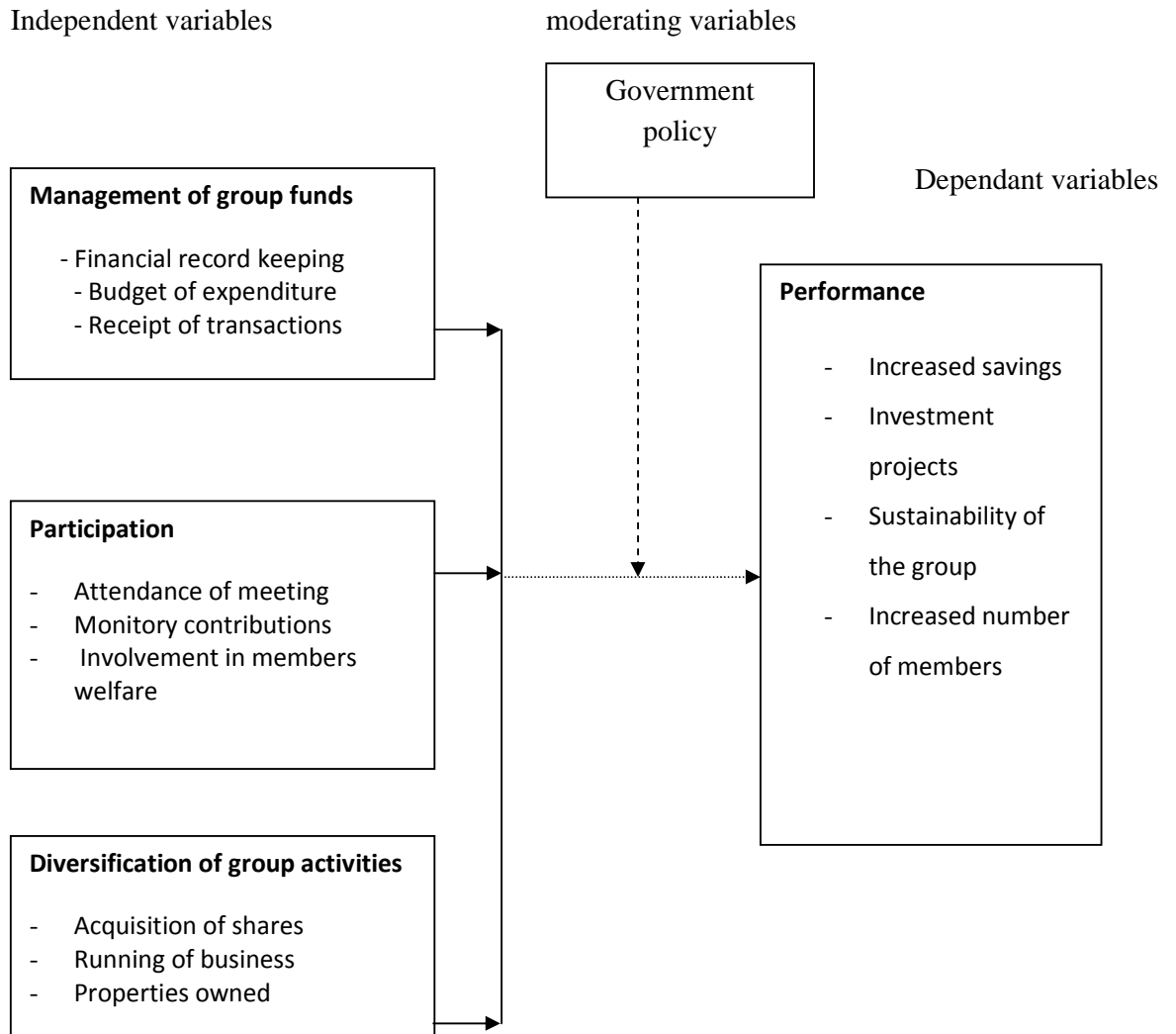
- a) Leadership whereby there is need of technical assistance in negotiating with authorities and other power holders.
- b) Infrastructure this calls for development to establish or improve forum and network and service to the members themselves.
- c) Established organizations which include strategic planning, staff skills and effective delivery.
- d) Individuals, this include giving urge to individual members to get involved in activities and organization, and also making social contacts i.e informal and excluded groups and new and fragile organizations – here one find such needs as assistance in group formulation, development of trust and confident, getting help from established organizations among others.

These activities take place in self help groups and members are fully involved in these five core roles. This participation is seen as crucial and necessary and absolutely needful in running of Self Help Groups.

2.7 Conceptual Framework

This study sought to establish how independent variables influenced dependent variable as represented in the diagram below.

Figure 2.1 Conceptual framework



From the conceptual framework it is noted that there is a relationship between management of funds and performance of self help groups. It is also noted that participation of group members and diversification of group activities influences performance of self help groups.

2.8 Summary and research Gaps

From the literature review research have been done to look into factors which help in elevating members of low cadre in society from biting poverty. The contributing factors which lead to emergence of self help groups too have been looked into.

The few studies that have been done have studied little on factors that leads to success and failure of SHG. Few studies have gone into details to show how these factors goes along way in securing and bringing success into SHG. This study tries to address this gap by considering how this factors lead to successful performance of SHG. Few studies too have been done to address the linkage between success and members' participation, prudent SHG.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presented a description of the research design and the methods the researcher proposes to use to determine the factor influencing performance of SHGs, a case of Muungano welfare SHGs Embu. It closely examined the research design, target population, sampling procedure, methods of data collection, validity and reliability of research instruments, ethical considerations, data collection procedure, Data analysis technique and operationalisation of variables.

3.2 Research design

The researcher used descriptive research design that used questionnaires and interview guides. This helped to describe the nature of the situation as it exists at the times of the study and to explore the cause/s of particular phenomena. Thus the researcher employed both quantitative and qualitative methodologies.

