

ESTABLISHING THE EFFECT OF CORPORATE GOVERNANCE STRATEGY TO CREATE SUSTAINABLE, ECONOMICALLY VIABLE ENTERPRISES THROUGH WOMEN SELF-HELP GROUPS

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Abstract

Self Help Groups (SHGs) are voluntary initiatives by group of individuals often in similar social circles who come together to solve their common social and economic needs. SHGs have gained great interest to the society and governments. The group's contributions have improved economic status of the members and reduced poverty levels in both urban and rural areas in Kenya. Observations show that these groups have the potential to do even better economically if they stop being run in unorthodox manner usually by individuals with little or no training. The members' contributions are put in terminal projects and there is no access to formalised credit facilities. There is need to explore a new dimension in the management of these SHG as a way of shifting from the tradition way of merry- go round to tap the full potential of these groups. The study was therefore aimed at establishing the effects of corporate governance strategy in creating sustainable economic development of self-help groups. The study was done on 10 women groups with a membership base of 244 women in Kiambu County. This formed the target population. At random 30% of the population was picked as a sample size i.e. 73 respondents. The study proposed a corporate governance strategy that could be achieved through transformational leadership, training, as a means of totally exploiting the groups' potential and a vehicle to drive the groups to be economic epitome for a sustainable economic development. Inferential statistics revealed that there is a strong relationship between corporate governance and good performance of SHGs.

Keywords: Empowerment, Training, Sustainable Economic Development, corporate governance, leadership

INTRODUCTION

Self-help groups (SHGs) have become a common phenomenon in Africa and in most parts of the world. These groups control millions of shillings albeit in an adhoc manner and in traditional way. This research was to establish the relationship between corporate governance and performance of SHGS. The research was catalysed by the observed low performance of these groups despite so much funding and support from varied agencies both financially and otherwise.

Background information

Self Help Groups are either formally registered or unregistered micro finance enterprises composed of members sharing common social and economic interests. The members are drawn together to solve shared social and economic problems in their environment. On voluntary basis, members join the groups to create a common fund to meet their emerging needs on mutual help basis, alleviate poverty among them and create wealth. Most groups are initiated by a few individuals in the community while others are generally facilitated by nongovernmental organisations. The Self Help Groups (SHGs) Guiding Principle stresses on organizing the rural poor into small groups through a process of social mobilization, training and providing bank credit and government subsidy which at times may not be forthcoming. Members make small regular savings contributions to meet their targets and goals. They may obtain credits from NGOs or the government initiated programmes like women and youth funds (uwezo fund) in Kenya which assist in achieving their targets in less time. From the entrepreneurship outlook, self help groups are comprised of micro entrepreneurs having homogeneous social and economic background, mutually agreeing to contribute to a common fund for a common goal. They pool their resources to become financially stable, taking loans from the money collected by that group and by making everybody in that group self-employed. The group members use collective reasoning and peer pressure to ensure proper end-use of credit and timely repayment. This system eliminates the need for collateral as required by the mainstream finance providers and is closely related to that of solidarity lending widely used by micro finance institutions. The groups set a flat rate of interest on loans borrowed to ease their accounting recording requirements. This is important since majority lack the right personnel or capacity to maintain complex books of accounts.

Irrespective of their initial reason or formation, their economic, social and political contribution cannot be underrated in today's dynamic environment both in the urban and rural areas. Self-help groups generally have broad anti-poverty agendas. These groups are seen as instruments for a variety of goals including empowering women, developing leadership abilities

among poor people, increasing school enrolments, and improving nutrition and the use of birth control.

The dynamic and increased entrepreneurial activities by the SHGS today contribute greatly towards economic growth and development. Like any other enterprise, SHGS for instance have engaged in projects management as entrepreneurial activities hence creating employment, improve the living standards of people, generate income for the government, and increase the national income apart from stabilizing a country politically. Probably one of the most comprehensive accounts of the contributions of SHGS IS written by Mary NjeriKinyanjui (University of Nairobi) in her book (2010), called “Vyama: institutions of hope” The book looks at the role of vyama in learning and education, investment, redistribution, social protection and socio-economic development. In Kenya over 80% of women between the age of 25 and above are in one SHG or another operating under the famous traditional name “ chama” meaning pooling together.

It's observed that those SHGs that shift from the traditional Chama operations and small time merry go round activities and adopt the corporate outlook. They are able to perform tremendously well economically socially and politically. There is therefore the need to re- look in to the governance strategies employed vis a vis the desired corporate governance strategy as a way of tapping the full potential of the majority of SHGS operating below potential. To achieve the desired corporate governance, the leadership in these chamas needs proper empowerment through training. According to Justin Y., C. Monga (2011), Chamas dynamics promote growth in the entire economy.

This study therefore looked at proper corporate governance of enterprises formed on a community platform through self-help groups. This is because the self-help groupings have become very popular among all the communities in Kenya living in both rural and urban Centres. They have provided avenues of pooling resources together to reduce individual poverty level generate more income and solve common social and economic problems among community members. Their potential cannot be understated. Millions of shillings circulate between these member groups albeit in an informal setting. These monies, if managed formally and in a corporate platform are likely to create better performance for the sake of the members, groups and the entire economy. In recognition to the above contributions to the entire economy, there is need to relook into the various dimensions of empowerment – material, leadership programs, cognitive, perception and relation for a sustainable growth and development.

