UNITED STATES INTERNATIONAL UNIVERSITY- AFRICA

FAMILY CHAMA FOR ALTERNATIVE EMPOWERMENT AND SOCIO-ECONOMIC DEVELOPMENT

A THESIS SUBMITTED TO THE SCHOOL OF HUMANITIES AND SOCIAL SCIENCES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE MASTER OF ARTS DEGREE IN INTERNATIONAL RELATIONS

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DECLARATION

I hereby declare that all the information in this thesis is my original work and has not been presented in any other institution other than the United States International University- Africa in Nairobi for academic credit.

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ABSTRACT

This paper examines the alternative development approach that has been established as people centred, participatory and endogenous, with cultural identity playing an important role. The Rotating Savings and Credit Associations have grown and developed over time and across the developing world as an alternative platform for credit and savings for a majority of marginalised people. This paper explores the family centred Rotating Savings and Credit Associations in Kenya as one example of a development approach that is an alternative to mainstream development that is promoting economic well-being and social welfare to individuals. Carried out in Nairobi County in Kenya, the study employed in-depth interviews which were analysed through thematic coding directed by the research questions. The results show that culture does play a significant role in the operations of a family chama and that this social institution has been essential in meeting social welfare needs while significantly interacting with the formal financial sector and promoting economic wellbeing among its members. It concludes by offering some recommendations to financial institutions and to the government on policy considerations relating to social welfare and socio economic empowerment. It is hoped that this study will also encourage development practitioners to inculcate alternative development approaches in their methodologies and theories of change.
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LIST OF ABBREVIATIONS

R.O S.C.A- Rotating Savings and Credit Association

F.S.D- Financial Sector Deepening

G.D.P- Gross Domestic Product

G.N.P- Gross National Product

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LIST OF DEFINITIONS

*Chama*: A Swahili word that means the coming together of people with a common goal or purpose which could be political, economical or communal in nature.
Rotating Savings and Credit Association (ROSCA): Refers to a group of people who come together and agree to save and borrow with the support of each other. In Kenya, such a group is popularly referred to as a Chama

Family: A group of people who are related by blood or marriage.

Family Chama: A group of people related by blood or marriage, who come together and agree to save, borrow and invest in a structured manner.

CHAPTER ONE

Introduction

In the course of the improvement of developmental theories, the mainstream and primarily growth ones that are geared towards economic development have been harshly criticised. The criticisms have gradually led to alternative development theories to mitigate the weakness of the earlier
theories. These alternative approaches and their methodologies have emerged as development paradigm indicating a theoretical break from the mainstream approaches. Scholars have argued that the measure of success for a development approach must and should be placed on the value add for the people to whom the development approach is targeted.

These alternative development approaches have grown as people centred, participatory and endogenous, with cultural identity becoming a major consideration. The Rotating Savings and Credit Associations popularly known as *chamas* in Kenya have grown and developed over a long period of time across the developing world as an alternative platform of credit and savings for a majority of marginalised people. This paper explores the family centred RoSCAs (which shall be referred to as the family *chama* in this paper) in Kenya as one example of a development approach that is an alternative to mainstream development promoting economic well-being and social welfare to individuals.

The research design used qualitative data collection methods and convenience sampling of in Nairobi County. Secondary data in the form of scholarly literature was used to discuss African cultural identity and the cultural ideals that motivate the creation of family *chamas*. The study involved interviews of thirty respondents who belong to family *chamas* was analysed through thematic coding directed by the main research questions. The results showed that culture does play a significant role in the operations of a family *chama* and that this social group has played a noteworthy role in promoting economic well-being while also significantly interacting with the formal financial sector.
1.1 Background of the study

The idea of bringing financial services to a group of people at a micro scale was popularized by the growth and development of the Grameen Bank which was an affordable credit option intended to reach the rural poor in Bangladesh. Similar alternatives to conventional banking practices in many third world countries that grew out of the Grameen project are the savings and credit groups that operate majorly as Rotating Savings or Credit Associations (RoSCAs), where individuals periodically pool funds and redistribute to the members in a pre-determined order. Studies such as those of Ntamazeze (2014) in Rwanda, Varadharajan (2000) in Indonesia and Addison (2006) in Brazil have indicated that these groups have been able to raise the capacities and capabilities of women in these countries and generally increase their self-confidence and self-respect as they become economically empowered. In Kenya, they are commonly referred to as *chamas* and they gained popularity in the late 1980s and 1990s when they were accepted as alternatives to using products in formal financial institutions, which had restrictive characteristics such as high interest rates and or ledger fees (FSD Kenya, 2015). For this reason, the *chama* and its global equivalents have been studied as development tools for promoting financial inclusion in third world countries. The *chamas* have been a preserve of low-income women, instrumental in the development of the rural and urban poor; however, the trend in Kenya has slowly been moving into family networks where blood relatives also constitute a *chama*. Although the family *chama* is not absolutely distinctive to Kenya, not much has been documented about them.

