

Constraints Hindering Village Saving and Loan Associations in Promoting Social-Economic Empowerment of Women. A Case Study of Rubaya Sub County, Uganda

1 Ruth Nahwera, 2 Dr Arinaitwe Julius

1, 2 Metropolitan International University

ABSTRACT

The study examined constraints hindering village saving and loan associations in promoting the social-economic empowerment of women in Rubaya Sub County, Uganda. The researcher used a cross-sectional survey design by employing both quantitative and qualitative approaches. The study targeted members and leaders of village saving and loan associations. A sample of 144 respondents was used. Qualitative data were analyzed by developing themes and quantitative data was analyzed using Statistical Package for the Social Sciences. The study identified challenges that affected the group's operation which included poor governance of the group, low attendance of group meetings, members' conflict, defaulting by members, poor bookkeeping, poor group leadership, and lack of clear structures to control the village saving and loan associations. It was established that there is a need to enforce group registration, financial training of group members, and integration of agricultural activities into community-saving group activities.

Keywords: Constraints, Hindering, Village Saving and Loan Associations, Promoting Social-Economic Empowerment, Women

INTRODUCTION

In the 1970s microfinance experimental programs started in Bangladesh and Brazil in which tiny loans to groups of poor women to invest in micro-business were provided (Faridah et al., 2023). This was based on solidarity group lending in which every member of a group guaranteed the repayment of all members (Tasha et al., 2023). The focus of this program was an all-exclusive credit for income-generating activities

targeting very poor women borrowers (IMF, 2004). This resulted in the creation of a self-employed women's association later in Gujarat in India in 1972.

In Africa, microfinance initiatives also picked up around the 1970s (District et al., 2023). These were mainly aimed at wealth creation for the poor and the reduction of poverty (Godfrey et al., 2023). They were majorly initiated by the governments in the absence of the private sector. There was later the introduction of Village saving and loan associations and Loan Associations (Polycarp et al., 2023) by CARE to overcome the difficulties of offering credits to the rural poor based on the ROSCA model (Khandker, 2015). The community saving and credit group model was introduced by CARE in Niger in 1991 (Derrick et al., 2023).

Uganda has established 30,780 savings groups and improved the well-being of 791,255 women. However, 70% of women of Rubaya Sub County face a range of specific barriers and vulnerabilities in the form of gender-based discrimination (Musaibah et al., 2023): gender inequality, violence against women, poverty, and unequal participation in public and private decision-making as well as, barriers to education, employment, housing and basic services (Christopher & Micheal, 2022).

Over the past decades, households in Rubaya Sub County have been involved in the activities of informal savings schemes that raise capital from internal accruals, and members who are shareholders control the management of those (Oromo et al., 2023). Despite household participation in Village saving and loan associations, their incomes are still very low and in general, the households or individuals are still having very poor standards of living (Mark et al., 2023).

Purpose of the Study

To examine the constraints hindering village saving and loan associations in promoting the social-economic empowerment of women in the Rubaya sub-county.

THEORETICAL REVIEW

Moser (1993 as cited in Jinia, 2016) pointed out different ways and strategies for empowering women. Improved economic status was an indicator of poverty free as stated by the Grameen Bank (GB) in its assessment of factors that would make women be considered as being empowered. These GB indicators that were considered to regard women as being empowered included putting up a shelter, providing household furniture like tables, chairs, and beddings for the family, providing clean water for human use, good hygiene, providing food and school fees for school going children, clothing, and protection of the family against killer diseases (Davids et al., 2023). In the Grameen context, women used the microcredit and support of their peers to go over hurdles that were holding them back in the development process (as cited in Nasrin, 2016). According to Batliwala (1993), women's empowerment as a concept is understood to be an alteration in the ways in which subordination is experienced through fundamental changes in rights to property, governing laws to take care of gender issues, the reward for women's labor in households, and the traditions that promote male domination (Zowena et al., 2023).