Access to a pool of resources from individual member makes the members experience “power within” displayed in increased self-esteem, some degree of independence and confidence. At the economic level, the group member have individually made strides in reducing

poverty levels, have acquired otherwise impossible resources for their families and have educated their children. Socially, the members have participated to alleviate pain in times of a peril, have made better social events for each member. Involvement in social groups has enabled women to have a voice in the community affairs and they have been able to tackle problems such as lack of clean drinking water and electricity as well as access to better health facilities. An otherwise economically poor individual gains strength as part of a group. Besides, financing through SHGs reduces transaction costs for both lenders and borrowers. While lenders have to handle only a single SHG account instead of a large number of small-sized individual accounts, borrowers as part of an SHG cut down expenses on travel (to & from the branch and other places) for completing paper work and on the loss of workdays in canvassing for loans. To meet the credit needs of the poor by combining flexibility, sensitivity and responsiveness of the informal credit system with the strength of technical and administrative capabilities and financial resources of the formal credit institutions.

Statement of the problem

The self-help groups forms part of lifestyles in most of developing countries. 80% of adults in Kenya belong to one form of self-help group to another (Kinyanjui, N. 2010). Such groups primarily form to improve living standards of the members. Groups undertake a wide variety of social and economic activities founded on savings and credit schemes, income diversification. Individuals joining a SHG expect to share social and economic risks, alleviate poverty, generate income through entrepreneurial activities as well as make major investments that enhance personal economic growth and development. The potential in such groups is enormous if only its tapped and directed to achieve desired results (Karnani A 2011).

Despite this high vision, members however have little knowledge on how their objectives shall be achieve and may not initially understand how to govern or how they should be governed and what activities they have to pursue to achieve their perceived and desired goals. Their activities and operations therefore continue to be adhoc and they all become takers of what comes. Majority of these group member lack appropriate training and education to make feasible investment decisions.

Sustainability and economic development strategies may be beyond their thinking and as such many spend years on edge doing the missionary traditional activities that bring no desired or perceived benefits. As such many group members get disillusioned, and all they do is move from one group to another or disintegrate. Irrespective of this gloomy scenario, the potential possessed by these groups cannot be under estimated. They have the financial

capacity, the commitment, human resource and the time to create social, economic and political mileage if only all these resources are well governed and focused.

From studies done, It's observed that a minority of SHGS, like Kenya women finance trust (KWFT), Jamii Bora trust, heifer international and a few others in Kenya have able to achieve their perceived goals and make remarkable contributions in the lives of their members and have been able to transform to major economic empires. The kind of leaderships and style of governance observed in these succeeding SHGS is biased towards corporate governance. They have commercialized their operations and moved completely out of the traditional chamas outlook. Is it possible that corporate governance is the key that makes the difference?

The study sought to understand the effects of corporate governance on the performance of SHGs in terms of capital growth, assets acquisition and personal and group development.

Justification of the study

The last two decades have seen many African governments and other stake holders take keen interest in the operations of SHGS. This is in recognition of the potential these groups hold. The stakeholders and the government have created financial programmes that target these groups and a lot of funds have been channeled to them. It's therefore paramount that these groups change their traditional ways of operations which research has shown its weaknesses and adapt to strategic governance to achieve better results. As such, this study shall create an understanding on good governance strategies to the government, investors and the SHG members to achieve desired results for all.

Scope of the study

The study shall involve ten SHGs operating in Thika town and its environs. It shall focus on the performance of these groups for the last five years in terms of capital gain, asset gain, personal and group development.

General objective

Analyzing the effects of corporate governance on the performance of SHGs

Specific objectives

1. Evaluating the effects of transformational leadership on performance of SHGs
2. Analyzing the role structural governance on performance of SHGs
3. Investigating the effect of training on performance of SHGs
4. Analyzing the role of empowerment on performance of SHGs

Hypotheses

Ho_i : transformational leadership has no significant relationship to positive performance of SHGs

Ho_{ii}: structural governance has no significant relationship to positive performance of SHGs

Ho_{iii} training has no significant relationship to positive performance of SHGs

Ho_{iv} empowerment has no significant relationship to positive performance of SHGs

LITERATURE REVIEW

Theoretical Framework

Corporate governance is the establishment of a system of rules, practices and processes by which a company is directed and controlled. It specifically involves balancing the interests of the many stakeholders that forms the membership of the organisation. It is a process of regulating, controlling, coordinating and manipulating the firms or any form of economic and non-economic activities. In the terms of a SHG, corporate governance can include a framework of rules and regulations that ensures conformity, accountability, fairness, equity and transparency in the operations of the group. It is a set of procedures and defined responsibilities that govern the group.