3.3 Target population

In Muungano welfare SHG there is a target population of 107 members. This enabled the researcher to do the survey with the population of interest consisting of respondents from various categories which are management team of muungano SHG, members of SHG and employees of group investments. There are 11 members in the management team, 85 group members and 11 employees.

3.4 Sampling procedure and sample size

Sampling means selecting a given sample of subjects from a defined population as representative of that population. Any statement made from the sample should be true representation of the population (Orodho 2002).

The researcher used the entire population because of the low numbers. The researcher then used stratified random sampling technique in order to ensure the key subgroups of the population are put in different categories.

Table 3.1 Sample size

Category	Population	Composition	Percentage	Size
Management team	11	Chairman 1 Vice chairman 1 Secretary 1 Vice secretary 1 Treasurer 1 Accountant 1 Others 5	100%	11
Group members	85	Female 37 Male 48	100% 100%	37 48
Employees	11	Female 4 Male 7	100% 100%	11
Grand total	107		100%	107

3.5 Data collection instruments

Two different research instruments were used to collect data that enabled the researcher to come up with responses for the research questions. The instruments were questionnaires and interview guides. The questions were administered to group members and employees, while management team was interviewed.

3.6 Validity of research Instruments

This study used content validity which is the degree to which the content of a given test are related to the traits for which it is designed to measure (Best and Khan 2004). This was realized by ensuring the content is well formatted, comprehensive and in line with the purpose of the study. The researcher also consulted the supervisor for her input in order to validate the instruments. The researcher also sought assistance from her peers as well as the lecturers.

3.7 Reliability of research instruments.

Reliability of an instrument is the measure of the degree to which a research instrument yields consistent results or data after repeated trials (Mugenda, 1999). The researcher carried out a pilot study in order to test the reliability of the questionnaires.

In the pilot study test-retest method which involves administering the same scale or measure to the same group of respondents at two separate times (after a time lapse of one week) was used and the two sets of scores computed.

Reliability of the instruments was computed using Pearsons Product Moment correlation coefficient Formula as follows:

$$r = \frac{[\sum xy - (\sum x)(\sum y)]}{\sqrt{\left[\sum x^2 - \frac{(\sum x)^2}{N}\right] \left[\sum y^2 - \frac{(\sum y)^2}{N}\right]}}$$

The instrument yielded a correlation of 0.8 and therefore the instrument was deemed to be reliable and measurable.

3.8 Data collection procedure

Since collection of data is an integral part of the research design as it is from collected data that a researcher can do an analysis, draw conclusions and make recommendations. First a letter from the University of Nairobi was sought by the researcher to obtain permission to carry out the study. Permission and a notification were served to the full committee of Muungano welfare SHG Kianjokoma Embu. The questionnaires were administered by the researcher assistance to the member and employees and interview guide was used to get relevant information from the management team. The study utilized primary data. For primary data, the researcher was used to collect first hand information from the respondents.

3.9 Data Analysis Technique

Data collected was coded and analyzed by use of descriptive statistics. Statistical tool such as SPSS helped the researcher to describe the data and determine the extent of the relationship between various variables. Findings is presented inform of tables frequencies and percentages. Tables were used to summarize responses for further analysis and facilitate comparison. This generated quantitative reports for the study.

3.10 Ethical considerations.

The researcher informed the respondents on the topic of her study before administering the questionnaires and interviews to them. This ensured that the respondents consent is not ignored as they contribute to the study. The respondents assured of confidentiality of the information they give.

3.11. Operationalization of variables

Table 3.2 Operationalization Table

Objective	Variables	Indicators	Measurement scale	Data collection method	Type of analysis
To establish the extent to which management of funds influence the performance of SHGs.	Management of funds	Records kept, receipts of transactions made	Nominal Ordinal	Questionnaire Interview	Descriptive
To determine the influence of member participation on performance of SHGs.	Participation of group members	Attendance of meetings Monitory contributions Involvement in members welfare	Nominal Ratio	Questionnaire Interview	Descriptive
To determine the influence of diversification of group activities on performance of SHGs.	Diversification of group activities	Properties owned, running of business, acquisition of shares	Ratio Nominal	Questionnaire Interview	Descriptive

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATIONS

4.1 Introduction

This chapter contains data analysis, presentation and interpretation of findings. The study intended to assess the factors influencing performance of self help groups: a case of Muungano self help group in Kianjokoma, Embu County. The chapter discusses results of the study under the following headings: questionnaire return rate, description of the study subjects, factors influencing performance of self help groups namely management of self help group funds, self help members participation and diversification of self help group activities on performance of self help groups.

4.2 Questionnaire Return Rate

The questionnaire return rate was 100% as 107 questionnaires were used. Kianjokoma self help group had 107 respondents (85 group members, 11 members in management and 11 employees). This was possible since the questionnaire were administered by trained research assistants who administered questionnaires , waited for the respondents to complete and collect immediately. In cases where the questionnaire were left behind, they were collected the following the following date.

4.3 Demographic Characteristics of the respondents

This section discusses the respondent's gender, age, level of education, marital status and the number of members in the group. These attributes were relevant to the study since they have a bearing on the respondents to provide information that is valid, reliable and relevant to the study.

4.3.1 Distribution of the respondents by gender

The respondents from Kianjokoma self help group were asked to state their gender. The responses are shown in Table 4.1

Table 4.1 Gender of the respondents

Gender of respondent	Frequency	Percentage
Male	66	61.7
Female	41	38.3
Total	107	100.0

The findings show that majority of the respondents interviewed were male 66 (61.7%) while females were 41 (38.7%). The study shows that majority of the respondents were male.