Rowlands (1995) looks at the ability of people especially females to have the capacity to make stability in the financial decision, have the capacity to contribute equally to the development of their homes and community, ability to access loans, and pay back without relying on their husbands (Collins et al., 2023). In her analysis of the different types of power in which women's subordination is played, Rowlands (1995) looks at women's capacity to fight discrimination in all spheres, ability to change the thinking of the powerless, disregard unpaid housework, build group cohesion and alliances, networking as the way forward for women if they are to realize any meaningful results in the empowerment struggle (Jac & Kazaara, 2023). Rowlands (1997) suggests a three-layered empowerment process that shows interaction and overlapping power relations that influence women's capacity to keep affront in aspects of economic improvements in their environment (Winny et al., 2023). She noted that one develops skills and the

capacity to make self-appraisal of the activities carried out in order to ascertain her ability to survive subjugation and other factors that act negatively to affect individual growth and contribution to own and society's development (Frank et al., 2023). Collectively, people always come and forge relationships or from groups in order to achieve more and have more influence in their environment than in isolation. Rowlands argues that for any form of empowerment to be realized, women must be able to come together in groups to be able to sway the nature of association with other establishments by influencing choices and decisions made within it to be able to widen their market share and to overcome any hindrances to their economic ventures. According to Stromquist (1993), empowerment as a concept is more than individual involvement and the realization of self. She describes empowerment as a composition of the intellectual, mental, and economic status of a person including the political element (Sharon et al., 2023). The intellectual element refers to an appreciation of women's circumstances of relegation and the sources of such circumstances at all societal levels (Zowena et al., 2023). The mental element includes the thinking and belief that women are capable of changing their lived state. The economic element demands that women get involved in industrious activities that may make them autonomous to some extent despite the difficulty of attaining such autonomy at the start (Nicholas et al., 2023). This involves taking control of economic resources including the accumulation of wealth, distribution, and investment (Allan et al., 2023). The political element demands the analysis of the environment politically and socially to be able to mobilize the population for social change. Consequently, the process of empowerment embroils self-cognizance and shared action as key to attaining social transformation (as cited in Medel-Anonuevo, 1995).

METHODOLOGY

The research design used was cross-sectional. Two approaches were employed namely quantitative and qualitative. The target population included; leaders and members of

VSLA, trainers, and local government leaders. The researcher sampled 144 respondents. That is 121 VSLA members, 13 VSLA leaders, 5 local government leaders, and 5 VSLA trainers. Data were both primary and secondary. Primary data included questionnaires and interviews while secondary data included published books and journals.

Data analysis

Quantitative data was analyzed through use of correlations and regression analysis to measure the relationship using E-views (Nelson et al., 2023) and Qualitative data was analyzed through use of thematic and content analysis using SPSS 23.0 (Nelson et al., 2022).

RESULTS

Table 2: The constraints hindering VSLAs in promoting social-economic empowerment of women in Rubaya Sub County

<i>Statement</i>	<i>SD</i>	<i>D</i>	<i>NS</i>	<i>A</i>	<i>SA</i>	<i>Mean</i>	<i>Std.</i>
<i>Un binding rules and regulations for the VSLAs put member savings at risk</i>	0 (0.0%)	0 (0.0%)	14 (14.4%)	54 (55.7%)	29 (29.9%)	4.10	.710
<i>The group operates as self-selected groups and segregates willing members in the community</i>	0 (0.0%)	0 (0.0%)	0 (0.0%)	79 (81.4%)	18 (18.6%)	4.19	.994
<i>Norms on members are enforced through sanctions such as guilt and shame which are negligible to some</i>	0 (0.0%)	12 (12.4%)	0 (0.0%)	64 (66%)	21 (21.6%)	3.90	.659
<i>The group does not exercise any control on loan use</i>	0 (0.0%)	0 (0.0%)	0 (0.0%)	55 (56.7%)	42 (43.3%)	4.20	.805

<i>The short-term loans given to the members with limited repayment period puts a lot of pressure on the beneficiaries</i>	0 (0.0%)	0 (0.0%)	0 (0.0%)	55 (79.7%)	14 (20.3%)	4.20	.805
<i>Male dominance over women makes women empowerment very difficult as they are groomed culturally to be submissive to their husbands</i>	35 36.1%	29 29.9%	21 21.6%	7 7.2%	5 5.2%	2.69	.437
<i>Women's choice of activity and ability to increase their incomes are constrained by their husbands</i>	0 0.0%	11 11.3%	5 5.2%	19 19.6%	62 63.9%	4.28	.694
<i>Many women have no say on the family earnings even when they have contributed to them being generated</i>	72 74.2%	13 13.4%	5 5.2%	7 7.2%	0 0.0%	2.87	.266
<i>The economic and social status of women is controlled by their husbands</i>	69 71.2%	17 17.5%	11 11.3%	0 0.0%	0 0.0%	4.73	.836

