



Research Paper

The Standard of Living amongst the women involved in Village Savings and Loan Association (VSLA) in Lira District

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ABSTRACT: *The study was to examine the standard of living amongst the women involved in Village Savings and Loan Association in Lira District. The study adopted a cross sectional descriptive survey design and data were collected from 155 women involved in village savings and loan association. The study revealed that standard of living among women who were participating in Village Savings and Loan Association (VSLAs) had improved since the money from the saving gave them the ability to pay school fees for their children and dependant, access better health care services for themselves and family members, affordability of better accommodation and food in their home using money got from VSLA. The researcher therefore, recommends that; there is need for sensitization of the village people on the importance of Village Savings and Loan Association to its members in order for more members to join the group and the government and local authorities need to support or facilitate it citizens towards joining VSLA.*

KEYWORDS: *Standard of Living, Village Savings and Loan Association*

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I. INTRODUCTION

According to UBOS (2018), the proportion of Ugandans living in poverty now stood at 8 million which meant that 21% of Ugandans were living in poverty. The chronically poor were in the households residing in rural areas (12%). Many government programmes had been implemented to alleviate poverty and improve the status of poor people in Uganda (Agaba, Mwijukye, Abanis, Arthur, & Kanyesiime, 2019). These programmes included Youth Livelihood Programme, Operation Wealth Creation and Uganda Women Entrepreneurship Programme. Many microfinance institutions also came up to give micro credit to the entrepreneur poor women. Microfinance encompassed for quite sometimes now has been providing financial services such as short term credits to low income earners who are engaged in small and medium enterprises businesses and are unable to access loan schemes from commercial banks (Muhammad, 2016). Microfinance institutions are charged with the responsibilities of ensuring the people are able to access credit facilities to improve on their livelihood and expand their businesses and alleviate poverty especially among low income earners. However, Village Savings and Loan Association (VSLA) was a community-managed saving financial services scheme designed to provide credit facilities to the the poor and had a long history of success, having been pioneered by CARE International in a West African County of Niger in 1991 (Agaba, Mwijukye, Abanis, Arthur, & Kanyesiime, 2019).

Village Savings and Loan Associations has made tremendous success in providing financial assistance to communities around the world especially in Africa and has filled gaps in providing loan services which were earlier a preserve of commercial banks (Muhammad, 2016). It should be noted that the as a result, availability and accessibility of financial services is significant in economic empowerment of the low income-earners especially women (Kesanta & Andre, 2015). VSLAs were the first steps in financial access among the rural vulnerable populations with the objective of providing financial assistance mostly to women to allow them mitigate the challenges of accessing financial services meant to deal with the emerging economic issues and the social wellbeing (CARE, 2017). VSLA schemes have provided avenues for cheaper access to financial services which remained difficult under the previous regimes of commercial banks which required collateral that would be easily available by low income earners thereby providing avenue to these low income earners to access these financial services required for the success of their businesses (Muhammad, 2016).

With a minimum number of ten (10) and not exceeding twenty five (25) people with savings and agreement to extend small credit facilities to members, such a group qualifies to be a Village Savings and Loan Association (Allen, Hugh, & Staehle, 2011). In most cases the operations of the association (VSLA) takes a

maximum of one year and members ascertain the profits realized by the association and its distributed to each and every member basing on the computations and savings of each member (Allen, Hugh, & Staehle, 2011).

VSLA schemes are premised on the foundation of empowering women economically so that their livelihood, wellbeing and standard of living can improve (Kesanta & Andre, 2015). For that reason, the deprived people tend to formulate personal mechanisms through the use of groups which are formed locally and are self-made or associations, unregistered as well as self – controlled so as to attain their financial service demands in order to upscale their standards of living (Brannen & Sheehan-Connor, 2016). Women are the key proponents in the perception of village savings and loan association services with the aim of improving their standard of living in Uganda.