4.3.2 Distribution of the respondents by age

The respondents were asked to indicate their ages from among choices of ages classes given. The use of these classes minimized the number of individual responses and allowed easy classification and analysis of the information. The age of the respondents has an influence on the ability to engage in production activities of the self help group. The respondents responses are shown in Table 4.2

Table 4.2 Age of respondents

Age of respondent in years	Frequency	Percentage
Below 30	16	15.0
31-35	23	21.5
36-40	35	32.7
41- 45	22	20.5
46-50	8	7.5
Over 50	3	2.8
Total	107	100.0

The findings show that most of the respondents 35 (32.7%) are in age bracket of 36-40 years and 22 respondents (20.5%) in 41-45 years. Therefore, the research findings show that 57 respondents (53.2%) are in age bracket of 36-45 years. This indicates that majority of the respondents are in their middle age and therefore suitable in undertaking productive work which require effective decision making.

4.3.3 Distribution of the respondents by their level of education

Education level of the respondents represented the level of formal schooling completed by the respondent at the time of the study. The respondents were asked to indicate their highest level of education and Table 4.3 shows the results.

Table 4.3 Respondent level of education

Level of education	Frequency	Percentage
Degree	1	0.9
Diploma	12	11.2
Certificate	36	33.6
Primary and Form 4	58	54.3
Total	107	100.0

The findings show that all the self help group members attended school, though majority of members reached either primary level or ordinary level 58 respondents (54.3%). This indicates that majority of the respondents are literate and therefore suitable in undertaking self help group activities which require technical knowhow.

4.3.4 Marital status of the respondents.

The respondents were asked to indicate their marital status. Table 4.4 shows the distribution of the respondents by marital status.

Table 4.4 Marital status of the respondents

Marital status	Frequency	Percentage
Single	33	30.8
Married	74	69.2
Widow	0	0.0
Widower	0	0.0
Separated	0	0.0
Total	107	100.0

The findings indicate that 74 respondents (69.2%) were married while 33 respondents (30.8%) were singles. There were no widows, no widows and separated family member. Marriage ascribes familial responsibilities to households and therefore households become more serious in terms of their participation in their productive activities.

4.3.5 Period of time since joining the group

The respondents were asked to indicate how long they had been in the self help group. Table 4.5 shows the distribution of the respondents by marital status.

Table 4.5 Period in the self help group

Years	Frequency	Percentage
Below 1	14	13.1
1-3	44	41.1
4-10	49	45.8
Total	107	100.0

The findings indicate that 49 respondents (45.8%) joined the self help group in the last 4-10 years while 44 respondents joined the self help group 1-3 years ago. This shows that the members have been in the group long enough and can be able to make decisions which will make the group grow and undertake development.

4.4. Management of funds and its influence on the performance of self help groups.

The self help group members should be involved in the management of the group funds. This will enable them to involve themselves fully in the productive activities of the group.

4.4.1 Participated in budget process of the expenditure

The respondents were requested to indicate whether they participate in budgeting process of the group expenditure. Table 4.6 shows the responses.

Table 4.6 Participated in budget process of the expenditure

Participated	Frequency	Percentage
Yes	85	79.4
No	22	20.6
Total	107	100.0

The findings show that 85 respondents (79.4%) have participated in budget process of the group expenditure while 22 respondents (20.6%) have never participated. Involvement of self help group members in budgeting process will build confidence in them that their funds are used well.

4.4.2 Involvement in the budgeting process

The respondents were requested to indicate how they are involved in budgeting process of their funds and Table 4.7 shows the findings.

Table 4.7 Involvement in the budgeting process

Engagement in budgeting	Frequency	Percentage
Monthly	106	99.1
Twice a year	1	0.9
Once a year	0	0
Total	107	100.0

The findings show that 106 respondents (99.1%) are involved in the budgeting process of the group expenditure monthly while 1 respondent (0.9%) indicated that he was involved twice a year (after 6 months). Involvement of self help members in budgeting process will build confidence in them that their funds are used well

4.4.3 Financial records kept

The respondents were asked to indicate the financial records which are kept by the group and the findings are shown on Table 4.8.

Table 4.8 Financial records kept

Type of records	Frequency	Percentage
Account records ,assets, shares, members	65	65.4
Contribution		
Welfare records and payments.	9	8.4
Vehicle operation record book, dispensary operation record book, monthly contribution record book	33	30.8
Total	107	100

The findings show that 65 respondents (65.4%) indicated that the records kept by the group were account records, assets, shares and members records while 9 respondents (8.4%) indicated the records as contribution, welfare records and payments. However it is clear that majority of the respondents know the type of records which require to be kept.

4.4.4 Auditing of group books of accounts

The respondents were then asked about how often the books of accounts are audited and findings are recorded on Table 4.9.

Table 4.9 Auditing of group books of accounts.

Auditing	Frequency	Percentage
Weekly	1	0.9
Monthly	34	31.8
Quarterly	72	67.3
Total	107	100.0

The findings show that the group books of accounts are audited quarterly as indicated by 72 respondents (67.7%), 34 respondents (31.8%), however indicated that the books of accounts ought to be audited monthly.

4.4.5 Management of group funds

The respondents were then asked to rate the management of funds of the group and Table 4.10 shows the findings.

Table 4.10 Management of group funds

Management	Frequency	Percentage
Above average	64	59.8
Average	42	39.3
Below average	1	0.9
Total	107	100.0

The findings show that 64 respondents (59.8%) indicated that the management of funds in the group is above average while only one respondent (0.9%) felt that the group management of funds is below average. This shows that the group funds are well managed.

4.4.6 Amount of time taken to get a loan after applying

The respondents then were asked about how long it takes to get a loan after applying and Table 4.11 shows the responses.

Table 4.11 Amount of time taken to get a loan after applying

Time taken	Frequency	Percentage
Immediately	3	2.8
After a week	7	6.5
After a month	97	90.7
Total	107	100

The findings show that majority respondents 97 (90.7%) received their loan one month after applying, 3 respondents (2.8%) received immediately after applying while 7 respondents (6.5%) received one week after applying.

