

## **CHALLENGES AFFECTING WOMEN'S CONTINUITY IN ROSCAS PARTICIPATION IN KABONDO KASIPUL SUB-COUNTY HOMABAY COUNTY**

<sup>1\*</sup> **Ina Guya Akuno**  
innaguya@gmail.com

<sup>2\*\*</sup> **Doris Nyokangi**  
dnyokangi@gmail.com

<sup>3\*\*</sup> **Chesikaw Lilian Rotich**  
lchesikaw@yahoo.com

<sup>1, 2, 3</sup> *Institute of Women Gender and Development Studies, Egerton University, Egerton, Kenya*

**Abstract:** *Participation in informal saving groups such as Rotating Savings and Credit Associations (RoSCAs) is an individual decision as opportunity that bridges the inefficiencies of the formal banking sector. Owing to its flexibility, it is expected to translate to maximum participation of women. However, a considerable disproportionate pattern is observed. Guided by the theory of social capital, this study was aimed at determining the challenges to women's participation in RoSCAs in the Kabondo Kasipul sub-county, Homabay County. The study employed mixed methods research design using a sample size of 13 RoSCA groups with a total of 106 members obtained using purposive sampling and simple random sampling. Questionnaires and interview schedules were used to collect data. The data was analysed qualitatively and quantitatively. The findings of this study were presented using bar graphs, frequency tables and pie charts. The findings indicated that the majority of the respondents with intermittent participation owed this to a lack of adequate finance and group dynamics linked to coordination. The study recommended that government and like-minded non-governmental organizations should provide such informal and unregistered groups with training on how to better their groups to enhance their efficiency and effectiveness.*

**Keywords:** *socio-economic factors; women's participation, RoSCAs*

### **Background Information**

Savings as a form of attaining social and financial security has taken different forms in different countries in both the formal and the informal spheres. RoSCAs, having been in existence for over 50 years, are seen to be one of these forms of savings among informal financial institutions. Anthropological literature suggests that men and women with low or no income are more likely to participate in RoSCAs than well-off people. This is because they lack a minimum starting budget to save in the formal credit market making RoSCAs friendly to them (Ito, 2003). Generally, RoSCAs are thought to be important to households primarily because they are a form of informal finance with important implications for social welfare through their role in savings (Okten & Osili, 2004). A person chooses to enter a RoSCA to obtain specific gains in response to individual and community characteristics. To outline these characteristics, theoretical models have focused on determining which factors enhance RoSCA participation. Most resulting investigations of the determinants of participation address individual characteristics. Thus, the most likely participant is a married woman, of middle age, who has earned at least basic education and is not below the poverty threshold (Weinberger, 2002).

The gender study findings show two main trends in women's decision-making power over their participation and control and ownership of their groups. Several married women and all female household heads make decisions independently of their husbands or partners. Among married women who made joint decisions with their husbands or partners, there were slight differences in how women were able to influence decisions. In

initially joining a group, a married woman sometimes had to get her husband's approval to ensure that he would pay for the contributions and to ensure his ongoing support if she were unable to pay. In other cases, male respondents said that they sent their wives to represent "family interests." In these varying situations, the need for joint decision-making and joint agreement of both spouses was prioritized. Another proportion of women makes decisions autonomously.

In Africa, RoSCAs are attributed to women's development at the grass root levels and serve as social support structures as well. This is the same in East Africa, however, there seems to be a blend of RoSCAs and in some cases a slightly tailored approach of RoSCAs with other forms of informal savings and lending institutions depending on the community needs. In Kenyan rural areas, formal financial institutions that would offer the desired flexible savings opportunities are virtually non-existent (Dupas & Robinson, 2013). This makes it necessary for local communities to form RoSCAs to save and control the flow of cash in their families. In Homabay County, Kabondo Kasipul Sub County, these groups are mostly composed of women with few men and operate in cycles. Once everyone has gotten money from the pot, then the group can dissolve and start a new or recruit new members. Usually, these groups have 6 to 8 regular members. RoSCAs group members meet mostly once every week or monthly to distribute the money collected. Additionally, members also meet to participate in any other activity organized by the group for development purposes.

Despite this long existence, and the fact that they were inherently African, participation as a phenomenon in RoSCAs is still relatively limited. Although the hyperbolic discounting nature of some RoSCAs continues to serve as a constant motivation to join them, there is insufficient data, and information to show the dynamics of challenging factors that shape the participation of women in RoSCAs (Basu, 2011).