Development has been laden with definitions that lean more on the economic; the level of development of countries is examined against economic measurements such as the Gross Domestic Product (GDP), Gross National Income (GNI), Per Capita income and other similar measurements. These definitions have in the past couple of decades solicited mixed reactions from some
economists claiming that they are insufficient and do not adequately represent the idea of development. Rodney (1972) discusses development as a multi-faceted process that begins with the individual and asserts that at that level, development implies that there’s an enhancement of abilities; the individual grows in not only material well-being but in freedom, skill and capacity as well as creativity and self-discipline.

On the same note, award winning economist Amartya Sen (1999) builds on the idea of development as an individual freedom by defining it as the process of increasing the real freedoms that people enjoy. He argues that current development focus on technological progress, industrialization and social modernization all work toward increasing human freedom. Subsequently, if we choose to define development in this sense, then we direct attention to the ends that make development important rather than the means. The ends here refers to the individual and therefore the individual should be the focus of development agenda and research. His ideas led to the development of the capabilities approach which seeks to focus development research on what an individual is able to ‘‘be’’ and ‘‘do’’ (Stewart, 2013). The capabilities approach also provides the theoretical underpinnings of the Human Development agenda and the Human Development annual indexing. The individual being the focus of development makes him/her the best judge of what they consider valuable and therefore what they should pursue. Nussbaum (2000) using the capabilities approach makes a case for social rights of women. She argues that because of gender disparities, women have lacked the support to lead lives that are fully human and claims that the capabilities approach is the best approach in international development to recognize gender disparity problems and make recommendations for their solutions.

Stewart (2006) on the other hand disagrees with the idea that the individual should form the focus of development research. She opines that human beings cannot flourish alone, human beings are
born in families which, in turn, exist within the societal context and these social groups influence an individual’s character and therefore their choices in life. For this reason, the individual cannot be completely autonomous in their choices because their choices and worldviews are influenced by the society in which they exist. If this is the case, then the individual should not be the sole focus of development research. She asserts that because social institutions are critical to the individual, then development research should also pay attention to the existence and nature of social institutions or social groupings (Stewart, 2013). Etzioni (1993) who concurs, discusses how the individual and the community penetrate each other and continues to say that the individual cannot exist without close links with a social network such as the family, school, neighbourhood associations among others.

Stewart (2013) lists institutions such as families and savings and credit groups as some of the social institutions that have influenced individual lives. For example, in the long run, a child’s wellbeing is determined by whether or not they receive education in their formative years. In societies where children are seen as a source of income, they are denied this opportunity which in turn affects their worldview and individual choices. Other studies have shown that the family is a key institution for carrying out necessary production, consumption, reproduction, and accumulation functions that are connected to the social and economic empowerment of individuals and societies (Mokomane, 2012).

1.2 Statement of the problem

Saving groups such as the ROSCA’s have been a means of providing informal financial services to a group of people who would otherwise not be able to access them. The cost of maintaining accounts for low income clients has been more than the returns associated with providing these financial services hence low income populations have been historically shut out of the financial
services. However, the number of middle income and high income people in RoSCAs has been reported increasing demonstrating that even those who use formal financial services find the savings groups to be a useful complementary service. If indeed the saving groups have served the role of increasing accessibility and cost of financial services for the poor why do those who already have access and can afford the cost of formal financial services still gravitate towards the saving groups?

