

IMPACT OF WOMEN ACCESS TO CREDIT IN TABLE BANKING GROUPS ON WOMEN'S ECONOMIC EMPOWERMENT IN RARIEDA SUB-COUNTY, SIAYA COUNTY, KENYA

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Abstract: *Women's economic empowerment plays a big role in social economic development. The Government, private institutions and NGOs have institutionalized interventions like table banking to boost women empowerment. This mediates austere measures laid by normal banking institutions that bar women's ease of access to credit facilities due to high interest rates and heavy collateral requirements. The lack of affordable credit facilities are some of the reasons attributable to poor performance in women owned small businesses. Indeed, most of the residents of Rarieda Sub-county in Siaya, practice subsistence farming and fishing and therefore live below poverty line due to minimal economic activities. The main objective of this study, therefore, is to establish the extent to which table banking has economically empowered the women in Rarieda sub-county with a specific objective to examine the level of women access to credit in table banking groups to enhance their economic empowerment. The target groups were mainly women groups in West-Asembo. A sample of 10% was drawn using stratified random sampling technique to get a sample size of 107 respondents. The primary data was collected through self-administered questionnaires and individual interviews conducted where gaps in data collection are found. The study found that the concept of Table Banking has significantly contributed to improve the livelihoods of many women in Kenya. The study recommends that the government, private sector and other stakeholders put in place policies that would streamline, help to govern and entrench ease of financial services, including the concept of table banking.*

Keywords: *Economic Empowerment, Group Participation, Loan Servicing, Table Banking*

1. Introduction

Table banking concept in Kenya started in 2006 under the main prison rehabilitation programme (PREP). The project is currently working with community groups in Kenya, (Simojoki, 2003). The projects encouraged community members to save some money every month within the group which is loaned and operates as a revolving fund. The money builds up as shares form a revolving fund within the groups. The group members are allowed to take either short-term or long-term loan while repaying previous loans at equal interest rates to build on the group revolving funds as stated in Malkamäki, Johnson, & Nino-Zarazua, (2009).

The failure of the specialized financial institution to address and meet the credit needs of poor and the very poor entrepreneurs and women in particularly have resulted in the popularity of informal banking groups in Kenya. In order to assist the unbanked women, table banking was initially developed by the Poverty Eradication Commission (PEC), under the ministry of planning vision 2030 targeting millennium development goals one; eradicating poverty especially in the rural areas in Kenya.

On the other hand, the low-income earning entrepreneurs' have fears that formal banks have high-interest rates, limited loan repayment periods and high collateral requirements. Due to lack of affordable counter strategy for credit and savings services, the majority of the female in the rural areas have formed informal banking groups. Additionally, the government had initiated two pilot projects in 1999 and improved in 2004 in Bondo and Gatanga which proved to be the best way to help women groups prosper. Through table banking, women will empower themselves and economically alleviate poverty.

2. Loan Servicing and Interest Rates in Table Banking

The working rule of table banking from the first meeting and subsequent ones each member saves a minimum amount agreed by the group. However, members are allowed to move if they are willing to. After two to three meetings the group fund is big enough for the first loan product. One-month short-term loans with a 10% interest rate are introduced for willing members (Allen & Hobane, 2004). However different groups have varying the maximum and minimum amount of loans that they lend to the members, with different interest repayment rate and the grace repayment period (Pascual, 2008).

According to Raj and Prabhakar (2014) in most table banking groups, short-term loans are for one month but can also be rolled over up to three months. If loans are rolled over, for the first two months only interest is paid, while interest and principal fees are paid on the third month. Members are entitled to short-term loans of up to two times their savings (Das, 2016). Short term loans carry 10% interest flat rate in a month. The second loan product, long-term loans are offered Long-term loans are for 15 to 24 months at 15 to 24% interest flat rates annum. Alabi, Alabi, and Akrobo (2007), further explain that group members are entitling to long-term loans of up to three times their savings. In addition to these two main loan products several management agents also introduced a voluntary fix deposit education booster fund. These management agents have also introduced an insurance fund as a small compulsory monthly contribution (Ouattara et al., 1999).