The summary of the findings based on objective one which was to assess how Management of funds influences the performance of self help groups. In self help

group members ought to be involved in the management of the group funds. This will enable them to involve and commit themselves fully in the productive activities of the group. This is supported by Sahu and Gagan Billha (2010) who reported that the institutional sustainability of SHGs depends on their management systems (including external support). This enables the groups to have a good survival rates, relatively low member drop out levels, consistent attendance and member participation. 9 percent joined as new members. The main reason for dropping out was death, marriage or migration. Inability to meet saving requirement or attend weekly meeting was also cited in few cases. The findings further show that 85 respondents (79.4%) were involved by management in the budgeting process of the group expenditure while 22 respondents (20.6%) have never participated in the budgeting process of the group expenditure. This agrees with Gram Swarozgar Yohana (2010) who stated that self help groups try to last longer and perform well if their promoters involve beneficiaries, provide good organizational support and social mobilization.

The findings indicated that 106 respondents (99.1%) are involved in the budgeting process of the group expenditure monthly. The findings further showed that 65 respondents (65.4%) indicated the records kept by the group as accounts records, assets, shares and members records while 9 respondents (8.4%) indicated the records as those of contributions, welfare and payments records. From these findings it is clear that majority of the respondents know the type of records which require to be kept by their group. The findings show that the group books of accounts are audited quarterly as indicated by 72 respondents (67.3%) however 34 respondents (31.8%) felt that the books should be audited monthly. Involvement of self help members in budgeting process build confidence in them that their funds are spent well. This corroborates study by Fernandez (2009) who stated that while self help groups continue to collect money from their members and maintain relationship with them, it is also necessary to carry on regularly reconciliation of accounts. He further observed that a well financially managed self help group can be profitable. The findings further showed that the management of funds in the group is above average as indicated by 64 respondents (59.8%). This shows that the group funds are well managed. This agrees with Roy, Dorgadas (2008) who indicated that most field staff of the promoting institutions rated most groups management as above average in their management,

systems and membership, indicating that these groups were probably capable of managing themselves and reduces members dropped out.

All the 107 respondents (100%) indicated that they are involved in the election of their leaders. This agrees with study by Singh (2009) who said that presence of a strong dynamic leader is an essential factor in determining excellent in performance of self help group. A dynamic leader presence is significant for successful functioning and sustainability of self help group. Usually a person with some previous experience or competence to discharge the various functional responsibilities of self help is selected by members to discharge their duties at ease. The findings indicated that loans are received one month after applying as indicated by 97 respondents (90.7%). This shows that loans are given during monthly meetings. This collaborates study by Mosley and home (2009) who stated that in case of loans to be granted the self help group meeting takes a decision regarding the amount to be loaned out and such that the amount has to be uniform. It is further decided that every member should get the same amount for a particular activity. Norms for loan in the self help groups are fixed for each activity and its size.

4.5 Member's participation and its influence on the performance of self help groups.

Participation of members in the self help group productive activities is vital to the success of the group. The group members need to grow economically and socially. The respondent were requested to indicate their occupation and Table 4.12 shows the findings.

4.5.1 Occupation of members

Members were requested to indicate their occupation and Table 4.12 shows the findings.

Table 4.12 Occupation of members

Occupation	Frequency	Percentage
Civil servant	8	7.4
Business person	59	55.2
Farmer	27	25.2
Employee	13	12.2
Total	107	100

The findings shows that majority of the respondents are business persons 59 (55.2%) while 27 respondents (25.2%) are farmers. The business activity generates income which they invest in the self help group.

4.5.2 Duration of members in the group

The respondents were requested to indicate how long they have been in the self help group and Table 4.13 shows the findings.

Table 4.13 How long in the group

Occupation	Frequency	Percentage
less than an year	14	13.1
1-3 years	51	47.6
4-10years	42	39.3
Total	107	100

The findings shows that 51 respondents (47.6%) had been in the self help group for 1-3 years while 42 respondents (39.3%) have been in the group for 4-10 years. This shows that the most respondents 93(86.9%) have been in the group for 1-10years and hence they have sustained the group.

4.5.3 Holding of self help group meetings

The respondents were requested to indicate how often they hold their meetings and Table 4.14 shows the findings.

Table 4.14 Holding of self help group meetings

Meetings	Frequency	Percentage
Monthly	106	99.1
Twice a year	1	0.9
Once a year	0	0
Total	107	100.0

The findings shows that 106 respondents (99.1%) indicated that they hold self help group meetings monthly while only one respondent (0.9%) indicated that the group hold meetings twice an year or after six months.

4.5.4 Type of meetings held

The respondents were further asked to indicate to the type of meetings held group and Table 4.15 shows the findings.

Table 4.15 Type of meetings held

Meetings	Frequency	Percentage
Annual general meeting	64	59.8
monthly meetings	40	37.4
special general meetings	1	0.9
welfare meetings	2	1.9
Total	107	100

The findings shows that 64 respondents (59.8%) indicated that annual general meetings are held while only one respondent (0.9%) indicated that special general meetings are held.

The findings show that annual general meetings are the most popular and well attended meetings.

4.5.5 Group contributions

The respondents were requested about how often do they make group contributions and Table 4.16 shows the findings.

Table 4.16 Group contributions

Contributions	Frequency	Percentage
Monthly	94	87.9
Quarterly	11	10.2
Twice a year	2	1.9
Yearly	0	0
Total	107	100

The research findings indicate that 94 respondents (87.9%) make their contributions to the group monthly while only 2 respondents (1.9%) contribute twice a year. The findings show that none of the respondents contributes all his total funds once.

