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Effects of Members Innovativeness on Performance of SHG's in Uasin-Gishu County, Kenya

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Abstract:
The study sought to establish the effect of members' innovativeness on performance of self-help groups in Uasin-Gishu County. The study adopted descriptive survey design. The study was conducted in Uasin Gishu County. The Target population was the registered Self-help groups in Uasin Gishu County, from the sub-County gender and youth affairs records of 2015. There were 647 active groups in Uasin Gishu County. The sample size was determined using a mathematical formula. The study purposively selected self-help groups in rural areas and those that have been active for the last five years, hence the sample size for the study was 126 respondents. Questionnaire, interviews and document analysis were the main instruments for data collection. The data were analyzed using descriptive statistics; frequencies and percentages while data from the interviews were summarized based on themes. Correlation analysis was conducted to establish the relationship between members' innovativeness and performance. The study established that the members participate in table banking to facilitate individual savings among group members. However, the members have not embraced the use of m-banking in payments of loans and savings. Most of the members agreed that members use energy saving stoves on brooding chicks which has reduced the expenditure on electricity and also members are divided into small manageable groups for easy monitoring loans payments. Members' innovativeness significantly affects SHGs performance.

1. Introduction

Innovations provides an organization a strategic orientation to overcome the problems they encounter while striving to achieve sustainable performance (Kuratko *et al.,* 2005). A marketing innovation is the adoption of a new marketing method involving significant changes in product design or packaging, product placement, product promotion or pricing (OECD Oslo Manual, 2005). Enzing *et al.,* (2011) study reveals that organizational practices affect the level of innovation in the organization. Furthermore, the researchers explored that firm's specific practices leads to product and process innovation by managing the resources. Walker (2004) concluded that innovation types influence each other and they should be implemented in conjunction.

Mobile telephony adoption is on the rise and the related technological innovations have dramatically enhanced the capabilities of the mobile phones use among SHG's in local community members (Salzaman *et al.,* 2001). About two billion people worldwide are using a mobile phone. As the number of mobile phone increases there has been a pervasive impact on group members especially on mobile banking of proceeds received from group members. Mobile phones adoption and use has a positive and significant impact on the growth and sustainability of SHG's, and this impact may be twice as large in developing countries as in developed countries (Salzaman *et al*., 2001).

Another type of innovativeness is table banking concept that is based on the belief that for the extremely poor, particularly women, and the best approach is to begin by building their financial assets and skills through savings rather than debt (Kanyi, 2014). The objective of table-baking is to bring financial services to the poor, particularly women in the SHG's and the poorest to help them fight poverty, stay profitable and financially sound. It is a composite objective, coming out of social and economic visions. Table-banking is based on group guarantee and house-hold collateral. Table-banking is founded on the principle that credit should be accepted as a human right, and builds a system where one who does not possess anything gets the highest priority in getting a loan Through table banking women in groups would pool formidable resources and loan it to a well-trained entrepreneurial woman whose investments would give them good returns enough to save (Masinde, 2013).

The role of networks and long-term relationships is further important to the ability of SHGs to innovate and to enter into interactive learning networks and long-term relationships, which can be critical stimuli to innovation (Baum, Calabrese & Silverman 2000). The external resources of knowledge through the collaboration with higher education and research institutions as sources of innovative

ideas and technical supports for SMEs can play active roles in supporting them to acquire resources and capabilities for innovation (Adams & Comber 2013).

Despite the quest for SHG's success, many SHG's initiative in Kenya have continuously experienced challenges in lack of adequate skills among members, lack of innovativeness and inadequate or unreliable investments in IGAs, unmet member needs and unmet group management objectives. Most studies done have concentrated on finding the socio-economic impacts of SHGS, this study sought to establish members' innovativeness strategy as an antecedent to the performance of SHG's in Uasin Gishu County so that recommendations would be made by the researcher on what should be done to ensure that these groups are able to carry out sustainable projects.

2. Literature Review

Studies have investigated participation in community based organization and other rural based organization associated with social capital. Godquin and Quisumbing (2006) conducted a study in Philippines and found that economically stable, better educated, and households that are closer to town were more likely to participate in self-help groups and have larger social and economic assistance networks. Further, the study did not establish a significant difference in the composition of the groups in terms of gender. A study conducted in Uganda, Katungi *et al.* (2006) established that self-help groups as a form of social capital are very important for information exchange. Social capital was measured in terms of belonging to an organized group, civic engagement, and attending social functions. The results indicated that male-headed households have better access to social capital, use civic engagement and participate in social events more than female headed households. The study further showed that, there were no differences between male- and female-headed households on ties to the relatives and friends from their social networks outside the sub-county. Female-headed households engaged less often in information exchange. Finally, the results indicated that men and women had an equal propensity to join self-help groups, and thus self-help groups should be utilized for passing relevant information for sustainable development.