The saving and loan from table banking have made it affordable for most of the female entrepreneurs as explained by Akinyi (2009). More women have become empowered and are challenging the social-cultural traditions norms which denied them to be equal competitors in the market as men. In some countries women entrepreneur now outnumber men in a small sector, the number of women is increasing faster than that of men. In Kenya, it is estimated that 53% of rural women live on less than 1dollar a day which is below the poverty line. Poverty in this report is measured using estimated consumption expenditures.

The poverty line is a threshold below which people are deemed poor, (Groppo, 2009). Household expenditure in Kenya averages KShs. 3,002.8 per adult equivalent per month nationally. However, there are differences between urban and rural areas, counties and constituencies. Household expenditures per adult equivalent per month are KShs 1,962.10 in rural areas compared with KShs 4,690.6 in urban areas, (Akinyi, 2009). In 2005/07, the poverty line was estimated at KShs 1,562 and KShs 2,913 per adult equivalent per month for rural and urban households respectively. Nationally, 45.2 percent of the population lives below the poverty line (2009 estimates), down from 46 percent in 2005/06 (ROK, 2008).

3. Women as Savers, Borrowers, and Investors in Table Banking

Due to the fragmentations of finance, most of the female entrepreneurs running small medium are not always able to separate profits of the enterprise and capital. However, it does appear from the literature that it is possible to separate the investment activities along gender lines in some cultures (Alabi et al., 2007). The African culture has been identified as one of the examples that identify the separation of gender differences in

production, time allocation, assets ownership, household income and savings, where investment activities are obvious and frequently reported (Afshar, 2016).

There is an increased focus on the role that women contribute in the development process. Numerous discussion, debates, and research have been done on evaluating whether women's domestic household responsibilities such as food, clothing, and shelter are part of human capital investment (Pascual, 2008). Family scholars have redefined investment to include domestic household responsibilities as one of the investment ventures.

4. Group Participation in Table Banking

The aim of a group is usually to bring about some change, support or insight into either the individual, the group, or the environment. While groups may encounter internal problems and conflict at certain stages, when they are working effectively groups provide a positive and supportive environment in which to develop and learn new interpersonal skills (Ekpe, Mat, & Razak, 2010). One of the most studied constructs in group dynamics research is cohesiveness.

In addition, Simojoki (2003) found that indeed cohesion was instrumental in ensuring team success, collective efficacy, and communication which consequently improved performance among sports teams and exercise groups. However, Ekpe *et al.*, (2010) noted that group performance was not only affected by cohesion alone, but also by a combination of other factors like norms, type, and interdependence of tasks. Infact, Pascual (2008) found that task cohesion was the only significant predictor of subjective performances measures among a number of variables related to cohesiveness and group performance.

While examining the association between group cohesion and group performance in the co-operative movement in Malaysia. Kothari, Mizik, and Roychowdhury (2015) noted that the degree of cohesiveness defined by task and social cohesion among members governed the success of the groups' performance. A study on group cohesiveness in the sports context found that group cohesion is important for group performances and, therefore, supporting the theoretical proposition that higher cohesion relates to better performance (Adelino, Schoar, & Severino, 2016). Ekpe *et al.*, (2010) found that group cohesiveness was vital in improving and enhancing creativity in a novel group creativity task. (Carron, Colman, Wheeler, and Stevens, 2002) on the other hand found that group cohesiveness had a moderate relationship with performance.

A study in Nigeria discovered that group cohesiveness was crucial in the performance of organizations (Fashoyin, 2001). Group cohesion was found to be strong in both groups with good and weak performance and thereby giving an inconclusive result. Nevertheless, the results further revealed that groups with high cohesion consisting of members with higher organizational tenure performed better than groups of employees with lower organizational tenure. The study suggested that organizations operating in Nigeria especially those with tight budgets should depart from the current norm of considering older employees as not valuable (Ekpe *et al.*, 2010). It was opined that the regulations, rules and the written laws of the farmer groups in Kenya are of essence to the cohesion of the groups.

In his study on the role of collective action and farmer groups in rural areas in Kenya, Jacobsen (2012) noted that individual farmers engaged in collective actions for social reasons rather than economic motives. He further discoursed that the regulations, rules and the written laws of the farmer groups in Kenya are of essence to the cohesion of the groups. In his study on the role of collective action and farmer groups in rural areas in Kenya, Jacobsen (2012) noted that individual farmers engaged in collective actions for social reasons rather

than economic motives. Additionally, Akinyi (2009) suggests that at the group level, the farmer groups engaged in collective actions more so for economic empowerment.

