



CONTRIBUTION OF SAVING AND INTERNAL LENDING COMMUNITIES (SILC) ON WOMEN ECONOMIC EMPOWERMENT IN ISEMBE SOUTH CONSTITUENCY, MERU COUNTY, KENYA

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Accepted: January 12, 2022

ABSTRACT

This study assessed the contribution of Savings and Internal Lending Communities (SILC) in Igembe South Constituency, Meru County Kenya. Three decades ago a historic Convention dubbed “Beijing Conference” for the Elimination of All forms of Discriminations against Women (CEDAW), was held in Beijing, China. Major milestones have since been achieved in addressing gender-based challenges, including integration of women into socio-economic as well as political development. Much, however, remains to be done, as there is growing consensus that empowering a woman wholesomely is like empowering the whole family, the community and the nation at large. In rural as well as urban areas, however, access to financial institutions is usually limited or missing for the women, as transaction costs are too prohibitive for making use of banking services. Innovative schemes such as savings and internal lending communities (SILCs) have emerged as timely initiatives to provide collateral-free and reasonable credit to support women start and expand businesses and other opportunities. The Kenyan Government and various financial institutions have thrown their weight behind SILCs by providing enabling environment for the scheme to thrive. There is no doubt that SILCs are playing a critical role in uplifting women from poverty. This study sought to explore the impact of SILCs in economic empowerment of women in Igembe South Constituency. Descriptive research design was used while purposive sampling technique was then utilized in targeting only those women that are involved in SILCs. Thereafter, Yamane formula was used to obtain sample size of 100 respondents from women that are engaged in SILCs. Both secondary and primary data was collected. The findings of this study would be used by development practitioners involved in women’s economic development in Meru County and Kenya in general. The study concluded that cultural aspect remains the major factor influencing respondent’s participation in SILCs. The study revealed that, this cultural aspect included: Gender inequality, approval by men, education level, Occupation and Age of the respondents. Collection problem solving skills and increased solidarity were ranked high in relation to the social-economic changes triggered by the SILC among women while women sourcing money to save was ranked lowest on the same. The study concluded that women participating in SILC groups have encountered different experiences allowing them to have more equitable access to assets, boost in entrepreneurial qualities and finally improved income source among others.

Keywords: Socio-Economic Characteristic, Social-Economic Changes, Women Empowerment, Gender Inequalities

CITATION: Wechabe, C. A., Okumu, E., & Mwangi, S. W. (2022). Contribution of Saving and Internal Lending Communities (SILC) on women economic empowerment in Igembe South Constituency, Meru County, Kenya. *The Strategic Journal of Business & Change Management*, 9 (1), 109 – 117.

INTRODUCTION

Women play a crucial role in the economic development of their families and communities but certain obstacles such as poverty, unemployment, low household income and societal discriminations mostly in developing countries have hindered their effective performance of that role. Therefore, most of them embark on entrepreneurial activities to support their families. Studies have shown that women entrepreneurship could be an effective strategy for poverty reduction in a country; since women are the worst hit in such situation (Ekpe *et.al.* 2010). Empowerment of women is crucial for the emancipation of poverty and meaningful participation of entrepreneurship development. Women continues to remain under represented and their success often remains invisible and unacknowledged. It is assumed that increasing women's access to micro finance will enable women to make a greater contribution to household income and this, together with other interventions to increase household well-being, translate into improved well-being for women and ability to bring about wider changes in gender inequality (Maru et al, 2013)

Access to financial services and the resultant transfer of financial resources to poor women over time have led to women becoming more confident and assertive (CGAP 2011). Access to finance enables poor women to become economic agents of change by increasing their income and productivity, access to markets and information, and decision-making power. However, it has been noted that women entrepreneurs, especially in developing countries, do not have easy access to saving and lending support for their entrepreneurial activity and as such have low business performance than their men counterparts. Since their rate of their participation in the informal sector of the economy is higher than that of men microfinance factors could have positive effect on enterprise performance (Ekpe *et.al.* 2010).Contribution of saving and internal lending communities target women with the explicit goal of empowering them.

Empowerment of women as defined by (Kabeer, 1999) is the process by which those who have been denied the ability to make strategic life choices acquire such ability. In actual effect these SILC intervene and provide resources which include access to and future claims to both material and social resources. They also provide agency such as the process of decision making, negotiations, deception and manipulation; and achievement that are outcomes of well-being.