### **Statement of the Problem**

RoSCAs have been in existence for over fifty years to suffice the inadequacies of the formal financial systems. Despite this long existence, and the fact that they were inherently African, participation as a phenomenon in RoSCAs is still relatively limited. This has left a gap on factors that influence or limit participation. There is also insufficient data and information to show the dynamics of the socio-economic factors that shape participation of women in RoSCAs. It is therefore for this reason that the researcher seeks to establish in this study, how socioeconomic factors influence women's, specifically challenges affecting women's continuity in RoSCAs in Kabondo Kasipul in Homabay County.

### **Purpose of the Study**

The purpose of the study is to determine the socio-economic factors on women's participation in Rotating Savings and Credit Associations in Kabondo Kasipul Sub County, Homabay County.

### **Objectives of the Study**

To identify challenges affecting women's continuity in RoSCAs participation in Kabondo Kasipul sub-county.

### **Theory of Social Capital**

The success of a RoSCA group is dependent on the cohesiveness of the group members in a group and is informed by how trusting or socially knit a RoSCA group tends to be. A culture and norm high in social capital is reciprocity, which encourages bargaining, compromise, and pluralistic politics (Vogus, 2015). The culture of reciprocity analysed here fits into the economics of RoSCAs. Hence, mistrust and lack of accountability give high anticipation for failure in RoSCAs. The theory argues that social relations facilitate collective action. It further illustrates that social capital resource such as trust, norms, and networks of association represents any

group that gathers consistently for a common purpose. This is key to the success of such a group. Each member must receive the pot as they also contribute to the pot in each round. This theory was used to understand the factors behind women's participation in RoSCAs. Rules and guidelines in the RoSCA are viewed as the social capital for the success or failure of a RoSCA (Lin, 2002).

## Methodology

The study adopted a mixed methods research design. It used sequential explanatory research design whereby the quantitative data was collected first then qualitative data was collected. Further, data analysis involved the analysis of quantitative data first then the qualitative data was used to explain the quantitative data (Creswell, 2013). In this study, quantitative data were collected using survey questionnaires after which the results were analysed and then explained in a more detailed manner by qualitative data collected through interviews after the quantitative phase has been done. A pilot study was conducted to test the tools for collection of data obtained in this research to determine reliability which was found to be 0.843 which is above the threshold of 0.7 and an indication of acceptability according to Maxwell (2013). The findings of this study were presented using bar graphs, frequency tables and pie charts.

## Results and Discussions

### Participants' Response Rate

The study had an anticipated sample size of 106 study participants. The researcher, however, managed to issue 85 questionnaires to the participants that were there at the time of the research. This was 80% turn out of the participants hence excellent. The data is shown in Table 1.

**Table 1:** *Participants Response Rate*

Response Rate	Frequency	Percentage
Response	85	80
Non – response	21	20
<b>Total</b>	<b>106</b>	<b>100</b>

### Distribution of the Participants by Gender

**Table 2:** *Distribution of the Participants by Gender*

Gender	Frequency	Percentage
Male	28	32.9
Female	57	67.1
<b>Total</b>	<b>85</b>	<b>100.0</b>

The above findings show a significant percentage of men in the RoSCA groups as opposed to the empirical knowledge of RoSCA groups being a women's affair. This showed a 30 % participation of men

### Distribution of Participants by Age

**Table 3:** *Distribution of the Participants by Age*

Age	Frequency	Percentage
18-24	16	18.8
25-34	25	29.4

35-44	29	34.1
45-49	15	17.6
<b>Total</b>	<b>85</b>	<b>100.0</b>

The findings showed that the age groups between 18 and 34 recorded higher percentages than the rest. This is largely the productive age in the Kenyan demographics.

### **Distribution of Participants by Marital Status**

**Table 4:** *Distribution of Participants by Marital Status*

<b>Marital Status</b>	<b>Frequency</b>	<b>Percentage</b>
Single	18	21.2
Married	53	62.4
Widowed	11	12.9
Separated	3	3.5
<b>Total</b>	<b>85</b>	<b>100.0</b>

The above representation shows that the married were most of the participants in this study. Government social protection categorization identifies key populations with vulnerabilities and among them are the widowed and separated women. This vulnerability can be assumed to be because of low participation levels in key social welfare activities such as RoSCAs as reflected in the above table where they are the least of the participants.