Agency theory

This theory explains the relationship between the owners of the organization and the agents that work for the organization. There is always a conflict that arises when the desired interests and goals of the owner contradicts those of the agents and the owner is not able to specify them. Similarly there is the conflict of attitude towards risk tolerances. The members of SHGs depend on the elected leaders who frequently will seek this position to drive personal agenda. They often take advantage of the illiteracy levels of the members who cannot articulate their desires, can't demand accountability and compliance to the group's guidelines. If these groups are to achieve desired results, the leaders must separate their personal interests, and have similar attitude towards risk during investments.

Resource Dependence and Stewardship Theory

Resource dependence ideas were originally developed by Pfeffer and Salancik (1978). Unlike agency theory, their original ideas were inductively derived from empirical studies. Their key contribution is the observation that the board, and in particular the constitution of the non-executive element of a leaders , can provide the organisation with a vital set of resources: 'When an organization appoints an individual to leadership, it expects the individual will come to support the organization, will concern himself with its problems, will variably present it to others,

and will try to aid it' (1978:173). Seeing the leaders as a source of resources for an organisation opens up a very different way to think about the leaders' role in creating high performance. (Hilman and Dalziel 2003). This phenomena is an ideal situation for any SHG and if enhanced through training, the performance of these groups can be enhanced tremendously (Schwab P. 2001).

Stewardship theory

Contrary to agency theory's pessimistic assumptions about the self-interested and self-serving motives of leaders, stewardship theory suggests the potential for what it calls the 'pro-organizational' motives of leaders. What drives performance here is not the aligned greed of a leader but their personal identification with the aims and purposes of the organization.

This theory assumes that there is an alignment of the leader's interest to those of the organization. This would really work for the SHG in Kenya and elsewhere due to the fact that the groups depend heavily on the goodwill of their leaders. In deed the performance of any SHG is dependent on the propriety of its leaders. They are capable of creating the right atmosphere for corporate performance.

Stakeholder Theory

Stakeholder theory challenges agency assumptions about the primacy of member's interests in the case of SHGs. It argues that an organization should be managed in the interests of all its stakeholders. These interests include not only those of the shareholder but also a range of other direct and indirect interests. The SHGs have a wider membership scope than the principal member. They are made of social circles including family members, friends and neighbors. All these stakeholders will suffer if the principal member suffers. It is therefore paramount that the leaders embrace the stakeholder's agency principle. These ideas were originally developed by Ed Freeman in the 1980s, but have achieved a wider currency in the United Kingdom although in the corporate company to achieve desired performance. In terms of corporate governance it is argued that, were executives not made accountable to all of the company's stakeholders they would, in effect, be answerable to none. Enlightened stakeholder theory therefore suggests the practical value of accountability to shareholders.

EMPIRICAL REVIEW

Majority of SHGS engage in a variety of activities with a common denominator of poverty alleviation and women empowerment. Some are registered while others are not. Despite their adhoc operations, lack of basic education or training these groups control millions of shillings. A

number of governments are oblivious of the potential of these common set ups and hence have not come up with policy guidelines to assist in proper corporate governance to achieve better results, a number of SHGs have in the recent past attracted nongovernmental organisations assistance and have achieved tremendous economic and social gains. For instance the BOMA project in the rural Pokot Kenya achievements cannot be underestimated.

The BOMA Project is a U.S. no-profit and registered Kenyan NGO with a proven track record, measurable results and a transformative approach to alleviating poverty and building resiliency in the arid lands of rural Africa. To date, The BOMA Project has launched 1,380 micro-enterprises across Northern Kenya, impacting the lives of 4,668 adults who use the income and savings to support 23,340 children. Total impact: More than 28,000 women and children lifted out of extreme poverty. The project operates under its founder member CEO Kathleen Colson. This NGO under their initiative in the name of “rural entrepreneurs access project” (REAP) replaces aid with sustainable income and helps women to “graduate” from extreme poverty by giving them the tools they need to start small businesses in their communities. With this new and diversified source of income, they can feed their families, pay for school fees and medical care, accumulate savings for long-term stability, survive drought and adapt to a changing climate. Kathleen Colson on “let’s talk” TV show : July 18 2012, hosted by SalleyGibney, explains how BOMA has helped 4,668 women in Northern Kenya to graduate from extreme poverty through a two-year program that offers a \$150 grant, hands-on mentoring, and training in business skills and savings (See appendix i).

However, without watering down the achievements made by the above groups, majority of women self help group in Kenya continue to operate in their missionary style i.e. meet monthly, contribute money that go to merry – go -round activities. They are caught up in that web for decades and lack understanding on how they can free to operate in a more economically viable manner .they are content with their small status that guarantees them of social meetings and a small income. These become the target of this study to free the member from the circus.