A major operating model of the Grameen bank was that credit seekers needed to function as part of groups that specifically excluded family members. This was because the bank also used access to micro credit to empower women who had culturally been disempowered. In Kenya, there are more of these saving groups being formed by members of the same family which is paradoxical and the crux of what the study examines. The study argues that ROSCAs in addition to providing informal financial services for the low income populations, also serve needs other than cost and accessibility of financial services. It further argues that an adequate understanding of the family centred RoSCA as an emerging social institution in Kenya responds to the scarcity of culturally appropriate and relevant economic and financial systems; that the social capital and trust networks found in families has been used to achieve personal economic growth with those who have within the family meeting the needs of those who do not have and in the process playing a dichotomous role of economic empowerment and social welfare.

1.3 Objectives of the study

1.3.1 General Objective
The general objective of the study was to explore the existence and nature of the family *chama* as a social institution that provides personal and communal economic growth and while generating a culturally centred approach to development.

1.3.2 Specific Objectives

1. To find out the extent to which the existence of the family *chama* is motivated by African cultural identity.
2. To examine the extent to which the family *chama* promotes the economic empowerment of its members.
3. To study how the family *chama* functions in light of other financial institutions.

1.4 Research questions

1. To what extent is the family *chama* motivated by the African cultural identity?
2. In what ways has the family *chama* functioned to improve the economic empowerment of its members?
3. How does the family *chama* function in light of other financial institutions?

1.5 Justification of the study

The study provides a much needed addition to the existing academic literature on the institutions of the family as well as the savings and credit groups and how the two interact to meet the development needs of the individual and thus the society at large. To the researcher, it is a point of reference, record or yardstick that will encourage further studies. On the same note, it will enrich the growing body of understanding of international development strategies and the need to ensure that the strategies are culturally relevant and appropriate. The study demonstrates that a deep understanding of contextual realities can provide a constructive contribution to development policy
by aiding careful intra-country comparisons to be made of the conditions under which varied reactions to otherwise similar problems arise. This kind of knowledge is also important for perceiving the generalisation of claims regarding the effectiveness of development interventions, more so those clearly engaging with legal, political, and social issues.

To the local formal financial institutions i.e. commercial banks and microfinance institutions, the findings of the study will aid in creating and designing products and services that will meet the needs of the entire family such as those available in some international banks (UBS, 2016). Policy makers will be able to use the study to formulate policies that address issues related to training and capacity building for financial service providers, as well as creating guidelines that will enable the optimal operation of the family chama as a social institution.

1.6 Scope of the Study
The family institution has been studied globally and examined at various angles. This particular study of the family chama, however, was restricted to Nairobi city in Kenya and was limited by a time period of three months.

CHAPTER TWO
LITERATURE REVIEW
2.1 Development studies as an academic discipline
History has shown that development industry has operated as a means of obtaining socio economic control and politically as an elitist campaign for control and exercise of power. It has functioned
as a language through which people are segregated and positioned as those that need redemption and have become projects to be worked upon (Wai, 2007).

The term 'Development Studies' came into use only after World War II. Some have argued that Development Studies was birthed from the decolonisation process in the 1950s and 1960s, as newly independent states sought policy solutions to try and 'catch up' economically with the rest of the world (Sumner, 2006). This is what led to it being mainly an economic thought especially at the wake of the Marshall plan and its ideas.

More distinctly, what separates development studies as a distinct area of study are its three main features describing its rationale, subject matter and its boundaries (Sumner, 2006). The rationale of Development Studies stems from its normative point of departure with other disciplines which is to change people’s lives and to address the growing issue of local and global inequality including gender inequality. The subject matter of development studies has always been the less developed countries or the global south and the standards of living within them. More recent teaching is encouraging the heterogeneity and diversity of the global south that was previously treated as a homogenous ‘Third world’. Lastly, the nature of Development Studies is that it has become closely linked with other social sciences specifically economics, sociology, politics, and geography in the sense of Areas Studies as its biggest competitor. What differentiates Development Studies from Area Studies is its comparative nature since it is not restricted to a global regional block (Sumner, 2006). The comparative nature of Development studies means that heterogeneity and diversity takes a positional place in discussing development theory and policy. Cultural elements have arisen in the discussion of the rate of development between Ghana and Singapore that were comparatively at the same level of development in the 1960’s but achieved vastly different levels of economic growth 50 years later (Ntibagirirwa, 2009).
The treatment of Third World countries as heterogeneous entities has been propagated by culture in several ways; many scholars have claimed that little consideration has been given to the cultural factor in Africa’s economic development. African cultural values have been traditionally perceived negatively by African economists, policy makers, and planners as well as the western institutional donors (Ntibagirirwa, 2009). Subsequently, the inclination has been to move away from them; even those values of solidarity and cooperation which may be of importance in today’s economic and business climate. However, as scholars continue to demonstrate that economic development has failed in achieving sustainable change in individual lives, more attention is being given to factors such as cultural values that empower the lives of individual members of society.