### **Distribution of the Participants by Religion**

**Table 5:** *Distribution of the Participants by Religion*

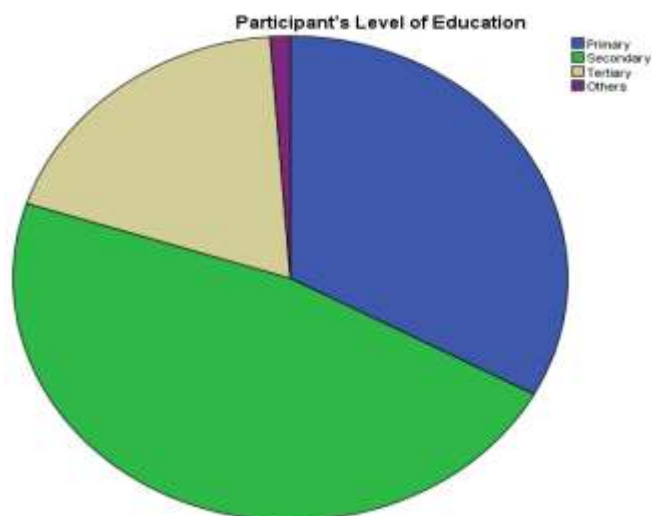
<b>Religion</b>	<b>Frequency</b>	<b>Percentage</b>
Christian	76	89.4
Muslim	5	5.9
Hindu	2	2.4
Others	2	2.4
<b>Total</b>	<b>85</b>	<b>100.0</b>

From the above representation, there was no statistically significant influence of religion on regularity of contribution in rotating savings and credit associations and fulfillment of financial obligations in rotating savings and credit associations in Kokwanyo/Kakelo Ward.

### **Distribution of Participants by Educational Background**

**Table 6:** *Distribution of Participants by Educational Background*

<b>Level of Education</b>	<b>Frequency</b>	<b>Percentage</b>
Primary	28	32.9
Secondary	40	47.1
Tertiary	16	18.8
Others	1	1.2
<b>Total</b>	<b>85</b>	<b>100.0</b>



*Figure 1: Distribution of Participants by Educational Background*

There was statistically significant level of education on regularity of contribution in rotating savings and credit associations and fulfillment of financial obligations in rotating savings and credit associations. This means that the level of education is able to positively influence the regularity of contribution in rotating savings and credit associations and fulfillment of financial obligations in rotating savings and credit associations in Kokwanyo/Kakelo Ward.

### **Distribution of Participants by Occupation**

*Table 7: Distribution of Participants by Occupation*

Occupation	Frequency	Percentage
Farmer	29	34.1
Housewife	12	14.1
Business	32	37.6
Formal Employment	11	12.9
Others	1	1.2
<b>Total</b>	<b>85</b>	<b>100.0</b>

There was statistically significant level of livelihood on regularity of contribution in rotating savings and credit associations meaning that the level of livelihood can positively influence the regularity of contribution in rotating savings and credit associations and fulfillment of financial obligations in rotating savings and credit associations in Kokwanyo/Kakelo Ward.

### **Distribution of Respondents by Cumulative years of RoSCAs participation**

*Table 8: How long have you been saving in RoSCAs*

Years of Saving	Frequency	Percentage
1.00	19	22.4
2.00	18	21.2
3.00	13	15.3

4.00	7	8.2
5.00	10	11.8
6.00	6	7.1
7.00	3	3.5
8.00	1	1.2
10.00	4	4.7
12.00	3	3.5
15.00	1	1.2
<b>Total</b>	<b>85</b>	<b>100.0</b>

Most participants were observed to have been saving for a period of between 1 to 3 years and not long savers. Even so, the challenges faced were shared across the few who had saved for more years.

### **Distribution of Respondents by Number of RoSCAs with their membership**

**Table 9 :** *How many Chamas are you in?*

<b>Number of Chamas</b>	<b>Frequency</b>	<b>Percentage</b>
1.00	33	38.8
2.00	30	35.3
3.00	13	15.3
4.00	4	4.7
5.00	2	2.4
6.00	1	1.2
7.00	1	1.2
8.00	1	1.2
<b>Total</b>	<b>85</b>	<b>100.0</b>

Most participants opted to stay in one RoSCA group at a time. Of interest are the few who were in either 7 or 8 groups. These were businesspersons who maximized their returns by being in several RoSCA groups.

### **Distribution of respondents on Jointly/Single Saving**

**Table 10:** *Whether saving alone or jointly*

<b>Nature of saving</b>	<b>Frequency</b>	<b>Percentage</b>
Alone	67	78.8
Jointly	17	20.0
Declined to comment	1	1.2
<b>Total</b>	<b>85</b>	<b>100.0</b>

This question was asked to ascertain whether members were saving alone, with spouses or other persons. Most members, irrespective of most of the participants being married chose to save alone.