5. Economic Empowerment of Women

Economic empowerment concentrates on factors that help women succeed and advance in the marketplace. This include increasing skills and access to productive resources, improving the enabling and institutions environments, and assisting women in their ability to make and act upon decisions in order to benefit on economic growth and development of groups had a capacity to impact on women empowerment in as to strengthen their financial base and economic contribution to their families and communities (Alabi et al., 2007). It was indeed found that there was a better improvement in contribution to household income, participation in household financial decisions and most important an improvement in the standard of living.

A journal on measuring and modeling women economic empowerment underscores the importance of empowering the poor especially women (Afshar, 2016). In their assessment of women economic empowerment in Pakistan, the authors noted that 36 percent of women had lower levels of economic empowerment while only 8 percent were highly empowered (Mulu-Mutuku & Gichuki, 2017). The study suggested that since women in the country were involved in household expenditure including the education of their children, nutrition, and well-being, then empowering them and advancing their economic status would apprehend the full prospects of social and economic progress for the community and spur economic growth in the country through establishing new businesses among the villages in the region under which the people would earn their living.

According to Alabi *et al.*, (2007) women groups in Ghana especially the market women groups, petty traders, salaried workers and artisans engage in a 'susu' scheme which is essentially a form of banking that trades in money and involves regular and periodic collection of fixed amounts of deposits that are made available to the owners after a given period of time or required by borrowers at a preset fee. In addition, it was noted that the scheme actually aided the groups in improving their living standards and was a major step towards economic emancipation in an otherwise complex environment in gaining financial access.

A study conducted on table banking on investment decisions of women groups concluded that table banking was crucial in improving the investment decisions (Ouattara *et al.*, 1999). This was noted to improve the accessibility of financial services to the poor to fight poverty and stay financially sound.

6. Research Methodology

The target groups were mainly women groups in West-Asembo. A sample of 10% was drawn using stratified random sampling technique to get a sample size of 107 respondents. The primary data was collected through self-administered questionnaires and individual interviews conducted where gaps in data collection are found.

Study Area

The study was conducted in Rarieda which is in Siaya County. According to the latest census (ROK, 2008) and Siaya County Development Plan (2011-2016), Rarieda sub-county has a population of 457,495 persons. The area is occupied by the Luo community whose major economic activity is the practice of subsistence farming and fishing. Specifically, the study area focussed on Siger, Memba, Mahaya, and Akom locations. Most of the residents of these locations live below the poverty line, due to minimal economic activities within the area, though Rarieda is one of the sub-counties close to Lake Victoria (the second largest freshwater lake in the world). The area is semi-arid, experiencing only occasional rainfall. Recently a water treatment plant

was constructed on one of the hills drawing its water from the lake. The treated water is then supplied to the community through pipe connections for domestic use.