The Ugandan government in conjunction with CARE's strategic plan has worked out a mechanism to promote VSLA model for purposes of ensuring the economic rights of the poor and marginalized people with the sole objective of improving their standard of living through creation of saving and provision of loans to enable them have good shelter, improve their feeding, educate their children. On the contrary the standard of living amongst women has not improved (CARE, 2017). Although VSLA initiatives in Lira district have been operational, no account of women in the district who have benefited from the VSLA is documented. Similarly, the influence of VSLA financial services to better the women's standards of living seems also to be documented scantily. It is against this background that the researcher is going to carry out a study on the Standard of Living amongst the women involved in Village Savings and Loan Association (VSLA) in Lira District

II. LITERATURE REVIEW

Literature review is meant to address issues raised by the research questions with emphasis to previous studies.

Village Savings and Loans Associations (VSLA) are typically community-based financial organizations (CBFOs) that are self-managed usually with no external funding (CARE, 2017). VSLAs members are basically low-income earners with an average savings of between Ushs 200- 1000 weekly and the loans range was between Ushs 5000-50,000 (CARE, 2017). The project reached very low-income households who found it challenging getting loans from banks. A study was conducted where members were asked if they were able to get loan services from their respective village savings and loan groups as compared to financial institutions and it was found out that majority (86.2%) of the group members, who participated in the survey, reported that their respective VSLA groups were giving loans to their members (Nyamongo, 2016).

The major objective of VSLA is savings and the extension of small credit facilities to her members based on the needs and the ability of a member to pay back without defaulting. Village savings and Loan Associations play a pivotal role in bringing financial services to rural areas of developing countries, where access to formal financial services is difficult (Mohamed, 2016). VSLAs have over time contributed to poverty alleviation, growth of social capital and raised the economic status of its members more particularly women are estimated to constitute fairly over 70 percent of its members. (Aaron, 2012).

A few studies on village savings and loan association (VSLAs) programmes in several African countries revealed that access to financial services (Credit facilities) by the poor (low income earners) have been made easier due the existence of these VSLA's and subsequently has led to the growth of social capital and improved the livelihoods of these poor people. The studies demonstrated that the benefits which results are always a product of membership in VSLA's which are precipitated by networks of friends and social connect (Musinguzi, 2016). The research conducted on the VSLA programs in Malawi, Anyango (2005) found out that VSLA had assisted in improvement of members standards of living, which led to poverty alleviation, especially, for women most of them were members of the schemes.

Arising from the findings of the studies on VSLA's, it was noted that VSLA's had potentially contributed to strengthening of economic activities and harnessing food security. However there was still need for concerted interventions in order to overcome problem of nutrition (Brunie, Fumagalli, Martin, Field, & Rutherford, 2014). In an attempt to estimate the impact of participation in village savings and loan associations (VSLAs) on consumption expenditure among rural households, a study conducted in eastern and western Zambia revealed that there is a strong positive significant consumption effects arising from participation in VSLA's (Mwansakilwa, Tembo, Zulu, & Wamulume, 2017). Another study found out that Households have meals more than twice per day which is an indication that there is an improvement in their household food status, especially where the households have access to well-processed and properly prepared nutritious foods as a result of participation in VSLA (Jack & Roland, 2016).

Another study on VSLA's also revealed that formal microfinance intuitions are core in the fight against poverty through extension of credit facilities, however it is not easy for the majority poor to access these services due to stringent conditions set by these Micro finance institutions (MFI's) (Brannen, & Sheehan-Connor, 2016 ; CARE, 2017). Increment of household incomes have been seen to be directly related to participation in VSLA's activities and these has worked well on communities in improving their nutrition which subsequently improves on their health and wealth as a healthy population can participate in production activities

thereby creating wealth. Above all majority members who are women are able to look after their health as they can afford to visit and see well qualified medical professionals since they have the money unlike those days when they were not participating in VSLA activities. This has therefore, greatly improved on the livelihood and social status of the members especially women who are the majority.

III. RESEARCH METHODOLOGY

In this study, the researcher employed a descriptive research design and cross sectional design to collect opinion from different respondents at once. The study was descriptive to allow the researcher to discover patterns in the respondents thinking and also to describe issues from their own point of view. A triangular method was used where both qualitative and quantitative approaches was considered. Quantitative approach was used to analyze primary data from the field using descriptive statistics while qualitative approach was used to describe occurrences and discussion in relationship to interview results.