**Distribution of Respondents on Roles in the RoSCAs****Table 11:** *What is your role in Chama?*

<b>Roles</b>	<b>Frequency</b>	<b>Percentage</b>
Chair lady	4	4.7
Vice chair lady	1	1.2
Chairman	3	3.5
Vice Chairman	1	1.2
Treasurer	9	10.6
Secretary	7	8.2
Member	60	70.6
<b>Total</b>	<b>85</b>	<b>100.0</b>

**Challenges that affect women's continuing participation in RoSCAs**

The participants were asked to give their views on the challenges that affect the sustenance of women's participation in RoSCAs. The following were their responses: 16% (14 participants) reported lack of cooperation, 6% (5 participants) lack of training, 8% (7 participants) misuse of funds, 41% (35 participants) lack of adequate finance, 5% (4 participants) poor relationship, 4% (3 participants) lack of trust, 6% (5 participants) poor attitude, and 14% (12 participants) inadequate group running costs.

The information is as shown in Table 12 below.

**Table 12:** *Challenges that affect the sustenance of women's participation in RoSCAs*

<b>Challenges Facing RoSCAs</b>	<b>Frequency</b>	<b>Percentage</b>
Lack of cooperation	14	16
Lack of training	5	6
Misuse of funds	7	8
Lack of adequate finance	35	41
Poor relationship	4	5
Lack of trust	3	4
Poor Attitude	5	6
Inadequate group running costs	12	14
<b>Total</b>	<b>85</b>	<b>100</b>

These challenges are as listed below:

**a). Lack of cooperation.**

Some participants who stated as follows can confirm this:

**Respondent 4** stated that, *"Some of us find it difficult to cooperate with the elected officials."*

**Participants 23** said, *"Most of these members do not cooperate with the authority. The relationship between them is so bad to the extent that they do not honour their summons when called upon. It is sad and appalling."* While

**Respondent 54** outlined that, *“Cooperation is a key thing that necessitates easy processes such as those involved in RoSCAs. I can confirm that in my group, people do not cooperate with one another and the elected officials.”*

From the above comments given by participants, it can be deduced that what is on the ground is that the participants attributed that one of the main challenges as being lack of cooperation among themselves and with the authority of the day. It is important to note that lack of cooperation will always prove critical in ensuring continuous sustainability of women to participate in RoSCAs.

**b). Lack of finance.** The following statements by some of the participants illustrate the challenge:

**Respondent 49** poised that, *“not all families have support in our groups’ and so we have little finance to borrow from.”*

**Respondent 35** outlined that, *“many people participating in these groups are not financially stable. Most of them are poor. I wish if the government could come in and assist us. This can save the situation by allocating some finance to support only those groups that are only registered.”*

It can therefore be noted from the above statements that the lack of finance was another main challenge: This challenge should be addressed through granting some budgetary allocation for the same. It was clear that although these savings are rotational in fund distribution, there’s a growing need for lending and making returns in the groups hence the requests for government support.

**c). Misuse of funds:** the following statements can illustrate this:

**Participants 11** outlined, *“Most of the elected officials are using the RoSCAs groups to selfishly enriching themselves without proper fathoming or rationalization of the likely aftermaths of such actions.”*

**Participants 17** poised, *“Many elected RoSCAs officials have constantly left at large those defaulters that should be fined among others after bribery. Thus, many people have lost trust, hope and faith in them.”*

**Respondent 13** outlined that, *“Misuse of funds is a problem and a challenge. Most of the elected officials in charge of RoSCAs groups know the rules very well but end up taking money from defaulters hence leaving at large those defaulters who should be fined or punished.”*

It can be concluded that misuse of funds is also one of the major challenges that limits the sustenance of women’s participation in Rotating Savings and Credit Association. It was even evident as most of the elected officials were taking part in corrupt deals. They should be arraigned in courts and subsequently demoted relieved of their duties or had their money forfeited by the courts.

**d). Poor group running costs** was also a challenge that hampers sustenance of women’s participation in RoSCAs. The following statements can illustrate this:

**Participants 72** outlined, *“Those who take direct part in RoSCAs groups such as the chairpersons, secretaries, treasurers and their deputies are not remunerated differently from other group members.”*

**Respondent 61** stated, *“We are in RoSCAs group committee, and we put in more time, energy and spend money following up on defaulters when the rest don’t. We should be entitled to at least airtime or transport allowance.”*



It is notable that some participants brought forth the reason those most elected officials had low group running costs hence resorted to extortion and other unethical behaviours.

**e). Inadequate member training as a challenge,**

**Respondent 84** stated that: *“Many of us lack training on money matters. We just join with little or no understanding hence not benefiting much from these groups.”*

From the above excerpt, it is noted that the RoSCAs members should be taken for further training on how to engage in the affairs of RoSCAs.