Both scenarios are not only prevalent in Kenya but in all parts of the world, for instance the Government of India and state authorities alike have increasingly realized the importance of devoting attention to the economic betterment and development of rural women in India. The Indian Constitution guarantees that there shall be no discrimination on the grounds of gender. In reality, however, rural women have harder lives and are often discriminated against with regard to land and property rights and in access to medical facilities and rural finance. Women undertake the more onerous tasks involved in the day-to-day running of households, including the collection of fuel wood for cooking and the fetching of drinking water, and their nutritional

status and literacy rates are lower than those of men. They also command lower wages as labour: as rural non-agricultural labourers, women earn 44 rupees per day compared to 67 rupees for men. Women's voice in key institutions concerned with decision making is also limited. In 2007, only 8 per cent of all seats in the national parliament were occupied by women. As such the government has engaged institutions and non-governmental organisations to run programmes to empower women. In Tamil Nadu (India), the role of women has in the last one decade changed from that restricted to caring for children and housekeeping to one running vibrant women groups. In this town of Tamil, for example 73 women groups have been formed in 59 villages with a total membership of 2167. The government in India says that the creation of women groups constitute the backbone of its work as a way to develop village communities and empower women socially, economically and politically. NABARD (a banking linkage institution in India) estimates that there are 2.2 million SHGs in India, representing 33 million members. The aim has been to unite women villagers to campaign for better rights and an increased role in decision making. Strategies are discussed to improve the education, health care and economic status of the people.

Many self-help groups, especially in India, under NABARD's SHG-bank-linkage program, borrow from banks once they have accumulated a base of their own capital and have established a track record of regular repayments.

This model has attracted attention as a possible way of delivering Micro finance services to poor populations that have been difficult to reach directly through banks or other institutions. "By aggregating their individual savings into a single deposit, self-help groups minimize the bank's transaction costs and generate an attractive volume of deposits. Through self-help groups the bank can serve small rural depositors while paying them a market rate of interest.

NABARD estimates that there are 2.2 million SHGs in India, representing 33 million members that have taken loans from banks under its linkage program to date. This does not include SHGs that have not borrowed. "The SHG Banking Linkage Programme since its beginning has been predominant in certain states, showing spatial preferences especially for the southern region – Andhra Pradesh, Tamil Nadu, Kerala and Karnataka. These states accounted for 57 % of the SHG credits linked during the financial year 2005-2006.

Women's empowerment has long been a central feature of the partnership between IFAD and the Government of India. Key instruments for supporting women's empowerment are self-help groups, whereby 10-20 rural women from the same village, mostly poor women, come together to contribute two-weekly or monthly dues as savings and provide group loans to their members. The self-help group approach was not created by IFAD-supported operations, but IFAD has contributed to the mainstreaming of this approach in India and to financing

programmes for promoting self-help groups in states such as Tamil Nadu and Maharashtra supported by the Women's Development Corporation, an arm of the State Government involved in supporting women's development.

The government of India has importantly helped self-help groups establish links with microfinance institutions and commercial banks. For example, the Firsipur branch of the Bank of Maharashtra is financing more than 400 self-help groups in the district, lending on average about US\$1,600 per group. The bank has set up its own in-house NGO to support these efforts. Loans are provided only to the groups, not individuals (although the groups normally on-lend to individual members). Recovery rates on the loans stand at 99 per cent. In addition to lending to self-help group, which is profitable for the bank, ancillary business has been brought in through self-help group members opening deposit accounts and taking loans as individuals. The impact of the commercial banks' links to self-help groups is attested to by members. In Urali Devachi village (mentioned in the box), members' loans have provided the wherewithal to purchase a flour mill, and the working capital for a market stall selling refreshments and a shop selling saris. Members have used the loans to pay off moneylenders, and for education and health needs.

The UNDP has identified strategies empowerment i.e. social mobilization and collective responsibility. The organization argues that women often lack or are denied the basic capabilities and self-confidence to counter and challenge existing disparities and barriers against them. They also lack recognition by all stakeholders among economic drivers.

In this view, there is need for the creation of an agent to consciously catalyze social mobilization. Social mobilization needs to be guided to achieve sustainable activities, projects and development complemented by economic security. As long as the disadvantaged suffer from economic deprivation and livelihood insecurity, they will not be in a position to mobilize (UNDP 2001). In many developing countries (especially in South Asia), one strategy which has been found to be promising is participatory institution building into the self-help groups, often coupled with savings and micro credit loans (ESCAP, 2002). Mayoux, (1995) has identified three 'paradigms' on micro-finance and gender. The 'financial self-sustainability paradigm', currently dominant within most donor agencies and USAID, World Bank, UNDP, etc. assumes that increasing women's access to micro-finance services will lead to individual economic empowerment, well-being and social and political empowerment.

It provides little opportunity for client participation, group self-management or autonomy (Rahman 1999; Mayoux 1995). The 'Poverty alleviation paradigm' has its rationale for targeting women, because of higher levels of female poverty and women's responsibility for household well-being. The 'feminist empowerment paradigm' is based on a mutual or self-help approach pioneered in India in the early 1980s. It is rooted in the development of some of the earliest

micro-finance programmes in the South, particularly SEWA and WWF in India. It emphasizes high levels of group ownership, control and management. Mayoux argues that the very process of taking decisions within the group is an empowering process and so can lead to broader development outcomes, such as the greater participation of women in local government processes, and so on.^{4A} A self-help group consists of 10-20 members drawn from a relatively homogeneous economic class (i.e. poor), self-selected on the basis of existing affinities and mutual trust; members meet regularly at a fixed time and place and pool their savings into a common fund from which they take need based loans. The group develops its own rules and regulations and sanctions for violations; the meeting procedures and processes, leadership change norms, intensive training and handholding, are designed to enable SHGs to function in a participatory and democratic manner. The objectives of the SHGs go beyond thrift and credit – and include the overall development of members in the social, political, cultural and economic arena; thus the SHGs are ‘credit plus’ institutions (Fernandez, 1998).