Place *et al.,* (2002) examined the performance of Self-help groups in Kenya. The study established that self-help groups participate in diverse activities and projects new projects. The study further found that women tended to join self-help groups in order to purchase household items, while men often joined to gain market for their products. The study also found that men and women engage in similar activities but for different reasons and extent of participation is also different for men and women.

3. Methodology

3.1. Research Design

The research design is a plan that guides the researcher in planning and implementing the study in a way that is most likely to achieve the intended goals (Burns and Groves 2001). This study adopted a cross-sectional descriptive survey research design. It involves collecting data in order to answer questions concerning this study. This design was justifiable because it compares the quantitative reasoning of a sample. In addition, the design, by the virtual of being cross-sectional, gives a representation of the whole population with minimum bias. Moreover, descriptive survey makes standardized measurement more precise by enforcing uniform definitions upon the respondents. Borg (2006) postulates that a descriptive research design is a logical and valuable way of looking at the world. This logistic ensures that similar data can be collected from groups/strata then interpreted comparatively.

3.2. Target Population

A population consists of a group that share common characteristics from which individuals or units of analysis are then chosen out of the population for the study (Fox and Bayat, 2007). The study targeted all registered SHGs in rural areas in Uasin-Gishu County, from the department of gender and social service records, there were 647 active groups in Uasin Gishu County. The study specifically targeted rural SHGs because they face many challenges; retrogressive cultures, poverty and lack of empowerment among others which affects the performance and sustainability of SHGs.

Divisions	Groups	women	Youth	Population
Kapseret	35	55	25	115
Soy	40	38	30	108
Turbo	23	36	21	80
Ainabkoi	45	50	57	152
Moiben	25	30	25	80
Kesses	41	45	28	114
Total	**209**	**254**	**184**	**647**

Table 1: Distribution of Women self help groups per Divisions

➤ Sample and Sampling Techniques

3.3. Sampling Frame

This study used stratified random sampling technique. Stratified random sampling is a modification of random sampling in which the population is divided into two or more relevant and significant strata based on one or more attributes (Saunders, *et. al.,* 2007). The

advantage of stratified sampling is said to be its ability to ensure inclusion of subgroups, which would otherwise be omitted entirely by other sampling methods because of their small number in the population. The sampling frame of SHG members who have been involved for at least five years were selected through stratified sampling technique.

The list of registered SHGs was obtained from the respective Sub-County gender and Social Services department. Among the listed SHGs, those whose maturity are at least five years and are situated in rural areas were purposely selected for impact assessment, as it is believed that SHGs with less than five years of maturation do not have impact on members. The study used the mathematical approach in the determination of the sample size for the research. The mathematical sampling approach given by Miller and Brewer (2003) that was used is stated as:

$$n = \frac{N}{1 + N(\alpha)^2}$$

Where n = sample size

N = Sample frame

α = margin of error

The sample frame (N) shows the list of the population of the groups selected for the study. The sample size (n) was then calculated out of the sample frame (N).

Using a confidence level of 92%,

n=647/1+647 (0.08)2

n=647/1+4.813

n= 126

Divisions	Population	Sample Frequency
Kapseret	115	22
Soy	108	21
Turbo	80	15
Ainabkoi	152	30
Moiben	80	16
Kesses	114	22
Total	**647**	**126**

Table 2: Sample size

3.4. Data Collection Instruments

The study employed the use of structured and open-ended questionnaire with selected members from each group, various SHG documents was analyzed and data regarding group meeting attendance, individual savings and loan, and the general performance of the SHGs were gathered.

3.5. Questionnaire

Gay (2006) explains that descriptive data are usually collected using questionnaires. Others like Simons (2008), Cohen and Manion (2008) have also identified questionnaires and interviews as crucial instruments of data collection in descriptive research. This study adopted both the open ended and closed type of questionnaires; the questionnaires were administered by the research assistants.

3.6. Secondary Data

The researcher requested for SHG's documentation from the Uasin-Gishu County Government. Secondary data included the annual reports of the repayment rates of the Self-Help Groups and reports on training programmes done to the groups within duration of 5 years and renewal of group's license.

3.7. Validity

Validity is a measure of the degree to which data obtained from an instrument is meaningful and accurately reflects or represent a theoretical Concept (Mugenda, 2003). To ensure that the information that is collected from the field is accurate and reliable, there was need to determine validity of the instruments. Two supervisors and one departmental lecturer with relevant skills in the field of study assessed the content and face value of the instrument and gave feedback. The feedback obtained was incorporated in the final instruments before the actual study

3.8. Reliability

Reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials (Mugenda, 2003). There is need for testing the reliability of the instrument to ascertain the results. To test the reliability of the study, the researcher carried out a pilot study to test the research instruments. According to Cooper and Schindler (2003), the pilot group can range from 10 to 15 subjects depending on the method to be tested but it does not need to be statistically selected. The researcher randomly selected 20 SHGs in Nandi County to test the reliability of the research instruments. The reliability of the instruments was

tested using Cronbach's alpha, which were found to be 0.83, which indicated that the instruments were reliable. Nunnally (1978) recommends that instruments used in basic research should have reliability of about 0.70 or above.