The failure of economic development can be demonstrated by the oxymoron of economic growth without development that has been experienced by many oil producing countries. In Nigeria, poverty has been rising with more than 110 million people living on less than $1 a day, this is notwithstanding the strong growth in Nigeria’s economy. A study done in 2015 showed that in spite of its economic growth, the Nigerian economy has not created decent jobs and poverty is widespread. Social indicators of health, education and other sectors have remained comparatively weak even when the economy was claimed to be growing at between 6-8% between 2011 and 2014 (Edet, 2015). Despite the fact that human development is an important aspect of economic development, the economic growth has failed to reflect on the individuals. For instance, whereas the United Nations recommended that 26% of nation’s budget be allocated to the development of the education sector, only 3% is allocated by Nigeria year on year (Aliyu, 2013). These kinds of failures have motivated the search for alternative development plans that are inclusive and will ensure that all the citizens of a country experience the growth that is occurring at a national level.
Economic development has been promoted by the neo liberal ideas that the freedom to pursue one’s self interests and one’s rational choice will lead to economic growth. These claims have been made by economists who argue that modern economics is based on mathematical methods that are universal despite any existing cultural values (Ntibagirirwa, 2009). Third world countries have been encouraged to embrace these neo liberal economic policies which were strongly and deeply embedded within the Washington Consensus (Williamson, 1993). The success of this grand idea of economic development is associated with its simplicity of logic; that economic underdevelopment leads to poverty, that economic development eradicates underdevelopment and therefore, development is the solution to the problem of poverty. However, scholars have demonstrated that the pursuit of economic development has induced social scarcity by increasing the gap between the haves and the have-nots (Yapu, Wisner, & Luce, 1995). Other studies have shown that rapid economic growth that is not inclusive cannot be sustained.

The assertion that 'the freedom to pursue one's self interest leads to economic growth' was introduced by Adam Smith's thinking on how to increase the wealth of a nation (Smith, 1965). He opined that human behaviour is guided by self-interest but, when we look at the way the economic perspective based on the principle of self-interest has failed in Africa, mainly with the Structural Adjustment Program of the 1980s on one hand, and the economic success the South East Asia on the other, we cannot but wonder whether self-interest really leads to economic efficiency as neo-liberalists would like us to think.

The success of the neo liberal economic policies in South East Asia and its failure in Sub Saharan Africa shows us that pursuit of self-interest and rational choice although effective cannot be the sole consideration when it comes to development planning. The argument in this study is that
cultural values and culturally grown practices that increase the standard of living for the people should be taken into consideration even though they also cannot be the sole focus.

An important aspect of African culture is that of community and cooperation, with the non-individualistic nature of the African coming to the forefront. The African society had the village community as its basis as they believed in having many villages with a controllable number of people in each. This was a requirement to suit the needs of a community-based and man-centred society. For this reason, most things were jointly owned by the group, with a major example being that there was no such thing as individual land ownership. The land belonged to the people and was merely under the control of the local chief on behalf of the people (Biko, 1978). Suffice it to say that poverty was an alien concept; it could only be brought about to the entire community by an unfortunate climate in a particular season. It was never considered offensive to ask neighbors, let alone one’s own extended family for help if one was struggling. In almost all occurrences there was help offered between individuals, communities, tribes, chiefs even in spite of war (Biko, 1978).

An important cultural element that has resulted in the inclination towards community is the Africans’ high regard for man. Africans traditionally do not regard living together as an unfortunate mishap warranting endless competition but as a deliberate act of God to make a community of brothers and sisters jointly involved in the quest for a combined response to the problems of life. It’s man first and therefore all action is usually joint community oriented action rather than the individualism which is the trademark of the capitalist approach (Biko, 1978). Urban living has reduced this cultural aspect to the extent that this sense of community as traditionally experienced is reserved for close family members. Man, that has been highly regarded traditionally finds that his need can always be met within the family regardless of whether they live at close
range with each other or at long distance. This is perceived to be the motivation behind the formation of a family centered Rotating Savings and Credit Associations.