The World Bank's *Empowerment and Poverty Eradication: A Source Book* defines empowerment in its broad sense as the “expansion of freedom of choice and action” (Narayan, 2002). It has suggested that empowerment of women should be a key aspect of social development programs (World Bank, 2001). United Nations (2002) defines empowerment as the process by which women take control and ownership of their lives through expansion of their choices. It is a process by which the long term marginalized gender acquires power to explore and experiment, define own goals and act upon them (Kabeer, 1999). There is a clear indication that better performance can be achieved through proper governance of SHGs. There is a lot of entrepreneurship capability within these groups that can be tapped to create sustainable development. According to Howell, Jane M.; Avolio, Bruce J. (1993), Transformational leadership, transactional leadership, locus of control, and support for innovation are the key predictors of consolidated-business-unit performance. It has been argued that transformational leaders increase group effectiveness by empowering followers to perform their job independently from the leader, highlight the importance of cooperation in performing collective tasks, and realign followers' values to create a more cohesive group.

A study conducted by Jane, Bruce and Avolio on 73 managers revealed that embracing transformational leadership strategies made three organizations led by these transformational managers perform better in profitability, productivity, capital and asset base growth. The study also wanted to examine whether transformational leadership would be positively related to followers' perceptions of empowerment, group cohesiveness, and effectiveness. Forty-seven groups from four Korean firms participated in this study. Results of partial least squares analysis indicated that transformational leadership was positively related to empowerment, group

cohesiveness, and group effectiveness. Empowerment was positively related to collective-efficacy, which in turn was positively related to group members' perceived group effectiveness. (PsycInfo Database Record 2012, Ndikumana L, Boyce JK 2011).

Study on structural

Many scholars have advanced the argument that creating a governance structure in any entity is the gateway to performance. This prepares the entity to consistently address and respond proactively to external factors and this has a bearing on its path to creating sustainable growth and development. It's noted that well governed entities largely perform better and that good corporate governance is of essence to firms (Miring'u Alice N.1, Muoria Esther, 2011). This is however a new concept to the African "Chama" setting although in the recent decades, it is being embraced in most African countries like Ghana, south Africa and Asia (Berglof and Von Thadden, 1999). According to Bebchuk, L., Cohen, A. and Ferrell, A. (2004), there is a very high positive correlation between corporate governance and entity's performance. Research has shown that corporate governance strengthens efficiency, leader responsibility, transparency, honesty, integrity and accountability (Miring'u Alice N.1, Muoria Esther, 2011).

Training and Empowerment

Though the SHGS have managed to access to credit, circulate millions of shillings, attend to a milliard of social welfare needs, their performance have continuously remained below desired levels. According to Kumar& Krishnamurthym, (2013), training and Development function plays a significant role in energizing and empowering human resources by increasing their skills through innovative and productive programmes. Women self-help groups are at present playing a vital role in the personality and skill development of women in many economies. Training in management, entrepreneurial skills and leadership provide the women with the required skills and attitudes that helped them propel their groups into tremendous heights economically and socially. It is suggested that adequate technical skills and finance should be provided to create right capacity for financial decisions.

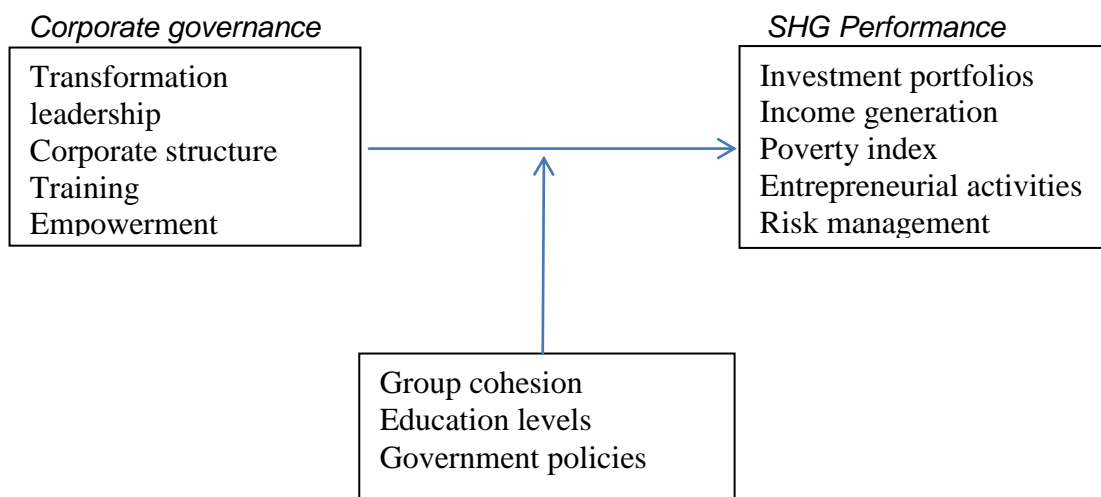
Transformational leadership

Wikipedia defines transformational leadership as a style of leadership where the leader is charged with identifying the needed change, creating a vision to guide the change through inspiration, and executing the change in tandem with committed members of the group. It serves to enhance the motivation, morale, and job performance of followers through a variety of mechanisms. These include connecting the follower's sense of identity and self to the project