Statement of the Problem

SILC has helped local women establish new income generating ventures and supported existing ones across the country. For instance SILCs has meet several achievements of providing financial services to the poor and vulnerable communities of Kilifi, Mombasa and Malindi counties. The overall performance data indicate that the SILCs has a positive net profit per member and annualized return on savings in those counties. As at the end of September 2007, the program in Kilifi, Mombasa and Malindi for example had reached a total of 3,001 members and facilitated the mobilization of Kshs 1,543,280 (US\$121,434) in savings. The program had disbursed a total of Kshs 558,915 in loans to 460 borrowers, representing an average loan size of Kshs 1,215 (US\$ 17.9). Overall; the SILC programme at the Kenyan Coast has improved the financial asset base of SILC members. The programme has enabled its members to build up small savings into useful lump sums from which they have borrowed to improve their livelihoods. It has provided a relatively secure means of savings and contributions into a social fund that offers security in case of immediate emergency needs e.g. school fees and hospital admissions.

On the contrary, the concept of women economic empowerment has not been effectively addressed in Meru Ccounty in the context of Igembe South Constituency as the women economic empowerment continue to remain underrepresented and their success continue to remain invisible and unacknowledged despite the existence of SILC programme in the region. Adverse

well-being and high rate of gender inequality in the Igembe South Constituency all tell that women accessibility to saving and sending is at lower rate. The region suffers from high unemployment and opportunities to find salaried employment are few, especially for illiterate or semi illiterate rural women.

However, despite the ever increasing cases of underrepresented in the context of economic empowerment, no local or international studies had ever focused on the the contribution of SILC on economic empowerment of women in Igembe South constituency. Globally and locally studies remains scarce in addressing the effectiveness of SILC in poverty alleviation and empowering of women group economically (Adam & Pische, 2012). Kapitsa (2008) argues that the available studies on how to empower women have been mainly focused on how to improve their lives at global and national level while ignoring local level, which affect marginalized rural groups. Agreeably, although the positive impacts of the global and national development trends have been promising, the globe cannot achieve inclusive growth without putting into consideration the economic empowerment of women at the local level. This has created a shortage in empirical evidence and studies on the local scene. This study sought to fill this gap by investigating the contribution of SILC on economic empowerment of women in Igembe South constituency

Objectives of the Study

- To assess the socio-economic characteristic of women participating in SILC in improving their welfare in Igembe South Constituency, Meru County
- To establish the social-economic changes triggered by the SILC among women in Igembe South Constituency, Meru County
- To evaluate the experience of women participating in SILC groups in Igembe South Constituency
- To find out the factors that influence the success of SILC model in Igembe South

Constituency, Meru County

LITERATURE REVIEW

Theoretical Review

Solidarity Circle Theory

The solidarity circle theory was advanced by Muhammad Yunus, a successful pioneer of micro-credit of the Grameen Bank in the 1970's in Bangladesh. Mohammed Yunus addressed the problem faced by the poor from accessing credit. He designed a credit programme that did not require any collateral as opposed to the conventional financial institutions. He applied group lending (joint liability) methodology in micro-credit to minimize the level of loan delinquency by the borrowers where the members of a group guaranteed each other and when a member defaults the whole group is denied future credit so in order for members to continue enjoying credit they closely monitored each other's' activities in order to avoid default. This theory is relevant to this study in that the loan repayment by the borrower is dependent on various aspects such as business performance of the borrower, the borrower's entrepreneurial skills and diversion of the loan funds by the borrowers.

Social Capital Theory

The study will be guided by social capital theory by Uphoff's (1999) Social capital is most often understood as the source through which individuals can take advantage of social relations, networks or other structures to obtain certain benefits (Portes, 1998). In the 1990's Robert Putman advocated for social capital as a means for collective action for mutual benefit, through trust and norms of reciprocity (ibid). He is also known for his distinction between 'bonding and bridging' social capital, which refer, firstly, to the social connections between homogeneous groups of people and, secondly, the relations beyond and between differing groups.

Others view social capital as embedded social resources, dynamic and negotiated but not easily

stored and thus both constrain and enable individual action, as well as reproducing structural inequalities (Clever, 2005). Uphoff (1999) views social capital as any asset, whether social, physiological, cultural, cognitive, institutional and otherwise related that increase the amount (or probability) of mutually beneficial cooperative action. The Framework presents a measurement tool for social capital in a particular context. Uphoff (1999) emphasizes collaborative behavior for the mutual benefit. The social capital theory focuses on participation of the poorest because they have little to offer in terms of assets and may thus benefit from a general attitude towards mutually beneficial cooperation. The theory is therefore applicable to

the SILCs schemes. The framework is further useful as it does not assume that social capital can be generated if underlying motivations and attitudes for collaboration do not exist. The framework identifies social capital within communities on the basis of two forms of social capital: the structural and cognitive.

Conceptual Framework

This section looked at the variables in the conceptual framework and how they are related. It assessed how the SILC has empowered women in Igembe South Constituency economically. The interaction between independent, dependent and intervening variables is shown in Figure 1.