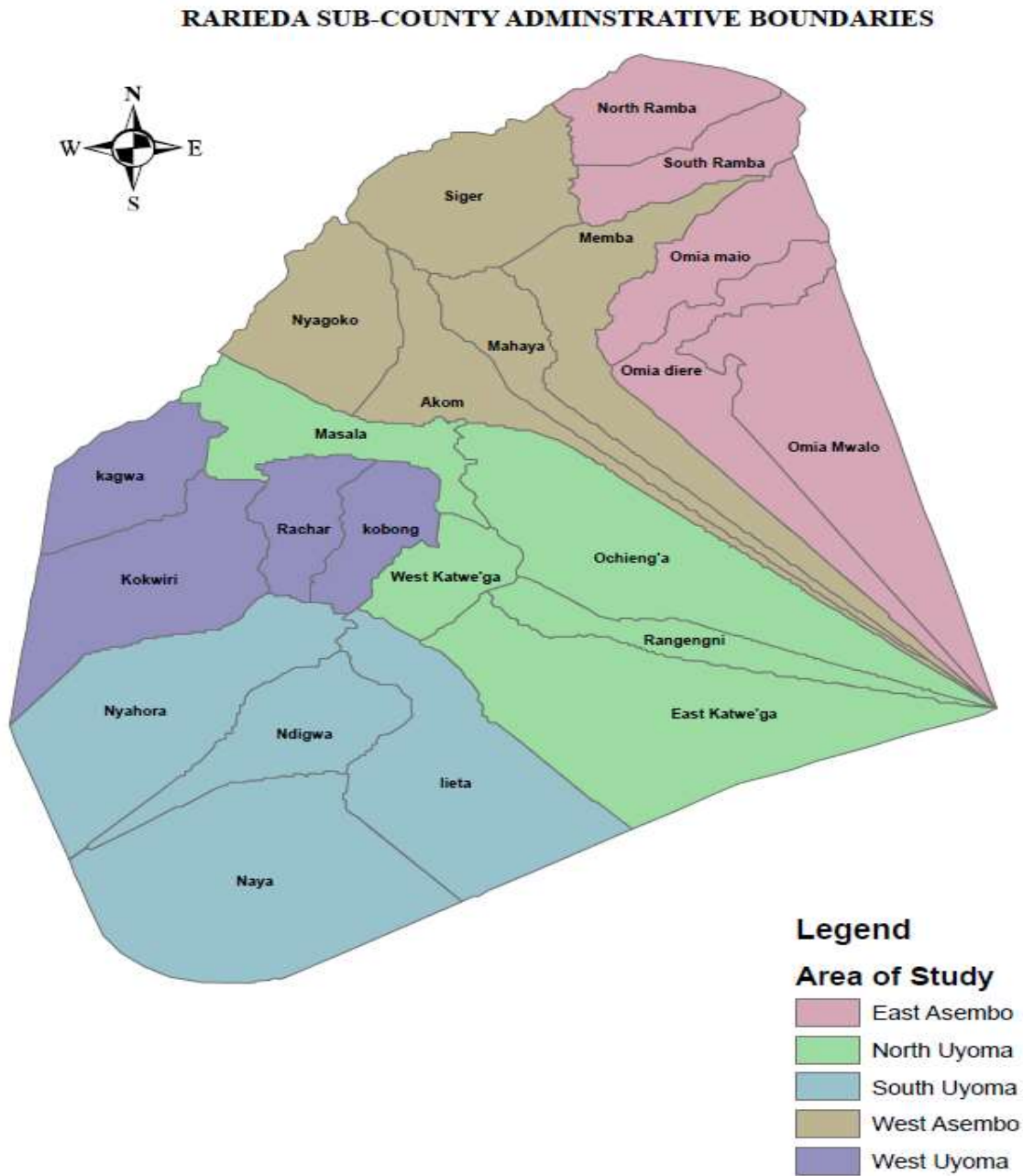


Figure 1: Rarieda sub-county

TABLE BANKING AREA OF STUDY IN RARIEDA SUB- COUNTY

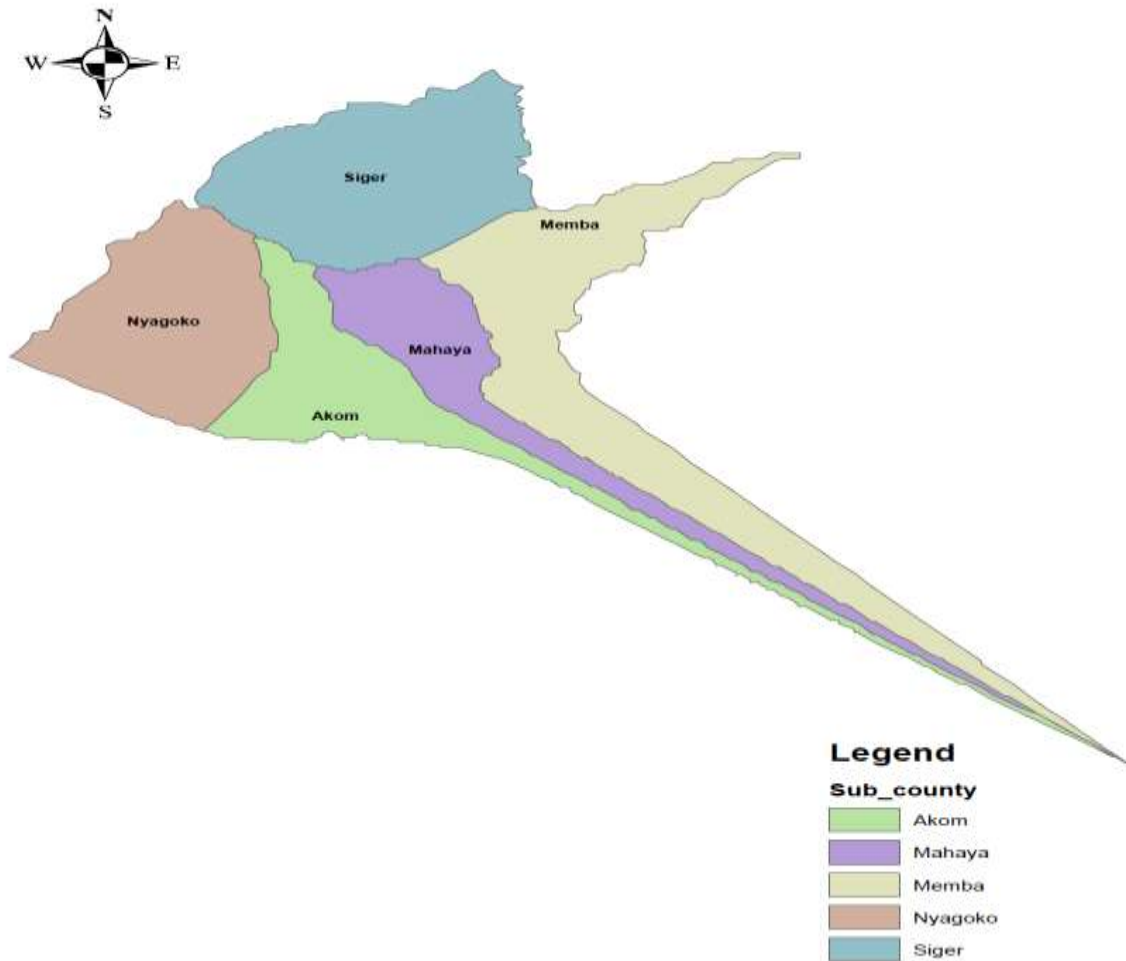


Figure 2: Study location, West Asembo

7. Research Findings

Characteristic of respondents

Marital status

As captured in the table below the marital status of the respondents considered in the sample was such that 39.6% were single (never married, divorced or widowed) while 60.4% were married.

Table 1: Marital status

	Frequency	Percent
Single	20	19.8
Married	61	60.4
Divorced	16	15.8
Widowed	4	4.0
Total	107	100

Duration of participation

Data shows that 9.9% of the respondents had participated in the table banking for between one and two years. 30.7% of the respondents had participation duration of three to four years. 23.8% had been in the banking scheme for between five to six years while 35.6% had practiced Table Banking for over seven years. This is an indication that a good fraction of the respondents had a good level of experience in matters on Table banking and could be relied upon to give credible information in terms of experience in such matters.

Table 2: Duration of participation

	Frequency	Percent
1 – 2 years	10	9.9
3 - 4 years	31	30.7
5 -6 years	24	23.8
7 – 8 years	16	15.8
9 years and above	26	19.8
Total	107	100

Extent of participation in table banking

The table below is a summary of the respondents’ response to the question as whether or not they had been participating in table banking. It indicates that 82.24% of the respondents confirmed that they had participated in table banking, 14.95% indicated that they had not participated in Table Banking, while 1.87% of the respondents indicated that they had not been interested in participating in Table Banking. However, 3% of the respondents were missing.

Table 3: Extent of participation in table banking

	Frequency	Percent
Yes	88	83.8
No	17	16.2
Total	105	100.0

Methods of table banking adopted

Data collected confirms that the village savings and loan scheme is the most popular, with 78.6% of the respondents preferring this method of table banking. Only 19% of the respondents preferred the Rotation Savings and Credit Association (ROSCA) scheme, while a paltry 1.9% prefers Accumulated Savings and Credit Association (ASCAS). This summary is provided in the histogram below.