and the collective identity of the organization; being a role model for followers in order to inspire them and raise their interest in the project; challenging followers to take greater ownership for their work, and understanding the strengths and weaknesses of followers, allowing the leader to align followers with tasks that enhance their performance. This concept articulates what is really required from SHG leaders (Judge, Timothy A.; Piccolo, Ronald 2004).

Conceptual framework

Figure 1. Conceptual framework



Independent variables: Transformation leadership, corporate structure, Training, Empowerment are the variables that may influence positively or negatively the change on the dependent variables.

Dependent variables: Investment portfolios, Income generation, Poverty index, Entrepreneurial activities, Risk management. These variables change with the change of the independent variables. The change may be direct or inverse.

Moderating variables: The researcher acknowledges that Group cohesion, Education levels of the members and leaders of SHG and Government policies may influence the relationship between the independent and the dependent variables. However due to time constraints, the researcher did not focus on these moderating variables.

RESEARCH METHODOLOGY

Research Design

The study adopted exploratory design. This design enabled the researcher integrate the different components of the study in a coherent and logical way, thereby, ensuring effective address to all the research questions.

Target population

The study population consisted of all the members of 10 self-help groups that are registered with the sub county social services department. They have a standing total membership of 244 women and are operating in Thika Town and its environs.

Sample and Sampling Technique

A sample denotes subjects selected from the target population to be included in the study. Sampling is the process of selecting a particular subset of subjects from a larger population with whom to conduct the study (William, 2003). To establish the sample size, Yamane formula with an error margin of 5% was used (Yamane, 2004).

This study applied stratified sampling technique to ensure all the 10 groups are represented (Cooper *et.al* 2013). Through stratified simple random technique, the researcher selected 30% of the members to form a total of 73 respondents. This is representative enough sample according to Fisher's *et al* 1998; Kothari, 2008.

Table 1: Sample size

S/No.	Target Groups	Membership	Sample Size
1	Mwangaza women group	30	10
2	T-Skats self-help group	21	6
3	Visionary ladies SHG	24	7
4	Tangaza self help group	28	8
5	Nyakati self-help group	20	6
6	Amazing mothers	18	5
7	Thika teachers SHG	28	8
8	Umeme SHG	25	8
9	Millennium SHG	22	7
10	Happy Valley SHG	28	8
TOTAL		244	73

Data Collection Procedures

The study utilized primary data using Questionnaire (see Appendix i). The researcher self-administered questionnaires for primary data collection through drop and pick method.. The 'drop-and-pick-later' approach was found useful to give the respondent time to think through the questions.

Data Analysis and Presentation Procedure

The process of data analysis involved several stages. Here, completed questionnaires were edited for completeness and consistency. The data was then coded and checked for any errors and omissions (Kaewsonth and Harding, 1992). The data was analyzed using SPSS package version 20.0. Results were presented using descriptive statistics. Correlation coefficient and regression were used to analyze the relationship between corporate governance and performance of self-help groups.

The research was guided by the model ; $y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + e$,

Where;

y =SHG Performance

x_1 =Transformation leadership

x_2 =Corporate structure

x_3 =Training

x_4 =Empowerment

e = error margin

RESEARCH FINDINGS

Approximately 100 questionnaires were distributed to the various women groups. Out of that number, 68 filled questionnaires were responded and collected for analysis which was 93% response rate (See Appendix iii).

Objective one: Evaluating the effects of transformational leadership on performance of SHGs

68 out of 73 respondents returned the questionnaires. They were asked if their leaders are able to communicate growth ideas articulately 11% strongly agreed, 55% agreed, 3% remained neutral, 18% disagreed and 14% strongly disagreed. This shows that majority agreed on this fact. The respondents were asked to respond on the risk taking tendencies of their leader and as indicated above, majority said she takes risks easily. A total of 38% either strongly agreed or agreed on the fact that they can predict their leader's actions. However 50% remained neutral

and 12% disagreed to this fact. The respondents were asked if they always receive contingent reward for good performance. A total of 62% strongly disagreed and only 38 agreed to this fact. Its clear that the leaders do not motivate the members t participate more in the group may be since the attitude is that they are in the group in their own resolve and do not need to be motivated to participate. Asked if their leaders controls the expenses very well, 86% disagreed. Only 14% agreed. Majority of the members felt that the leaders are not very good in spending. Asked if their leaders offer a purpose and define short-term goals, 71% agreed on this fact while 10% remained neutral and 19% disagreed. The respondents were asked if they always identifying with the needs of the leader, 46%agreed while 40% disagreed and 14 % remained neutral. 71% reported that their leader is charismatic and inspires/ motivates them, 10% remained neutral and 19% disagreed. Asked if they admired the ways that their leaders cause followers to identify with them,70% agreed while 30% disagree. The members were asked if their leaders makes them have a strong conviction and a stands on issues, 55% disagreed, while 35% disagreed. 10% were neutral. Is your leader able to articulate our vision that is appealing and inspiring to followers? To this 46% agreed, another 46% disagreed and 8% remained neutral.