The Rotating Savings and Credit Associations (ROSCA) developed as an offshoot of the Grameen bank strategy that required borrowers to form groups that would provide moral and financial support to the individuals (Yunus, The delivery system: The mechanics of joining, 1998). The idea of the ROSCA has evolved over time, cultural contexts and implementations. Calomiris and Rajaraman (1998) define a ROSCA as a “voluntary grouping of individuals who agree to contribute financially at each of a set of uniformly-spaced dates toward the creation of a fund, which is then allocated in accordance with some prearranged principle to each member of the group in turn.” In Kenya, the ROSCAs (popularly referred to as a chama) gained popularity in the 1990’s with women being at the forefront in organizing themselves in groups that would loan to each other using the rotating beneficiary mechanism. ROSCAs have acted as financial intermediaries by taking the pooled savings of a small group into what can be considered a loan to a participant in each period.

2.2 Theoretical framework

2.2.1 Alternative Development

In the 1970s discontent with mainstream development morphed into an alternative, people-centred approach. This approach has been propagated further both under the banner of basic needs and of alternative development. Over the years and more so in the 1990s it has been strengthened by and associated with almost any form of criticism of mainstream developmentalism, for example, anti-capitalism, green thinking, feminism, cultural critiques, and poststructuralist analysis of
development dialogue. The theory occupies an in-between position by sharing with post-development the radical criticisms of mainstream development but it maintains belief in and accordingly redefines development.

Alternative development can be viewed as a wandering criticism of mainstream development, constantly shifting in position as the latter shifts, a roughly interrelated series of alternative proposals and methodologies, or an alternative development model that employs a definite theoretical break with mainstream development.

It can also be viewed in relation to local development, with unconventional practices on the ground, or as a complete institutional challenge, and part of a global alternative. Generally speaking though, the question of the status and scope of alternative development has largely remained unsettled (Pieterse, 1996).

The main proponent of alternative development theory is (Hettne, 1995) who pushed for the need for 'Another Development'. He discussed the need for a development based on self-regulation and self-sufficiency, ecologically sustainable and small scale, and linked to an ethno politics that is generally at odds with the nation.

Structuralist approaches to development such as dependency theory highlight macroeconomic change, however alternative development focuses on agency, that is, people's capacity to effect social change. According to Pieterse (1996), a basic understanding of alternative development is that it provides an alternative way of achieving development, broadly sharing the same goals as mainstream development but using different means which is participatory and people-centred. He further discusses alternative development, as involving distinctive elements with respect to
development methodology. These elements are that alternative development approaches are participatory, endogenous and self-reliant.

Participatory means that the methodology of development allows for an increased number of people to be involved decision making. The common understanding within a RoSCA is that the decisions are taken through general consensus allowing each member the opportunity to voice concerns and give suggestions. The family *chama* would ideally follow the same pattern and this study will be demonstrating that.

An important distinction of alternative development is its endogenous nature; this means that it is internal and not dependent on external societies or countries. This study will show how the family *chama* developed out of an existing African cultural identity of community relations and engagement and developed to put structures around what has been a distinct feature of traditional African relations.

The self-reliance referred to in the discussions around alternative development is the idea that the alternative provided is an alternative to the state and the market. Historically, ROSCAs developed as an alternative to the market led formal financial institutions and the family *chama* is not any different in this regard (FSD Kenya, 2015). Additionally, there is no government intervention in the running of *chamas* in Kenya as the operational mechanisms are decided at the group level.

This shows that the basic tenets of alternative development are met within the idea of the family *chama*.

2.2.2 Culture Theory
Culture can be defined in many ways; in this paper, we shall undertake the definition offered by (Hofstede, 2011) who says that: "Culture is the collective programming of the mind that distinguishes the members of one group or category of people from others". Culture must always be looked at as a collective phenomenon that can be associated with different collectives. Generally, anthropologists use the term culture in reference to tribes or ethnic groups, political scientists look at it with reference to nations, while sociologists and management theorists look at culture under the scrutiny of organizations (Hofstede, 2011). While there may be different ways in which the term culture may be discussed, societal, national and gender cultures, which are acquired by children from an early age, are much deeper rooted in the human mind than occupational cultures obtained at a school, or organizational cultures picked from a job.