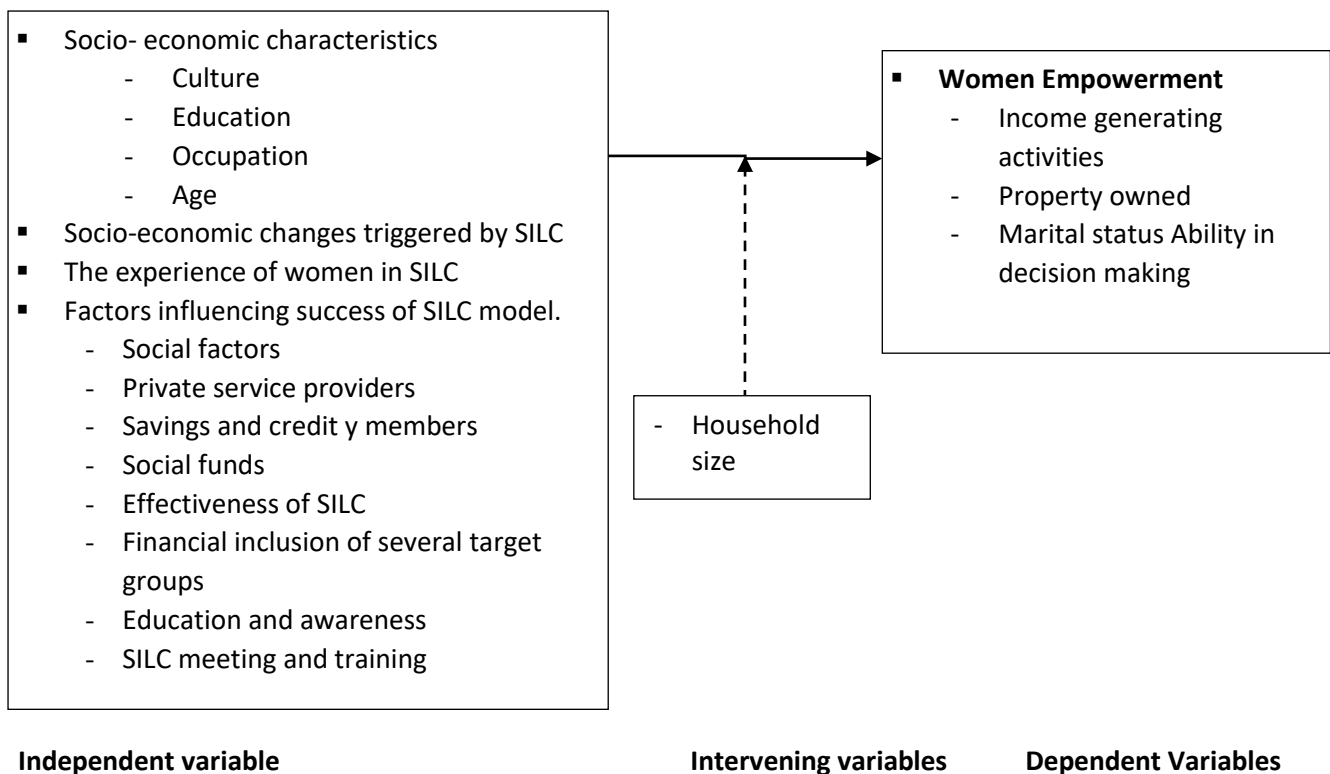


Figure 1: Conceptual Framework (Relationship between dependent, independent and intervening variables)
Source: Author

The conceptual framework of the study had two main variables, the contribution of SILC (as independent variables), and women empowerment (dependent). The selected independent variables were divided into sub-variables namely alternative

micro-finance, social obligations and factors inhibiting growth of SILC. The intervening variables that exist between include the household size policies on microfinances and level of education of the women.

METHODOLOGY

The study was conducted in Meru County formerly in Eastern Province, focusing on Igembe South Sub-County. The area was selected since most women in the study area obtain finances for both domestic and business purposes from saving and internal lending communities. The research design used in this study was descriptive research design. This study targeted the women of Igembe South constituency who had benefited from SILCs. Igembe South is an administrative sub-county of Meru County and also a parliamentary constituency. The constituency covers an area of 270.70 Km² and has a population size of 145,301, based on 2009 National Census. A sample of 100 women respondent were used in the study. This study adopted a purposive sampling technique to collect data. The rationale for using purposive sampling is to select key informants considered to have information on what the study is trying to address

(Creswell, 2003). Primary and secondary data collection was used in the study. Primary data was collected using interview schedule on women accessing SILC services. Secondary data was collected from archival sources while primary data was collected using Focused Group Discussions (FGD), for objective 2, interview schedules, and Key Informants (KI) and FGDs comprised of women groups in the Sub-County. Quantitative data was analyzed using inferential statistics while qualitative data was analyzed using descriptive methods based on the objectives. The analyzed data was presented in form of tables, pie-charts, graphs and bar charts.