The sample size was determined using R.V. Krejcie and D.W. Morgan (1970) table and 155 respondents were considered. The researcher used simple random sampling to select the sample size. Respondents were group member or chairpersons of those VLSA. They were chosen because they were the ones who had knowledge on the impact of VLSA on the welfare of the people and to them personally. After completing the sampling process, the researcher interviewed group members actively involved in the VLSA. Whenever a participant agrees to be interviewed he/she was asked to provide written consent by signing or fingerprinting.

The instruments of data collection used in the study include questionnaire and interview guide. To ensure validity of data collection instrument, a pilot study was carried out. To ensure that all items constructed in the questionnaire could help achieve the aim of the study, CVI was computed. $CVI > 0.6$, then the instrument was considered valid since validity was equal to 0.82 which is greater than 0.6 and using Conbatch (1946), the reliability was tested. The instrument was considered reliable because the coefficient of the Cronbach's alpha (0.91) generated was greater than 0.7 as it is recommended by Amin (2005). This indicates that the instrument used to collect data from respondents were consistent and reliable.

In data analysis, raw data was sorted, coded and entered in the computer using Epi Data 3.1 data editor for data cleaning, to check for missing values, out layers and logic errors before analysis. Then sorted data was exported into BMI version 17 of SPSS using the listing method, descriptive statistics was used to analyze variables. Analyzed data was displayed in form of frequency distribution tables, which formed the basis for interpretation, discussion and conclusion.

IV. RESULTS AND DISCUSSIONS

Table 1: showing the ability of women involved in VSLA in Paying school fees for their children

| Variables | Response | Frequency | Percent (%) | Valid Percent (%) |
|---|-------------------|-----------|-------------|-------------------|
| VSLA is enabling members pay school fees for my children in better school | Strongly agree | 42 | 27.10 | 27.10 |
| | Agree | 88 | 56.77 | 56.77 |
| | Disagree | 19 | 12.26 | 12.26 |
| | Strongly disagree | 6 | 3.87 | 3.87 |

N: 155

Table above showed that most of the respondents 88(56.77%) agreed they were able to pay school fees for their children using money got from VSLA and 42(27.10%). Implying that 84% of women involved in VSLA get the ability to pay school fees for their children and dependants thus VSLA services had help to improve the standard of living of its members in giving them the ability to pay their children and dependants. Interview with women from the various groups of VSLA revealed that from their saving they are in position to pay fees for their children. They further said that many times, they borrow money from the VSLA account at reduced interest to pay their children fees. This findings were in line with another study which found out that Village Savings and Loan Associations has made tremendous success in providing financial assistance to communities around the world especially in Africa and has filled gaps in providing loan services which were earlier a preserve of commercial banks and now people can access it for their personal development such as paying school fees for their children and home improvement (Muhammad, 2016).

Table 2: showing the ability of women involved in VSLA in accessing better health care services

| Variables | Response | Frequency | Percent (%) | Valid Percent (%) |
|---|-------------------|-----------|-------------|-------------------|
| VSLA Saving enable me to access better health care services for my family | Strongly agree | 34 | 21.94 | 21.94 |
| | Agree | 99 | 63.87 | 63.87 |
| | Disagree | 17 | 10.97 | 10.97 |
| | Strongly disagree | 5 | 3.22 | 3.22 |

N: 155

Table above showed that most of the respondents 34(21.94%) strongly agreed that they were able to access better health care services for their family using money got from VSLA and 99(63.87%) agreed they were able to access better health care services for their family using money got from VSLA. This implies that 86% of women involved in VSLA have the financial ability to access better health care services for their family using money got from VSLA. Interview with women from the various groups of VSLA revealed that they were able to access better health care services for their family using money got from VSLA. One woman said “with VSLA medical bills is no longer a problem to her”. This is in line with CARE’s strategic plan which has worked out a mechanism to promote VSLA model for purposes of ensuring the economic rights of the poor and marginalized people with the sole objective of improving their standard of living through creation of saving and provision of loans to enable them have good shelter, improve their feeding, educate their children. On the contrary the standard of living amongst women has not improved (CARE, 2017).