Geert Hofstede, a Dutch researcher is considered by many as a significant informant and researcher in intercultural studies. In his cultural theory, Hofstede draws a framework of values, profound assumptions, and guiding morality that are hard to see and very slow to change. He also conducted a methodical research on these values and put them on a 100-point scale of measurement. This measurement scale was then used to determine the how different countries across the globe stand. Hofstede’s theory allows scholars to consider a wide range of cultures with a comparative perspective and attach a number to it.

One of these values put forward by Hofstede is one that looks at the ideas of collectivism and individualism which are of importance in this particular study.

Hofstede (2011) looks at Individualism on one side versus its opposite, Collectivism, as a communal, not an individual characteristic defining collectivism as the degree to which people in a society are integrated into groups. At the collective level, different communities vary in the level
of weight they place on attachment to a group. With the individualist, are cultures in which the ties between individuals are not tight: everyone is expected to look after him/herself and his/her immediate family. On the other hand, among the collectivist are cultures in which people from birth are integrated into strong, cohesive in-groups, often with extended families that protect them in exchange for unquestioning loyalty and opposition of other in-groups. The issue addressed by this value dimension is an essential one, regarding all societies in the world.

In Hofstede (2010) Individualism Index scores are catalogued for 76 countries and the index shows that Individualism has a propensity to prevail in developed and Western countries, while collectivism exists more in less developed and Eastern countries. Japan is found to take a middle position on this dimension. The Individualism index shows that wealth can result in a change of value, but the reverse is not possible. A rich country can make its people become more individualistic, but having individualistic value does not necessarily ensure that a country will become rich.

An essential characteristic of this Collectivism value is how interdependence is understood in each society. Although interdependence is a universal virtue because nobody can survive without relying on a network of support, individuals are expected to reach different levels of interdependence and this varies society to society. Cultural cinematic representations currently available in the media are enough to understand how being part of a social group and taking shared responsibility are essential in collectivistic societies.

Interdependence is evidenced in what each individual is expected to contribute, and in turn, can look forward to gaining from the group he/she belongs to. Some scholars have even argued that economists get it wrong to calculate buying power depending on individual income, simply
because collectivistic families normally pool their resources together (Hofstede, 2011). The circle of goodwill and mutual obligation goes beyond immediate time and space. Individuals may be expected to help someone because of any of the following reasons:

i. He/she is your colleague or relative; you may not know the person but he/she is a colleague or relative of your colleague or relative.

ii. He/she helped you in the past; the colleague or relative helped you in the past; they will help you in the future, or they will help your colleague/relative in the future.

Everyone is (potentially) in debt to everyone else and this circle of interdependence keeps the cohesion strong. Mai (2017) is quick to mention that this happens more or less everywhere, but the strength of favor network varies from one society to another.

Another notion explored by Mai (2017) within this value dimension of collectivism is trust. Obviously, trust is universal, and it can be further differentiated as affection-based trust (from the emotional bonds between group members) or cognition-based trust (built on the knowledge, skills, and performance of individuals). The affection-based trust is more associated with collectivism and the latter with individualism. In regards to this study on family chama, the question of trust arises in the manner in which the families give control over pooled resources to select members of the family. This trust carries elements of both affection bases and cognition based trust.

2.2 Conceptual framework

2.2.1 Welfare
We will take our starting point from the Oxford Dictionary’s (2001) definition, namely: “welfare 1 well-being, happiness; health and prosperity (of person, community etc.). or 2 (Welfare) financial
support from State.” The word welfare has been historically related to the ideals of happiness and affluence; however, its current understanding first materialized in the 20th century (Williams, 1976).

Welfare can be understood in one way in as a person’s daily life outlook, and in another way when looking at it at the societal and macro level. It also has an apparently different undertone depending on whether one studies it from a mainly economic or mainly sociological viewpoint. Pigou (1950) stressed that the only clear way of discussing welfare is in terms of money. When looking at the macro-level, the appreciation of welfare, money can be, and is, used as an indicator (for example, as GDP per capita).

Often, the concept is used to refer to a set of instruments, thus “the term welfare is used to refer to the objectives of social security organizations and to measures of the performance of systems, schemes or programmes. Distinctions are made between, first, the welfare or well-being of individuals and families, and between individual well-being and that of societies as a whole” (Walker, 2005).