Source: Primary data, 2021

The majority of the respondents 85.6 % with a mean of 4.10 and standard deviation of .710 agreed that unbinding rules and regulations for the VSLAs put member savings at risk. The informal rules and regulations have provided leeway for the crooks because they know that the only punishment they can receive is to get expelled from the association (Victor et al., 2023). This was confirmed by CDO who was quoted “...Although members in group discussion did not agree to the possibility that

the decision to loan giving cannot be biased if there are no clear criteria, observation by the researcher. This is because the meetings were dominated by a few members and in their absence, the group seemed not sure of the routine activities. And I also learned that at one time one of the vocal members held more than recommended shares/positions which indicated a loop hole thus a possibility for outspoken members to be biased and derailed from the informal rules and regulations. Although it has not yet happened, the practice puts the members' savings at risk".

Table 17 shows that majority of the respondents 87.6% that norms on members are enforced through sanctions such as guilt and shame which are negligible to some. This means that wrongdoing towards saving group members has often not been punished. More so, 88.7% of the respondents disagreed that the economic and social status of women is controlled by their husbands. Thus, it can be deduced that most women in the area now have the economic freedom to participate in the economic activities of their choice.

Respondents were probed if they are other challenges faced by VSLAs in the area and the responses were recorded in table 18.

Table 3: Showing Challenges faced by VSLAs (Multiple responses)

Challenges	Frequency	Percent (%)
<i>High default among members</i>	31	32
<i>Weak group by laws</i>	9	9.3
<i>Lack of clear structures to control group operations</i>	18	18.6
<i>Mismanagement of funds and theft</i>	7	7.2
<i>delayed payments by members</i>	19	19.6
<i>Conflicts among group members</i>	13	13.4
<i>Poor governance of the group</i>	18	18.6
<i>Poor record keeping</i>	11	11.3
<i>Low attendance of group meetings by members</i>	23	23.7

Source: Primary Data, 2021

Table 3 shows that high default among the members is the greatest challenge affecting the operations of VSLAs in the Rubaya sub-county. It was found that the penalties sometimes worked while in some cases they did not work resulting in loss of group money, loss of membership, and mistrust which led to group collapse (Annet et al., 2023).

During the FGDs, it was reported that in one of the groups there were two members who had not paid three months' contributions due to sickness and lack of money. As one member of FGD expressed her experience in VSLA:

"The group gave" (a loan) to a member to set up a small business enterprise. The group members took away her furniture for defaulting which created controversies and misunderstandings among members. (Lydia et al., 2023)"

Further, an official respondent from one VSLA noted that:

.....Sometimes we suffer the risk of default from members. Some members after receiving the "pot" do not attend group meetings or even send their contribution less agreed amount of money (interview Jan. 2021).

Table 3 established that 23.7% of the respondents noted that low attendance of group meetings by members affected effectiveness in the operations of VSLAs in the study area. It was noted women felt that these meetings were too many since they belonged to different groups which consumed most of their time. This was also supported by the CDO in an interview who had this to say:

"Nowadays, most groups do not meet regularly the way they used to because people have joined so many groups such that attending all the group meetings becomes cumbersome and time-consuming."

However, during FGDs it was disclosed that group meetings are important because they ensure women's participation in group operations and activities, and promote group cohesion and stability.

Table 3, more indicates that 11.3% of the respondents noted that poor record-keeping was affecting the effective performance of VSLAs in empowering women in the Rubaya sub county. Record-keeping was the responsibility of the group officials who are the leaders of the group. However, as it was found in the six groups sampled from Rubaya Sub County, bookkeeping was marred with a lot of inconsistencies, gaps, and missing information (Moses et al., 2023).

Table 3 shows that 13 (13.4%) of the respondents indicated that conflicts among group members were a challenge affecting most VSLAs in the area. This affected group cohesiveness and trust resulting in group instability and finally collapse. This was confirmed by the CDO in an interview who asserted that:

“This is mainly caused by idleness, wasteful competition, and jealousy among the group members.”