4.5.6 Factors influencing survival of groups

The respondents were asked about the factors influencing the survival of their group and their responses are in table 4.17.

Table 4.17 Factors influencing survival of groups

Factors	Frequency	Percentage
Good management	35	32.7
High discipline	17	15.9
Good cooperation	51	47.7
Prompt contributions	4	3.7
Total	107	100

The findings show that many respondents 51 (47.7%) felt that good cooperation among the members is the most important factor influencing survival of the group. Other factors are good management as indicated by 35 respondents (32.7%), high discipline among members by 17 respondents (15.9%) and prompt contributions as indicated by 4 respondents (3.7%).

4.5.7 Involvement of members in budgeting process

The respondents were asked to indicate how they are involved in the budgeting process and Table 4.18 shows the findings.

Table 4.18 How members are involved in budgeting process

Involvement	Frequency	Percentage
Asked to make contributions to the budget	4	3.7
Call for annual general meeting	47	43.9
Adoption of prepared budget through voting	56	52.4
Total	107	100.0

The findings shows that 56 respondents (52.4%) were involved in budgeting process through adoption of an already prepared budget while 47 respondents (43.9%) felt that they should be called for an annual general meeting.

4.5.8 Members ways of accessing receipts of transactions

The respondents were then asked whether they access receipts of transactions and their responses are as in Table 4.19

Table 4.19 whether access receipts of transactions

Access receipts	Frequency	Percentage
During monthly meetings	72	67.3
During annual general meetings	29	27.1
Members are free to visit accounts office and raise	1	0.9
Sign documents before taken to higher authority	5	4.7
Total	107	100.0

The study indicated that majority of the respondents 72 (67.3%) accessed receipts of transactions during monthly meetings while only one respondent (0.9%) accessed receipts of transactions through visiting account office and raising issues.

4.5.9 Measures are taken to members who fail to attend meeting

The respondents were asked to indicate what measures are taken to members who fail to attend meeting and their answers were recorded on Table 4.200

Table 4.20 Measures are taken to members who fail to attend meeting

Measures	Frequency	Percentage
Fines	96	89.7
warnings/consult first and later fined	7	6.6
expulsion from group	4	3.7
Total	107	100

The study indicated that majority of the respondents 96 (89.7%) indicated that if a member fail to attend meetings he is charged a fine, 7 respondents (6.6%) indicated that if a membe fail to attend meetings, he is warned first and if the habit continues he is later fined while 7 respondents (6.6%) indicated that if amember fail to attend meetings he is expelled.

Participation of members in the self help group productive activities is vital to the success of the group. The group members need to grow economically and socially. The findings shows that majority of the respondents were business persons 59(55.2%) while 27 respondents (25.2%) are farmers. The business activities generated income which the members invested in the self help group. The findings show that 51 respondents (47.6%) had been in the self help group for 1-3 years while 42 respondents (39.3%) have been in the group for 4-10 years. This shows that the most respondents 93 (86.9%) have been in the group for 1-10years and hence they have sustained the group. This agrees with Sadhan (2009) who stated that groups cannot be built overnight. Group formation is a slow time consuming process but its performance pick up once number get the crux of the mission and realize the benefits,

they then remain loyal throughout and never leave the group. He further urges that the internal factors contributing to group success include presence of an educated, sincere and dynamic leader, stability in leadership, homogeneity in membership (members belonging to same income or social strata), democracy and transparency and last but not least on co-operation, unity and mutual understanding.

The findings further showed that 64 respondents (59.8%) indicated that annual general meetings are held. The findings show that annual general meetings are the most popular and well attended meetings. The research findings indicated that 94 respondents (87.9%) make their contribution to the group monthly. The findings show that none of the respondents contributes all his total funds once.

These contributions create a fund from which loans are advanced to members. This collaborates study by Barbra and Mahanta (2001) who said that rural communities which are well organized have better chances to develop such opportunities as access to loans by means of self-organization and the generation of community based income activities. These income generating activities make them gain funds from which the loans are derived. The findings show that many respondents 51 (47.7%) felt that good cooperation among the members is the most important factor influencing survival of groups. Other factors include good management as indicated by 35 respondents (32.7%). This collaborates with Gupta et al (2009) who stated that it becomes necessary that the funds are handled in such a way that members remain assured of the safety and security of their deposits. The self help groups have, therefore to be transparent and objective in their financial management. The members indicated that for good management of self help groups there is a need for members to have a high discipline among members 17 respondents (15.9%) and prompt contributions as indicated by 4 respondents (3.7%). This is supported by Miano (2012) who stated that rural people in Kenya are finding that there is strength in numbers, if they pool their resources together in form of SHGs of their own creation, they can radically change their lives and the lives of their families.

The findings are further supported by Roy (2009) who indicated undertook quality assessment of self-help group and this was done using twenty indicators like group

meeting, members participation, group discipline, savings micro-credit, financial management, economic and social initiatives and linkages with institutions.

The study indicated that majority of the respondents 96 (89.7%) indicated that if a member fail to attend meetings, he is charged a fine. The funds got from fines and other penalties fines become part of the group savings. This agrees with report by Rae and Prahalladai (2009) who said that the money collected by the group on account of fines and penalties becomes the income of the group and is distributed equally among the members. The amounts deposited by the members every month and the interests earned become the development fund of the group. It is from this amount that the group grants loans to the members. As the repayment gets into a regular mode without any defaults, the development funds continues to increase.

4.6 Diversification of group activities and its influence on the performance of Self Help Group

Diversification of group activities will enable the group members to benefit in times when one enterprise is not profitable.

4.6.1 Group assets

The respondents were asked to indicate the type of assets the group has and responses recorded on Table 4.21

Table 4.21 Group assets

Assets	Frequency	Percentage
Raise money and later loan to farmers	39	36.4
One Nissan, two plots, hospital, group savings	68	63.6
Total	107	100.0

The research indicated that majority of the respondents 68 (63.6%) have shares in group Nissan, two plots, hospital and in group savings while 39 respondents (36.4%) have shares in the group fund.