The welfare concept becomes particularly important when discussing the state driven techniques of dealing with abject poverty in developing countries and how states become distinguished as welfare states. The sociological approach of having, loving, and being, also proposes that “welfare” at its very core has something to do with satisfying essential needs of the individuals and families (Allardt, 1975). Allardt (1975) reflects that welfare can not only be understood at the societal macro level, but also at the micro level and, furthermore, that more affluent welfare states might have new areas or risks to deal with or discuss. Put it simply non-monetary facets become
increasingly important for a good life when a certain economic level has been achieved. This means that welfare might therefore not be the same in developed and developing countries.

Discussing the concept of welfare especially when it is being connected the to the concept of the state, implies a clear role for the state in as far its role in helping members of society to have a good life by, for example, the financing and delivery of services and income transfers. While welfare in itself may not be easy to define, at least in a manner that can commonly be agreed upon, but Gross National Product and state spending on welfare policies, happiness, and avoiding poverty could be good indicators (Greve, 2008).

Despite having varying approaches to the perception of the concept of “welfare”, and maybe not even a clear single definition of the concept, it is important to analyse the idea of development in relation to welfare spending trends and the understanding of what welfare is when societies are deciding how and when to spend money.

The concept of welfare is important in this study because of the fact that when applied to the state it is a mechanism through which the state ensures that abject poverty is alleviated. In developing countries the welfare state although claimed to partially exist on paper has not been able to meet the social needs of its citizenry. Traditionally, the African family was the basic structure that performed the role of a social system even before it came into contact with European cultures. This study is endeavouring to demonstrate that the African family in its different faucets is still capable of assuming that role. The workings of the family *chama* is strongly hinged on the financial and economic goals that seeks to ensure that the members of the family not only have their needs met and their general welfare taken care of but that there is a growing sense of economic empowerment
that not only looks at the current needs but future prosperity as well. The families should be encouraged to engage in this and in whichever way aided to do so.

CHAPTER THREE

METHODOLOGY

3.1 Research design

Research design refers to the strategy to be implemented in a study and the arrangement that will be employed in carrying out the investigation. A number of research designs exist that researchers can choose to use in their study depending on how appropriate the design is for the specific research questions and objectives. These are descriptive, predictive, causal, report and exploratory research designs (Sarantakos, 1998).
The research design to be used in this study will be exploratory in nature. The main objective of exploratory research is to ascertain the limits of the surroundings in which the problems, opportunities or situations of interest are likely to be found and to identify the key factors or variables there that will be of significance to the subsequent research. Exploratory research is also the best option when the subject or phenomenon being studied is relatively new and there’s not enough literature existing on it (Patton, 2015).

There is little literature about the family *chama*, this study intends to provide an overview of the linkages between culture and the social institution that is the family *chama* as well as provide possible areas for further research, for this reason, the exploratory research design is preferred.

**Pilot Study**

The study was conducted in two phases. The first pilot-phase took place over a period of two weeks in the month of March 2017 as part of a field research assignment and the second study was done in the months of July and August 2017. This chapter outlines the research methodologies of the study in its entirety while also providing the objectives of the pilot study and how it fed into the rest of the study.

In the pilot study, the data was collected from a group of colleagues who worked in a local commercial bank. This location was selected because it was easy to access the respondents and in many ways, the demographic and educational characteristics of the respondents were similar to those of the second phase of the study.

A total of five respondents were interviewed, as already mentioned the selection process was based on convenience but care was taken to represent various dimensions that were deemed to be important i.e. age, sex and years of operation for the family *chama*. 
The main objective of the pilot study was to understand the motivation of the various respondents to join a family *chama* from an individual standpoint and to create the *chama* from the family standpoint.

The pilot study fed into the core study by giving an opportunity to reconsider and refine the interview questions with an end goal of ensuring that the questions asked were able to respond to the objective of the study. The responses of the interviewees brought to light other questions that could be added to the interview guide. The pilot also played a role in determining which data collection instruments would be most useful for an exploratory study such as this one.