Table 3: showing the ability of women involved in VSLA in affording better accommodation

| Variables | Response | Frequency | Percent (%) | Valid Percent (%) |
|--|-------------------|-----------|-------------|-------------------|
| The loan taken from VSLA is helping me afford better accommodation | Strongly agree | 36 | 23.23 | 23.23 |
| | Agree | 82 | 51.90 | 51.90 |
| | Disagree | 32 | 20.65 | 20.65 |
| | Strongly disagree | 5 | 3.23 | 3.23 |

N: 155

Table above showed that most of the respondents 82(51.90%) agreed they were able to afford better accommodation and 36(23.23%) strongly agreed they were able to afford better accommodation. This implies that 75% of women involved in VSLA have can afford better accommodation using money got from VSLA. Interview with some women from the various groups of VSLA revealed that they were able to construct their houses using money got from VSLA hence improved standard of living.

Interestingly these study findings were in line with another study which found out that Village Savings and Loan Associations has made tremendous success in providing financial assistance to communities around the world especially in Africa and has filled gaps in providing loan services which were earlier a preserve of commercial banks and now people can access it for their personal development such as paying school fees for their children and home improvement (Muhammad, 2016).

Table 4: showing the ability of women involved in VSLA in affording food

| Variables | Response | Frequency | Percent (%) | Valid Percent (%) |
|--|-------------------|-----------|-------------|-------------------|
| I use savings from VSLA for buying food in my home | Strongly agree | 25 | 16.13 | 16.13 |
| | Agree | 91 | 58.71 | 58.71 |
| | Disagree | 23 | 14.84 | 14.84 |
| | Strongly disagree | 16 | 10.32 | 10.32 |

N: 155

Table above showed that most of the respondents 91(58.71%) agreed they were able to buy food for their families and 25(16.13%) strongly agreed they were able to buy food for their families. This implies that over 75% of women involved in VSLA have the ability to afford food for their families. An interview with some women indicated that from the VSLA money, they were able to start small business that gave them ability to feed their families and their families have meals more than twice per day which is an indication that there is an improvement in their household food status.

Interestingly these study findings were in line with another study done which noted that VSLA’s had potentially contributed to strengthening of economic activities and harnessing food security. However there was still need for concerted interventions in order to overcome problem of nutrition (Brunie, Fumagalli, Martin, Field, & Rutherford, 2014). Similarly the study also is in line with yet another study found out that Households have meals more than twice per day which is an indication that there is an improvement in their household food status, especially where the households have access to well-processed and properly prepared nutritious foods as a result of participation in VSLA (Jack & Roland, 2016).

Table 5: showing the ability of women involved in VSLA in saving

| Variables | Response | Frequency | Percent (%) | Valid Percent (%) |
|---|-------------------|-----------|-------------|-------------------|
| VSLA is enabling me to improve on my saving culture | Strongly agree | 62 | 40.00 | 40.00 |
| | Agree | 70 | 45.16 | 45.16 |
| | Disagree | 19 | 12.26 | 12.26 |
| | Strongly disagree | 4 | 2.58 | 2.58 |

N: 155

Table above showed that most of the respondents 70(45.16%) agreed they were able to improve on their saving culture when they joined VSLA and 62(40.00%) strongly agreed they were able to improve on their saving culture when they joined VSLA. This implies that over 85% of women involved in VSLA saving culture improved when they joined VSLA. An interview with some women they said, from the money received from VSLA gave them startup capital for small scale business and from the earning from those small businesses, they were in position to meet their basic needs and save part of the profit hence improving on their saving ability. This is in line with CARE's strategic plan which has worked out a mechanism to promote VSLA model for purposes of ensuring the economic rights of the poor and marginalized people with the sole objective of improving their standard of living through creation of saving and provision of loans to enable them have good shelter, improve their feeding, educate their children. On the contrary the standard of living amongst women has not improved (CARE, 2017).

V. CONCLUSION

According to the findings from this study, the research therefore concludes that; Standard of living among women who were participating in Village Savings and Loan Association (VSLAs) had improved since they were able to pay school fees for their children, access better health care services for their family, afford better accommodation, afford food in their home using money got from VSLA.

VI. RECOMMENDATIONS

Basing on the above findings and conclusion, the researcher therefore recommends that; there is need for sensitization of the village people on the importance of Village Savings and Loan Association (VSLA) and the benefits to its members such that more members should join in the group and the government and local authorities need to support or facilitate it citizens towards joining VSLA.

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