Regression Analysis Model Summary

We performed a regression analysis on individual independent variables against the dependent variable to establish how each one of them influenced the dependent variable. The results for each one of them were represented.

Table 1: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.819 ^a	.671	.655	.67431

A multiple linear regression analysis was performed to test the effect of the independent variables on the dependent variable. The average ratings for the four independent variables (socio- economic characteristics, socio-economic changes triggered by SILC, the experience of women in SILC and factors influencing success of SILC model) were used as the indicators for input into the regression model. Three measures of women empowerment (income generating activities, property owned and marital status Ability in decision making) were used. The coefficient of determination and standard error

of the regression model are shown in Table 1 above. Results indicate that R squared was 0.655 indicating that the independent variables explained 65.5% of the women empowerment. This indicated the model had good explanatory power.

Further, the regression output in Table 1 presents the source of variance, mean of variances and the F value. The results indicate that the overall model was significant and could provide important results. This indicates that the model could provide some predictive significance and was a good fit.

Table 2: Analysis of Variance of the Regression (ANOVA)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	78.740	4	19.685	43.292	.000 ^b
	Residual	38.649	85	.455		
	Total	117.389	89			

Further, the regression output on significance of the independent variables is presented in Table 3.

Table 3: Coefficients of Independent Variables

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	.155	.210		.740	.461
Socio- economic characteristics	.797	.111	.300	2.683	.009
Socio-economic changes	.838	.136	.434	3.224	.002
Experience of women in SILC	.730	.107	.125	1.212	.229
Factors influencing success of SILC model.	.636	.093	.037	.391	.697

From the data in the above table the established regression equation was;

$$Y=0.155+0.797x_1+0.838x_2+0.730x_3+0.636x_4$$

The results in Table 3 indicated that Socio-economic characteristics significantly and positively influenced women empowerment. These social socio- economic characteristics include Culture, education, occupation and age. This implies that for every unit increase in socio- economic characteristics, women empowerment will increase by 79.7%.

Further, Socio-economic changes triggered by SILC has a significant and a positive effect on women empowerment. The results shows that for every unit increase in Socio-economic changes triggered by SILC, women empowerment increases by 83.8%.

Furthermore, the experience of women in SILC has a significant and a positive effect on women empowerment. The result shows that for every unit increase in experience of women in SILC, women empowerment increases by 73.0%.

Finally, factors influencing success of SILC model has a significant and a positive effect on women empowerment. The results shows that for every unit increase in factors influencing success of SILC model, women empowerment increases by 63.6%.

CONCLUSIONS AND RECOMMENDATIONS

The study concluded that cultural aspect was the major factor influencing respondent's participation in saving and internal lending communities. As the study revealed, this cultural aspect included: Gender inequality, approval by men, education

level, Occupation and finally the Age of the respondents. The study also concluded that they are several social-economic changes triggered by the SILC among women in Igembe South which included the following: Women joining business, women sourcing money to save, women newly gaining confidence & ability to speak, women acquiring new leadership, communication as well as group management skills collection problem solving skills, social relationship and finally increased solidarity. The study further concluded that women participating in SILC groups have encountered different experience which included: improved social status of women, women empowerment, transforming gender inequalities, improving women life, allowing women to have more equitable access to assets, boost in entrepreneurial qualities among women and finally improved income source among women. The study finally concluded that different factors influence the success of saving and internal lending community's model which included: social factors, saving & credit, social funds, effectiveness of SILCs, education and awareness and finally SILC meeting and training.

Since the study established that cultural aspects was the key factor influencing respondent's participation in SILC, the study recommends that all the cultural aspects should be improved among the women participating in SILC. Those women should be empowered especially in term of gender inequality as well as education level. The study also

recommends that more women should be encouraged to join business besides enhancing their social relationship to increase their participation in the SILC activities. The study also recommends that more training should be offered to the women in the Igembe County to uplift their leadership, communication & group management skills besides enabling them to gain confidence & ability to speak. These efforts will in turn trigger them to participate in the SILC activities. The study further recommends that officials engaged in implementation of SILC activities in Igembe County should be trained on importance of SILC activities among women

participating in those activities. This can be done through collaborations with well-established SILC expertise in the County. This can also be achieved by increasing the amount of money budgeted for coordination of those SILC activities. Finally, it was recommended that the stakeholders in SILC should creatively devise ways of enhancing the effectiveness of SILCs activities. Institutions dealing with SILCs activities should realize the need of training the women with adequate SILC analysis and participation skills in all their activities and carry out a thorough follow up on whether the skills gained are effectively utilized.

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