4.6.2 How members benefit from the group assets

The respondents were asked to state how they benefit from the group assets and their responses recorded on Table 4.22

Table 4.22 How members benefit from the group assets

Befits from group assets	Frequency	Percentage
Given dividends	51	47.7
Obtain loans	9	8.4
Security of shares	9	8.4
Not applicable	38	35.5
Total	107	100

The research indicated 51 (47.7%) benefit from dividends, 9 respondents (8.4%) benefits from loan while 9 respondents (8.4%) enjoy security in their group shares. 38 respondents (35.5%) indicated that they did not benefit from group assets

4.6.3 Other welfare activities

The respondents were asked to state any other welfare activities apart from financial contributions and their responses recorded on Table 4.23

Table 4.23 Other welfare activities

Welfare activities	Frequency	Percentage
Visit in hospital, weddings, burial, court cases	95	88.8
Not applicable	12	11.2
Total	107	100

The findings show that majority of the respondents 95 (88.8%) assist each other.

Table 4.24 Factors influencing the performance of the group

Factors	Frequency	Percentage
Committed members	54	50.5
Team work among group members	28	26.2
Discipline of members	12	11.2
Good management	13	12.1
Total	107	100.0

The research indicated that majority of the respondents 54 (50.5%) felt that commitment of members is a great factor in determining the success of the self help group. According to 28 respondents (26.2%) team work among group members is also an important factor.

4.6.5 Challenges faced while working with the group

The respondents wererequested to indicate the challenges faced while working with the group and responses recorded on Table 4.25.

Table 4.25 Challenges faced while working with the group

Challenges	Frequency	Percentage
Not applicable	80	74.8
Members not keeping time	24	22.4
Large numbers of member make decision making difficult	1	0.9
Some members not cooperative	2	1.9
Total	107	100.0

The findings show that majority of the respondents 80 (74.8%), 24 respondents (22.4%) indicate that members do not keep time while 2 respondents (1.9%) indicated that some members are not cooperative.

The findings show that group members should be enabled to participate in decision making as indicated by 51 respondents (47.6%). There is also a need to increase group and individual assests as indicate by 34 respondents (31.8%).

Based on this objective which was to assess the influence of diversification of group activities on the performance of self help groups. The research findings indicated that majority of the respondents 68 (63.6%) have shares in group Nissan, two plots, hospital and in group savings while 39 respondents (36.4%) have shares in the group savings (raise money and later loan it to group members). This agrees with Thobile (2013) who said that that most SHGs activities apart from the core activity to boost their savings diversify to other group activities which will enable the group members to benefit in times when one enterprise is not profitable.

The research findings indicated that majority of the respondents 54(50.5%) felt that commitment of members is a great factor in determining the success of the self help group. Other factors include team work among members 28 respondents (26.2%), discipline of members' 12 respondents (11.2%) and good management 13 respondents (12.1%). This enables members to save funds which they use for loaning. This agrees with Robert (2006) who indicated that the most important activities undertaken by self help groups are saving and loaning. It is further seen that provision of micro finance is a logical extension of the managerial and pragmatic approach to poverty reduction but with regard to financial perspective credit is an effective tool which helps the poor to decide the program of deprivation, improve their welfare and social acceptance and credibility.

The findings show that majority of the respondents 95(88.8%) involve themselves in other welfare activities like visiting the sick in the hospital, assist in weddings, burial and court cases. It is evident that apart from financial needs self help group member have other needs among them welfare needs. This agrees with Weber (2010) who stated that According to social action theory, people take action towards their goals as

group within the context of their social environment. They have their own, locally defined motives and beliefs, their own interpretation of the meaning of a situation, and they control their own action well. These initiatives are not simply the expressions of rural people's needs and interest in their own participation and empowers) self help as a strategy for social development emphasis self reliance human agency and action (Narayanasamy et al; 2008).

CHAPTER FIVE
SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND
RECOMMENDATIONS

5.1 Introduction

This chapter focuses on the summary of findings of the study which formed the foundation for discussions. The discussions provided a firm basis upon which conclusions and recommendations were advanced to address the factors influencing the performance of Self Help Group with a focus on Muungano self help group at Kianjokoma in Embu. It also includes suggested areas for further research and contributions made to the body of knowledge.

5.2 Summary of Findings

The summary of findings is presented based on the three objectives of the study. The summary of the findings based on objective one which was to assess how Management of funds influences the performance of self help groups. The self help members ought to be involved in the management of the group funds. This will enable them to involve and commit themselves fully in the productive activities of the group. The study has shown that 85 respondents (79.4%) were involved by management in the budgeting process of the group expenditure while 22 respondents (20.6%) have never participated in the budgeting process of the group expenditure. The study further indicated that 106 respondents (99.1%) were involved in the budgeting process of the group expenditure monthly while 1 respondents (0.9%) indicated that he was involved twice a year (after six months). The findings also showed that 65 respondents (65.4%) indicated the records kept by the group as account records, assets, shares and members records while 9 respondents (8.4%) indicated the records as hose of contributions, welfare and payments records. From these findings it is clear that majority of the respondents know the type of records which require to be kept by their group.

The findings show that the group books of accounts are audited quarterly as indicated by 72 respondents (67.3%) however 34 respondents (31.8%) felt that the books should audited monthly.

The findings further showed that the management of funds in the group is above average as indicated by 64 respondents (59.8%). This shows that the group funds are well managed. The findings indicated that loans are received one month after applying as indicated by 97 respondents (90.7%). 3 respondents (2.8%) received their loan immediately after applying while 7 respondents (6.5%) received their loan one week after applying.