In general, majority disagreed with most of the statement, indicating that the leaders did not score well in most of the criteria.

Objective two: Analyzing the role of training and structural governance on performance of SHGs.

From the 68 respondents, 79% said that their groups disagreed that thy plans for every investment to be undertaken, 21% agreed to this fact. Asked if their group has a formal leadership structure, 60%disagreed wile a minority of 40% agreed. Asked if the financial decisions are discussed formally, 74%agreed while 26% disagreed. Asked if they are able to make good choices on investment portfolio, a majority of 84% disagreed . only 16% agreed to this fact. This means that investments are adhoc. The members were asked if their leader is good at resource mobilization and a total of 63% disagreed 20% remained neutral while 17% responded positively. Asked if Budgeting is taken seriously in their group, a majority of 78% disagreed , 12% were neutral and only 10% agreed. The members were to respond of if their group has insured the members interests . a total of 84% disagreed, 13% remained neutral and only 3% agreed to this fact. Asked if the group members are trained on book keeping, management and leadership, a majority average of 80% disagreed 6% remained neutral and 14 % agreed to the facts. Asked if training is programmed and executed regularly, 92%

disagreed and only 8% agreed to this fact. From the findings, it's obvious that these groups lack training on most of the skills that would make them perform better.

Objective three: Investigating the effect of empowerment on performance of SHGS

On empowerment, the members were asked if there is reported increase on incomes in their group, 54% agreed, 37 remained neutral and 7% disagreed. Asked if the assets value have gone up by 5% for the last one year, 68% agreed, 20% were neutral while 12% disagreed. Have your group received some funds from the government in the last one year? To this a majority of 78% agreed, 15% remained neutral and only 7% disagreed. The respondents were asked if their investments have increased in the last one year and a whole of 37% remained neutral, 20% agreed while 43% disagreed. Asked if the member has acquired some asset through the group, only 34% agreed while 66% disagreed. They were asked if the member has improved own incomes in the last six months, and a majority of 57% agreed, 29 % remained neutral while only 14% disagreed. Asked if they have attended some training in the last one year, and 79% disagreed, 13% were neutral and 8% disagreed. Have you been able to finance for your children's education for the last one year?. To this 52% agreed, 20 remained neutral and 28% disagreed. Asked if they have been involved in decision making process in the group, a majority of 61% agreed 12% remained neutral while 27% disagreed. Are you contented with the group's performance? The respondents were asked. To this, 58% agreed, 29% remained neutral while 13% disagreed. An observation is made that to many statements, quite a number remained neutral. This could be due to the fact that the statements touched on personal gains and majority were not comfortable with disclosing this information. In general however, the performance of the group and that of the individual respondent is average.

Multivariate Regression Analysis

Regression analysis is a statistical tool that identifies the relationship between a number of variable : a dependent variable whose value is predicted by multiple variables. By the use of the model $Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + e$

Table 2. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the estimate
1	.898 ²	.806	.728	.53636

Table 3: Regression Analysis Summary

Model		Unstandardized		Standardized	T	sig
		coefficients		coefficients		
		B	Std. Error	Beta		
1	Constant	1.478	.541		2.733	.008
	Transformation leadership	.763	.067	.098	11.3380	.009
	Corporate structure	.546	.096	.106	5.6875	.021
	Training	.588	.088	.179	6.6818	.21
	Empowerment	.672	.094	.131	7.1489	.038

a. Dependent variable ; performance of SGH ; Investment portfolios, Income generation ,Poverty index Entrepreneurial activities ,Risk management

b. Predictors: (constant), Transformation leadership, Corporate structure, Training, Empowerment

Table 3 presents the results of multivariate regression on the performance of SGH based on predictor. Holding all the variables constant, transformational leadership will cause .763 increase of SGH performance , while corporate structure, training and empowerments will cause .546,.588 and .672 performance increase respectively .

SUMMARY OF FINDINGS

The researcher focused to answer four questions as follows; is there a relationship between transformational leadership and performance of SHGs, what is the role structural governance on performance of SHGs, what is the effect of training on performance of SHGS and what is the role of empowerment on performance of SHGS. From the findings, it was clear that the leaders of the groups lacked most of the transformational leadership traits. They were not able to communicate the vision to members, provide no Contingent reward, low rating on risks taking. They were however rated high on Charisma and having personal conviction. They also assist members to take a stand the group's issues although members failed to predict their leader job performance.