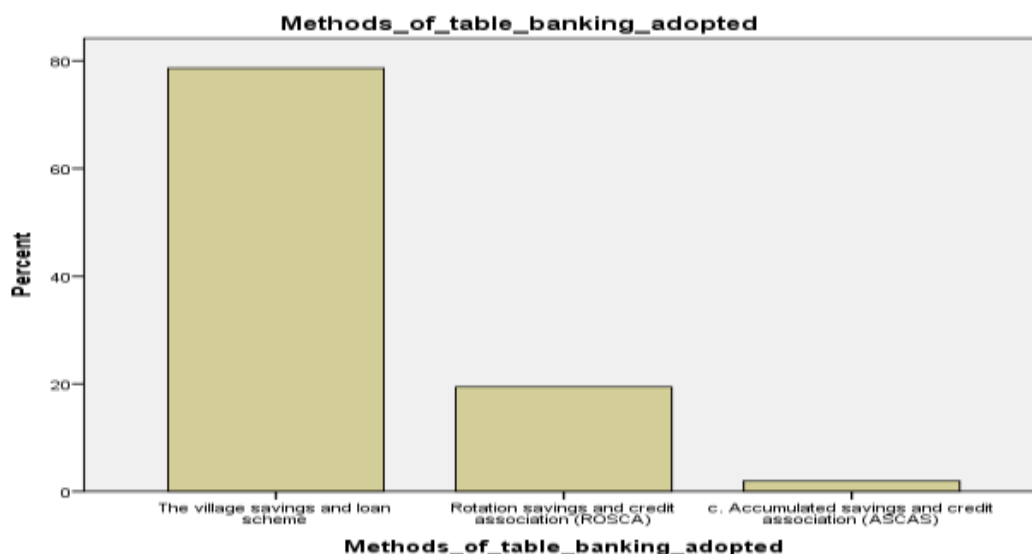


Figure 3: Methods of table banking adopted

Access to other sources of credit apart from table banking

The table below indicates that 87.3% of the respondents indicated that they had access to credit from other sources apart from Table Banking, while 12.7% of the respondents indicated that Table banking was their only source of credit. This reflects a majority preference for Table banking as a source of credit.

Table 4: Access to other sources of credit apart from table banking

	Frequency	Percent
Yes	89	87.3
No	18	12.7
Total	107	100.0

Pearson Correlation coefficient (r)

The Pearson Correlation coefficient (r), developed by Karl Pearson in the 1880’s is a measure of dependence (linear correlation) between two variables X and Y, giving a value between +1 and -1 inclusive, where 1 is total positive correlation, 0 is no correlation, and -1 is total negative correlation (Mugenda, 2002).

In this study, the Pearson Correlation Coefficient Model was used to determine the dependence of the level of access to credit in Table Banking Groups and its effects on women’s economic empowerment. The Pearson’s Correlation coefficient (r) of the variable was: - (0.1477). This confirms that the level of access to credit, has positive correlation to women’s economic empowerment.

Table 5: Correlation matrix of independent variables against Women’s economic empowerment
 (dependent variable)

PARAMETER	Access to credit (r)
Women’s Economic Empowerment	0.1479
• Business Growth	0.1465
• Increased income	0.1469
• Increased household decision making	0.1485
• Better housing	0.1477
• Increased literacy level	0.1468
• Increased food availability in households	0.1467

8. Summary

This study was conducted in appreciation of the importance of Table Banking in Kenya’s economic growth and its importance on women’s economic empowerment. The study confirms that the concept of Table Banking has significantly contributed to improve the livelihoods of many women in Kenya. More especially, the study sought to evaluate how Table Banking is conducted in Rarieda Sub – County, its effect on women economic empowerment locally and to outline the challenges and gaps faced by this banking concept and any improvement that the Government of Kenya may need to put in place to document the evaluation and strengthen the concept for future use and improvement.

9. Conclusions

This study clearly confirms that the concept of Table Banking is a viable in helping rural womenfolk meets their challenges and growth. This practice has done so well in countries in Asia and East Asia like India, Bangladesh and Malaysia and some African countries. Table Banking has helped solved the challenges of accessibility of credit through offering loans that can be conveniently and cheaply available. The Interest charged on the loans are shared out by members at the end of the year as dividends. Furthermore, this study confirms that Table Banking creates a very significant avenue that the Government and other private firms could exploit to empower women economically. The study clearly observes that there is need for more structured education, capacity building and technology transfer to Table Banking Groups to improve their business performance.

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