The summary of findings based on objective two which was Member's participation and its influence on the performance of self help groups.

Participation of members in the self help group productive activities is vital to the success of the group. The group members need to grow economically and socially. The findings shows that majority of the respondents were business persons 59(55.2%) while 27 respondents (25.2%) are farmers. The business activities generated income which the members invested in the self help group. The findings show that 51 respondents (47.6%) had been in the self help group for 1-3 years while 42 respondents (39.3%) have been in the group for 4-10 years. This shows that the most respondents 93 (86.9%) have been in the group for 1-10years and hence they have sustained the group.

The findings showed that 106 respondents (99.1%) hold self help group meetings monthly while only one respondent (0.9%) indicated that the group holds meetings twice a year or after six months. The findings further showed that 64 respondents (59.8%) indicated that annual general meetings are held. The findings show that annual general meetings were the most popular and well attended meetings.

The research findings indicated that 94 respondents (87.9%) make their contributions to the group monthly while only 2 respondents (1.9%) contribute twice a year. The findings show that none of the respondents contributes all his total funds once. The findings show that many respondents 51(47.7%) felt that good cooperation among the members is the most important factor influencing survival of groups. Other factors include good management as indicated by 35 respondents (32.7%), high discipline among members 17 respondents and prompt contributions as indicated by 4 respondents (3.7%). The findings further showed that 56 respondents (52.4%) were involved in budgeting process through adoption of an already prepared budget while

47 respondents (43.9%) felt that they should be called for an annual general meeting. The research indicated that majority of the respondents 72 (67.3%) accessed receipts of transactions during monthly meetings while only one respondent (0.9%) accessed receipts of transactions through visiting account office and raising issues. The study indicated that majority of the respondents 96 (89.7%) indicated that if a member fail to attend meetings, he is charged a fine, 7 respondents (6.6%) indicated that if a member fail to attend meetings, he is warned first and if the habit continues he is later fined while 7 respondents (6.6%) indicated that if a member fail to attend meetings he is expelled.

The summary of findings based on objective three which was to assess the influence of diversification of group activities on the performance of self help groups. Diversification of group activities will enable the group members to benefit in times when one enterprise is not profitable. The research findings indicated that majority of the respondents 68 (63.6%) have shares in group Nissan, two plots, hospital and in group savings while 39 respondents (36.4%) have shares in the group savings (raise money and later loan it to group members). The research findings indicated that majority of the respondents 54 (50.5%) felt that commitment of members is a great factor in determining the success of the self help group. Other factors include team work among members 28 respondents (26.2%), discipline of members' 12 respondents (11.2%) and good management 13 respondents (12.1%). The findings show that majority of the respondents 80 (74.8%) do not experience any challenge while working with the self help group while 24 respondents (22.4%) felt that members do not keep time when in group activities while 2 respondents (1.9%) indicated that some members are not cooperative. The findings show that majority of the respondents 95 (88.4%) involve themselves in other welfare activities like visiting the sick in the hospital, assist in weddings, burial and court cases. 12 respondents only participate in financial contributions.

The findings show that group members should be enabled to participate in decision making as indicated by 51 respondents (47.6%). There is also a need to increase group and individual assets as indicated by 34 respondents (31.8%). To overcome challenges 6 respondents (5.6%) felt that the loan amount need to be increased and

lower interest rate, 8 respondents(7.5%) felt that the self help should source for ways of getting more funds while 8 respondents(7.5%) felt that group contributions should be increased.

This study has contributed to the body of knowledge in various ways, it indicates that Self Help group members should be involved in the management of their group funds. This will enable them to involve and commit themselves fully in the productive activities of the group and ensure sustainability of SHGs which depend on their management systems. It further indicates that member's participation is vital to the success of the group and therefore cooperation among members is the most important factor for a group to perform. Other factors include high discipline among members and prompt contributions. Further it argues that diversification of group activities will enable the group members to benefit in times when one enterprise is not profitable thus SHGs should have diversified activities which will enable the group members to benefit.

5.3 Conclusions of the study

The followings conclusions were made from the study:

It is concluded that management of funds influences the performance of self help groups. The self help members should be involved in the management of the group funds. This will enable them to involve and commit themselves fully in the productive activities of the group and ensure sustainability of SHGs which depends on their management systems (including external support).This enables the groups to have a good survival rates, relatively low member drop out levels, consistent attendance and member participation.

It can be concluded that the members should be involved by management in the budgeting process of the group expenditure since self help groups try to last longer and perform well if their promoters involve beneficiaries, provide good organizational support and social mobilization. The members should be involved in the budgeting process of the group expenditure and allowed to access records kept by the group as account records, assets, shares and members' records. The self help books of accounts should be audited monthly. Involvement of self help members in budgeting process

and auditing of accounts build confidence in them that their funds are spent well. Self help group members should be involved in the election of their leaders since the presence of a strong dynamic leader is an essential factor in determining excellent in performance of self help group. The self help group members should be involved in decision regarding the amount to be loaned out to members. The self help group should hold meetings regularly preferably monthly and financial decision, collection and disbursement of money should be made within group meeting. It can be concluded that good cooperation among the members is the most important factor influencing survival of groups. Other factors include good management, high discipline among members and prompt contributions to the group fund. For group discipline it is important that members who are late or fail to attend meetings are fined. The funds got from fines and other penalties fines become part of the group savings.

It can be concluded that self help members need to diversify group activities because most SHGs activities apart from the core activity will enable the group members to benefit in times when one enterprise is not profitable. Self help groups members commitment is a great factor in determining the success of the self help group. Other factors include team work discipline of members and good management. These will enable members to save funds which they can use for loaning which will help the poor to decide the program of deprivation, improve their welfare and social acceptance and credibility. Self help members involve themselves in welfare activities like visiting the sick in the hospital, assist in weddings, burial and court cases. This is because members have their own, locally defined motives and beliefs, their own interpretation of the meaning of a situation and they control their own action well.