DISCUSSION

The findings revealed that most VSLAs experienced the challenge of poor record keeping. It was unearthed that record keeping was the responsibility of the group officials who are the leaders of the group. However, as it was found in the six groups sampled from Rubaya Sub County, bookkeeping was marred with a lot of inconsistencies, gaps, and missing information. Poor record keeping was identified as a challenge due to a lack of simple/basic accounting skills, illiteracy, minutes taking and recording. Poor record keeping was found to cause missing important group information such as lack of minutes supporting major decisions of the group which affected the effectiveness and efficiency of the group in their operations (Christopher, Muhindo, et al., 2022).

The study established that the VSLAs are often associated with low attendance of group meetings by members. The study revealed that VSLAs could hold meetings regularly because most members were absent during meetings. These findings contrast

with Gugerty's (2004) report which observed that saving group meetings are generally celebratory events, as reflected in the local names for VSLAs „merry-go-round.

Findings further revealed that conflicts among group members were a challenge affecting most community-saving groups in the area (Shamim et al., 2023). It was revealed that these conflicts were related to group fund management, group coordination, failure to pay back the loans, wasteful competition, jealousy, and disagreements in decision-making (Ninsiima et al., 2023). This affected groups' cohesiveness and trust resulting in group instability and some groups finally collapsed. The challenge was found to be associated with a lack of clear structures and this supports a study by Kanyesigye & Kayuki (2018) which found that the less formal community-saving groups were found to have more conflicts than the more formal community-saving groups because the loose structure allows more negotiations (Mercy et al., 2023).

The study revealed that village saving and loan associations were challenged by poor governance of the group (Faith et al., 2023). Poor governance was found to be experienced in all the selected village saving and loan associations in the area. Poor governance was explained by the respondents as entailing a lack of transparency, misappropriation of group funds, conflict of interest, and lack of consultation in decision-making. The findings further revealed that this challenge was common because of their informality and lack of clear structures and policies to govern group activities. These findings are in line with Mutesasira's (2010) findings on the challenge related to the element of negotiability which enables powerful individuals to manipulate members to their own advantage (Wegulo et al., 2023).

Findings revealed that village saving and loan associations are majorly challenged by the failure of members to repay back the loans advanced to them by the associations (Christopher, Moses, et al., 2022). Defaulting by members was found to be a failure by members to repay back the loan advance or to stop contributing after receiving the

shares. It was found that more women defaulted due to the fact that most women depended on men economically and most of them were involved in unstable menial jobs as their source of income (Christopher, Moses, et al., 2022). It was found that the penalties sometimes worked while in some cases they did not work resulting in loss of group money, loss of membership, and mistrust which led to group collapse.

CONCLUSION

The study identified challenges that affected the group's operation which included poor governance of the group, low attendance of group meetings, member conflict, defaulting by members, poor bookkeeping, poor group leadership, and lack of clear structures to control the VSLA. It was established that there is a need to enforce group registration, financial training of group members, and integration of agricultural activities into community-saving group activities.

Recommendations

The monitoring and follow-ups by their partners in development will help to look for the challenges and other issues to be addressed on time. It is also important to document the best practices and lessons for the upcoming village saving and loan associations for government bodies working with the women CBOs and VSLAs.

As participants explained in-depth during the focus group discussion, there are several challenges they are encountering throughout their work. Thus, it is the researcher's strong recommendation for all concerned stakeholders in the area to work in a coordinated manner to solve these recurrent challenges and support the women's initiative at the desired level. Among others, the concerned Local Government should act to provide the VSLA participants with permanent working places. For VSLA participants. Apart from the government, NGOs, and MFIs; the private sector, volunteers, and household members of participant women need to play a decisive role in supporting VSLA women participants to achieve success in their small businesses.

The policymakers in a bid to promote Local Economic Development (LED) should enact clear laws governing the operations of village saving schemes and loans associations to ease their operational performance. The governments should come up with policies or by-laws designed to regulate the financial activities of informal finance groups to enhance financial security for the poor.

As the researcher observed and understood from the focus group discussion, there is a number of women who are destitute and poor and need to take part in VSLA. Thus, it is the researcher's strong recommendation to engage more impoverished non-participants in VSLA and support them to lift themselves out of poverty. Best practices need to be identified and scaled up to support the newly formed VSLAs, while lessons from previous VSLAs should be given due emphasis and used in constructive ways to strengthen VSLAs.

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