In the case of Poor relationships: The following quote illustrates the challenge:

**Respondent 58** highlighted that: *“The RoSCAs group members at times do not actually heed the advice of the officials, talking of which, that authority has been bestowed in me (chairlady).”*

**Respondent 9** stated, *“The RoSCAs group members here even at times go against the authority.”*

**f). Poor attitude and lack of trust:**

**Participants 85** outlined, *“Some members will never change their attitudes regarding their elected officials i.e. secretaries, treasuries, chairladies and chairpersons.”*

**Participants 16** poised, *“Some of the RoSCAs group members are tough headed.”*

**Respondent 65** outlined that, *“RoSCAs group members does not trust the elected group officials hence find it difficult to interact with them.”*

**Respondent 2** highlighted, *“These people do not trust the authority. Most of them do not even attend meetings and makes false claims such as being sick.”*

In conclusion, participants identified several challenges, which varied in significance. Lack of adequate finance was listed as the most significant, followed by lack of cooperation, inadequate group running costs, misuse of funds, lack of training, poor attitude, poor relationship and finally lack of trust as the least significant.

**Discussion**

This study established that there are numerous challenges facing the sustenance of women’s participation in RoSCAs as noted in the areas investigated. This study assumed that RoSCAs are favourable and that there would be no significant challenges women face in the continuity of their participation of RoSCA. This was because they were easy to join and flexible in terms of when to join, and which round to participate in. However, this study established that there are numerous challenges facing the sustenance of women’s participation in RoSCAs as noted in the areas investigated. The theory of social capital in this study was very instrumental as it clearly showed what most of the groups lacked to ensure maximum participation. Key things such as coordination and cooperation, and availability of finance to join the RoSCAs were seen as key challenges. Lack of adequate finance at approximately 41% accounted for the most observed challenge closely followed by lack of cooperation at 16% amongst the group members. Other factors highlighted were such as lack of training specifically on managing finances, running and coordination of group. Misuse of funds, inadequate office running costs and poor relationships amongst the members led to inconsistent participation of some members. It is thus evident that for every RoSCA group, social capital is a very instrumental bit, and this acts as a soft investment to the success of the group. Lack of trust and poor attitude are all challenges that

point out to the social investment needed for the success of a RoSCA group. This study also established that the traditional running of the ROSCAs was not practiced in all groups and each group had their own modes of running their groups. Some offered soft loans while some only offered the rotational pot.

While the study's focus were the challenges that affect women's participation in RoSCAs, the individual characteristics gathered are of interest to this study. At least 33% of participants in most of these groups were observed to be men although taking a back-seat as members. RoSCA groups were observed to be appealing to men when they offered soft loans. Being married, with a business and having an education background of at least secondary education was seen as a common trait amongst the respondents speaking to the agro-economic background of Kabondo-Kasipul subcounty. This category of RoSCA group members point out to the need for a middle ground coordinated support from the government and corporate world for groups that appreciate informal flexible engagement with a need for training on leadership and coordination and financial management. Majority of respondents being women, these measures will go a long way into changing the micro-economic environment of Kabondo-Kasipul sub-county.

## Conclusion

It can be concluded that women are indeed not a homogeneous group and the environment that influences their individual factors will determine the challenges they face and how this is addressed to maximize on efficiency and output expected from these RoSCAs. Secondly, it was established that RoSCAs are appealing to men when they have a credit benefit to them. This goes to show that RoSCAs, without changing their informal nature, have a potential of bringing both men and women together in influencing the household dynamics of social welfare in a family. This is further attributed to the fact that majority of respondents in this study were observed to be married. Lack of cooperation and lack of adequate finance to join a RoSCA were seen to be the most cited of challenges. A lot of social capital investment needs to be encouraged for women and men in RoSCAs to boost returns and by extension social welfare. Lack of adequate funds is a common challenge cited in other formal micro-finance groups as well bringing to question as an area of further inquiry whether the country's social protection strategies for middle to low-income earners is sufficient to bridge poverty gaps.

According to Otudor (2020) in her study regarding the place of RoSCAs in coping with crisis, she evaluates how RoSCAs have served a major role in alleviating the economic adverse effects of the COVID-19 crisis in 2020. She highlights that while state social protection measures are created to reduce poverty and exposure to risks, their reach may not always be extensive enough to cover every single individual. This then calls for informal social protection measures that meet the gaps and act as important safety nets. Understanding that indeed women are not a homogenous group, ensuring an enabling environment for the participation of women and men is very key to combating most of the challenges in RoSCAs. These environments are shaped by the government and the residents of study areas. While respondents of study areas may work towards bettering these environments, if not backed up by good governance and gender responsive policies, these challenges will persist.

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