5.4 Recommendations

The following policy recommendations were made from the findings of this study

1. The self help members should be involved in the management of the group funds. This will enable them to involve and commit themselves fully in the productive activities of the group and ensure sustainability of SHGs which depends on their management systems (including external support). This will enable the groups to have

a good survival rates, relatively low member drop out levels, consistent attendance and member participation.

Self help members should be involved in the budgeting process of the group expenditure since such self help groups will last longer and perform well if their promoters involve beneficiaries, provide good organizational support and social mobilization. The self help members should allowed to access records kept by the group as account records, assets, shares and members records.

The self help books of accounts should be audited regularly preferably monthly and involved in the auditing of accounts. Members should be allowed to access records kept by the group as account records, assets, shares and members' records.

The self help group members should be involved in decision making regarding the amount to be loaned out to members. The self help group should hold meetings regularly preferably monthly and financial decision, collection and disbursement of money should be made within group meeting.

Self help members need to diversify group activities because most SHGs activities apart from the core activity will enable the group members to benefit in times when one enterprise is not profitable.

5.5 Suggested areas for further Research

The following areas are suggested for further studies from the results of this study

A Study to find out how self help groups can be sustained to avoid collapse after a few years.

- 1 A study to find out factors influencing performance of self help groups in other self help groups in Embu County.
- 2 A study to find out factors influencing performance of Self Help Groups in other Self Help Groups in Embu County.
- 3 An assessment of the role played by financial institutions on the success of self help groups in Kenya.

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APPENDICES

APPENDIX 1: Introductory letter

University of Nairobi

Department of Extra-Mural studies

P.O BOX 0100-30197

Nairobi

Dear Respondents

I am a student from the University of Nairobi undertaking a master degree in arts (project planning and management).

I am carrying out a research on 'Factors influencing the performance of self help groups. A case of Muungano self help group Kianjokoma Embu. Your response will be confidential.

Therefore do not indicate your name in the questionnaire please complete sections of the questionnaire relevant to you as objectively as you can. Your positive response will be highly appreciated.

Yours faithfully,

Waithaka Teresia Wangari

L50/61909/2013

APPENDIX 2

MEMBERS QUESTIONNAIRE: Kindly tick the appropriate

PART A: BACKGROUND INFORMATION

1. Gender : male () Female()

2. Age : Below 30 ()

31-35 ()

36-40 ()

41-45 ()

Above 45 ()

3. Marital status Married () Single ()

4. Occupation.....

PART B

5. How long have you been in the group

Less than 1yr () 1-3yrs () 4-10yrs ()

6. Do you participate in budgeting process of the expenditure

Yes () No ()

7. How often do you hold your meetings?

Monthly () twice a year () Once a year ()

Other

specify.....

.....

8. How do you rate the management of funds of the group

Above average ()

Average ()

Below average ()

9. How often do you make your contributions?

- Monthly
- Quarterly
- Twice per year
- Yearly

10. How often do you get your loan once applied

- Immediately
- After a week
- After a month

PART C

Kindly provide short answers to the following questions in the spaces provided

11. What would you point as factors influencing survival of your group?

.....
.....
.....
.....
.....

12. Apart from financial contribution which other welfare activities does your group participate in?

.....
.....
.....
.....

13. Do your group have assets : if yes how do you benefit from them

.....
.....
.....
.....

14. What measures are taken to those who fail to attend the meetings?

.....
.....
.....

15. Give suggestions on what can be done to improve areas with challenges (if any) or maintain the performance if (very good) in your group

.....
.....
.....

Thanks for your cooperation

EMPLOYEE QUESTIONNAIRE

Kindly tick the appropriate Answer:

PART A: BACKGROUND INFORMATION

1. Gender: male Female

2. Age Below 30

30-35

36-40

Above 40

3. Academic Qualifications

Degree

Diploma

Certificate

Other

Specify.....

.....

4. Position in the group?

.....

PART B

5. Are you paid your salary on time?

Yes No

6. How often do your books audited? (Internally or externally)

Weekly

Monthly

Quarterly

Semi -annually

7. Apart from the salary are there other allowances given

Yes No

8. Are you involved in making decisions when it comes to the running of the group affairs :

Yes No

9. How do you rate the performance of the group

Above average ()

Average ()

Below average` ()

PART C

10 What challenges do you face as you work for the group?

.....
.....

11. Indicate any financial documents at your disposal?

.....
.....

12. What would you point out as factors influencing performance of the group?

Thanks for your cooperation

APPENDIX 3

INTERVIEW SCHEDULE FOR MANAGEMENT TEAM

INTERVIEW SCHEDULE FOR MANAGEMENT TEAM

PART A: BIO DATA

1. Gender Male () Female()
2. Age 30-35 ()
36-40 ()
41-45 ()
46-50 ()
Above 51 ()
3. Academic Qualification
Degree ()
Diploma ()
Certificate ()
Other
specify.....
Occupation.....
.....
.....
4. Indicate the number of members in your group
.....
.....
Indicate the financial records kept by the group
.....
.....
5. Are members actively involved in the budgeting process: if Yes how?
.....
.....
.....

6. Are members able to access the receipts of transaction made: if yes how?

.....
.....

7. How frequent do you hold your meeting?

.....
.....

8. What measures are taken for those who fail to attend meetings? And those who make fail to make their contributions in time?

.....
.....

9. Are you concerned with the welfare of the members if yes? Under which circumstances?

.....
.....

10. Do you have group assets: if yes indicate them and how they are beneficial to the group members?

.....
.....

11. What challenges do you face in your duties?

.....
.....

12. What factors do you think have made your group grow?

.....
.....

Thanks for your cooperation