Similarly, findings revealed that the groups lacked the capability of making right decision on investment portfolio, did not budget their expenses and had not managed any improvement in the last one year. Most groups had not undertaken any formal training on leadership or management. They had no knowledge on corporate governance and most of their activities were not planned but adhoc. From the regression analysis findings, it clear that Transformational leadership contributes most to performance, followed by empowerment , training and finally corporate structure.

CONCLUSIONS AND RECOMMENDATIONS

From the findings, the researcher observes that the groups have great potential. They have enough capital from the member's contributions, government agencies and other financial providers. However they lack the corporate governance outlook. They continue to operate traditionally emphasizing on merry-go-rounds and adhoc investments and activities. As such their level of growth is minimal if any. Self-help groups should embrace and emphasis on transformational leadership and empowerment. This shall in deed create better performance.

The researcher recommends that the groups should undertake training on management and leadership. The government should have a policy that demand proper and relevant training to any group that seeks its funding and that the funded groups or individuals monitored to ensure progress.

Systems should be established to ensure the capturing of 100% revolving fund programme is achieved

Other stakeholders like universities should develop short courses targeting the self-help groups on relevant fields like Management, Leadership, Risk Management, Accounting and Investment Portfolio.

The government agencies to create appropriate network infrastructures to ensure that the funded groups are mentored and coached by other performing entrepreneurs. The SGHs should really embrace transformational leadership since it contribute most to the performance

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APPENDICES

Appendix I: QUESTIONNAIRE

You have been selected to participate in this research to try and improve the performance of SHGS in the Kiambu County. Kindly respond as accurately as possible to the two parts of this questionnaire.

PART ONE

Your name (Optional).....

Name of your SHG.....

How long have been in this group?

Between;

1-5 years

5-10 years

Over 10years

When did your group register with the department of social services?.....

What was your objective of joining this group

.....

On a Linkert scale of 1-5, respond to the statement by choosing 1 strongly agreed, 2 agreed, 3 neutral, 4agreed, 5 strongly disagreed. **Use a tick (✓)**

TRANSFORMATIONAL LEADERSHIP

S/No.	Statement	1	2	3	4	5
1	My leader communicates articulately the ideas for growth and tasks or risks involved.					
2	I can Predictmy leader actions					
3	We always receive contingent reward for good performance					
4	My leader controls the expenses very well					
5	Our leaders offer a purpose and define short-term goals					
6	I always identifying with the needs of the leader					
7	Our leader is charismatic and inspires / motivates us .					
8	admirable ways that cause followers to identify with the leader					
9	She makes us have a strong conviction and a stands on issues					
10	She is able to articulate our vision that is appealing and inspiring to followers					

On a Linkert scale of 1-5, respond to the statement by choosing 1 strongly agreed, 2 agreed, 3 neutral, 4agreed, 5 strongly disagreed. **use a tick (✓)**

TRAINING AND STRUCTURAL GOVERNANCE

S/No.	Statement	1	2	3	4	5
1	my group plans for every investment to be undertaken					
2	My group has a formal leadership structure					
3	The financial decisions are discussed formally					
4	We are able to make good choices on investment portfolio					
5	Our leader is good at resource mobilization					
6	Budgeting is taken seriously in my group					
7	My group has insured the members interests in the group					
8	The group members are trained on book keeping					
9	My group is trained on management and leadership					
10	Training is programmed and executed regularly					

On a Linkert scale of 1-5, respond to the statement by choosing 1 strongly agreed, 2 agreed, 3 neutral, 4agreed, 5 strongly disagreed. **Use a tick (✓)**

EMPOWERMENT AND PERFORMANCE

S/No.	Statement	1	2	3	4	5
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1	There is reported increase on incomes in my group					
2	The assets value have gone up by 5% for the last one year					
3	We have got funds from the government in the last one year					
4	Our investments have increased in the last one year					
5	Each member has acquired some asset through the group					
6	Each member has improved own incomes in the last six months					
7	I have attended some training in the last one year					
8	I have financed my children's education for the last one year					
9	I have been involved in decision making process in the group					
10	I contented with the groups performance					

Appendix II

From the BOMAS dash board the success story can be seen

PARAMETER	CHANGE	IMPACT ON WOMEN AND CHILDREN AT ONE YEAR	CHANGE
<i>New businesses launched since 2008</i>	1,380	Children attending school	78% increase
New business owners	4,668	Made home improvements	95%
<i>Business skills training sessions</i>	73	Built a latrine	20%
Dependent children impacted	23,340	Enrolled in literacy programs	41%
<i>Savings groups launched</i>	176		
<i>Savings training sessions</i>	32		
<i>Businesses in operation after one year</i>	99%		
Businesses in operation after three years	97%		

Appendix III

S/No.	Target Groups	Membership	Sample Size	Responses
1	Mwangaza women group	30	10	10
2	T-Skats self-help group	21	6	5
3	Visionary ladies SHG	24	7	6
4	Tangaza self help group	28	8	7
5	Nyakati self-help group	20	6	6
6	Amazing mothers	18	5	5
7	Thika teachers SHG	28	8	8
8	Umeme SHG	25	8	7
9	Millennium SHG	22	7	6
10	Happy Valley SHG	28	8	8
TOTAL		244	73	68