3.9. Data analysis
The data obtained was analyzed using SPSS version 20.0 and presented in form of frequencies and percentages. The researcher conducted a Pearson product moment correlation analysis in order to establish the relationship between management strategies and self help group performance. In management, the correlation between two variables is a statistical measure of the relationship between the movements of the two variables (independent and dependent). The regression analysis was performed to establish the extent in which the independent variables predict the change in the dependent variable.

4. Findings

4.1. Effects of Members' Innovativeness on Performance of SHGs
The study sought to find out how members' innovativeness affects the performance of SHG's in Uasin-Gishu County, the response is presented in table 3.

Statement		SD	D	N	A	SA
The members participate in table banking to facilitate individual savings among group members	F	14	9	14	47	51
	%	11.6	7.4	11.6	38.8	42.1
The members make payments of loans and savings through mobile phones (M-Pesa) which has assisted in making prompt payments	F	36	20	4	16	45
	%	29.8	16.5	3.3	13.2	37.2
Members use energy saving stoves on brooding chicks which has reduced which has reduced the cost on electricity	F	25	26	26	17	50
	%	20.7	21.5	21.5	14.0	41.3
Members are divided into small manageable groups for easy monitoring loans payments.	F	16	28	9	22	46
	%	13.2	23.1	7.4	18.2	38.0

Table 3: Response on members' innovativeness

The study established that the members participate in table banking to facilitate individual savings among group members, as evidenced by 51(42.1%) of respondents who strongly agreed and 47(38.8%) that agreed. However, the members have not embraced the use of m-banking in payments of loans and savings as indicated by a large proportion 36(29.8%) and 20(16.5%) of the respondents who strongly disagreed and disagreed respectively. Most of the members 50(41.3%) strongly agreed and 17(14.0%) agreed that members use energy saving stoves on brooding chicks which has reduced the cost on electricity. On statement that members are divided into small manageable groups for easy monitoring loans payments, 46(38.0%) strongly agreed and 22(18.2%) of the respondents agreed.

4.2. Correlation Analysis
The researcher conducted Pearsons' correlation analysis to establish the relationship between members' innovativeness and SHGs performance. The results indicated that there is a strong positive relationship between members' innovativeness and SHGs performance.

Variables		SHGs performance
Members innovativeness	Pearson Correlation	.874[**]
	Sig. (2-tailed)	.000
	N	121

Table 4

5. Discussions
Self help group members participate in table banking to facilitate individual savings among group members. Most of the members agreed that members use energy saving stoves on brooding chicks which has reduced the expenditure on electricity and also members are divided into small manageable groups for easy monitoring loans payments. The results indicate that most self-help groups in the study area lacks the innovative ways of mobilizing resources. Most self helps concentrated in one or two areas to raise required resources, they did not have the ability to be innovative. This could be explained by the fact that human capabilities in most self helps are low. Hence, pursuing complex resource mobilization strategies is far-fetched for them. Huy & Zott (2009) demonstrate that resource mobilization requires special skills including use of affective influence meant to build three kinds of trust in regards to the organization. These forms of trust center on the firm's integrity, the competence of promoters and ability to cultivate relationships. Chawla & Berman (2006) on the other hand, effective resource mobilization is a function of organizational capabilities which may be minimal or lacking in the self helps. Accordingly, there is a need to develop a resource mobilization strategy that looks at issues such as current resource situation, existing needs, resources needed and future projections.
The study by Kinyanjui, (2010) establish that the self-help groups in Nairobi have develop innovative ways of mobilizing resources unlike the case in Uasin Gishu County. The study established that the bulk of resources (75.41%) were raised through members'

contribution; 45.08% had a business projects; 27.87% had access to loans, 19.67% were able to access donor grants; while 17.21% got their resources from proceeds and contributions of well-wishers. In addition, 15.57% mobilized resources from proceeds of transaction fees; while another 15.57% raised resources from contributions of the immediate community. Some (7.38%) were able to access government resources; while others (4.10%) had investments in stocks and shares or other sources (0.82%). This indicate that innovation enhances performance of SHGs, as indicated by the findings by Kinyanjui, (2010) who provide annual estimates of the yearly income that majority (50.82%) reported an estimated income of Kshs. 250,000. While 17.21% indicated that they had an annual income of Kshs 500,000 and 11.48% had an annual income of Kshs 750,000. And 6.56% attracted an annual income of Ksh 1,000,000. Another 6.56% was able to attract an income of more than Kenya Shillings 1,000,000.

5.1. Conclusions

The study established that the members participate in table banking to facilitate individual savings among group members. However, the members have not embraced the use of m-banking in payments of loans and savings. Most of the members agreed that members use energy saving stoves on brooding chicks which has reduced the expenditure on electricity and also members are divided into small manageable groups for easy monitoring loans payments. Members' innovativeness significantly affects SHGs performance.

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