### 3.2 Population and Sampling design

Whereas probability sampling is considered by scholars to be the most rigorous approach for statistical research, it is generally found to be inappropriate for qualitative research (Ritchie, Lewis, & Elam, 2003). For this reason, the study employed convenience sampling which is a non-probability sampling technique (Ritchie, Lewis, & Elam, 2003). Convenience sampling refers to the non-systematic selection method in which the researcher uses samples that are most convenient to find and is preferable during the initial stages of an exploratory research when representativeness is not an issue (Sarantakos, 1998). The respondents that were used to collect the data in this study were those that were closest to the researcher in terms of the knowledge of the fact that they did indeed belong to family *chama*. The informal nature of the family *chama* is such that there is no definitive way of knowing how may exist and where they can be located. The research depended entirely on the existing knowledge of the respondents as well as the references offered by those who had gone through the interview. The initial respondents also provided leads on other people whom they knew belong to similar groups.
The study was carried out in Nairobi County which is an urban centre that is cosmopolitan and hosts a majority of well educated, employed and unemployed people. The study first located individual members of family *chamas* through existing social networks that I as the researcher was aware of. The participants were selected because of their availability which is the basic feature of convenience sampling. Often, these individuals would then provide referrals to other potential participants who were willing and able to participate in the interviews. The study located 30 individuals who belonged to family *chamas* to be interviewed. The interview respondents varied in terms of their age differences with the youngest being 16 years old and the oldest being 71 years old. The number was determined to ensure that a wide range of respondents in terms of age and sex could be interviewed. Since the participants were well-educated, all the interviews were conducted in English. This population characteristic is worth noting because the problem statement in chapter one highlighted the change in the membership of RoSCAs from low income, marginalised women groups to higher income, educated and employed groups. This points to the fact that there are other motivations to joining these RoSCAs other than the inability to access formal financial services.

### 3.3 Data collection

The study used primary data sources with a mix of qualitative data collection instruments; the semi-structured interviews will be a major data collection instrument. Qualitative research can be conducted by making use of a variety of data collection techniques or by choosing one technique specifically. Marshall and Rossman (1999) put forward that data collection methods in qualitative research could be categorized into four types: (a) analysis of documents (b) direct observation, (c) in-depth interviews and (d) participation in the setting
In discussing why a researcher should opt for the interview as a data collection instrument, Mason (2002) suggests that interviews provide data that may not be available in any other form. The informal nature of family *chama* may mean that documentation is not an important or religiously followed practice. Interviews also provide the perfect instrument to adequately capture the nuance and roundedness of data better than broad surveys can provide (Mason, 2002).

Individuals who belong to a family *chama* will be asked pre-set questions which will also give room for them to give responses outside of the specific questions asked. Key informant interviews from experts in saving and credit groups, (*chamas*) were conducted in order to get their view on the intersection of the two institutions. Expert interviews are considered an effective tool for data collection in exploratory research because they provide a quick access to a field that the researcher may not be familiar with, they provide very specific information and are also considered less time consuming than many other methods (Bogner, Littig, & Menz, 2009). Bogner, Littig, & Menz (2009) defines an expert in two main ways a) as a person who is in charge of the development and implementation of solutions and policies or has control over these processes, b) a person who has some information that is of a privileged nature about groups or decision processes. In this study, both definitions seem apt as the expert interview was intended to provide data on the inclusive strategy of the financial sector as well as the growth and development of *chamas*.

The expert interviewed was an Economist from the Financial Sector working with an organisation whose core business includes the facilitation of inclusive finance strategies such as RoSCAs. The questions to be used during the interviews will be prepared based on the research questions of the study and all the interviews will be recorded electronically and through note taking.
To ascertain that the interviews proceeded in a proper manner, I made sure to have secured and verified with the participant the meeting place in the case of physical interviews with adequate space, necessary privacy. Equipment such as the recorder, batteries, and notepad ensured that the interviews flowed and that all was in order prior to the set interview date. Some of the respondents were currently out of Nairobi and so phone interviews were done for these particular respondents. To gain a detailed portrayal of participants’ perspectives related to their family *chamas*, individual interviews were conducted with each lasting about half an hour. The interviews were semi-structured and audio taped. The specific questions explored were included in an interview questions guide.

The individual interview questions were arranged from general information to specific to allow for a divergence of views and practices with the different family *chamas*. Once data was collected through the interviews, the audio recordings were transcribed and transferred from spoken to the written word to make analysis possible. With each interview session lasting an average of 30 minutes, a total of 15 hours of audio was transcribed. The transcription was outsourced to an assistant who reverted with the interviews in Microsoft word format which allowed for qualitative data analysis through a manual coding process. The below section is dedicated to outlining the data analysis and procedures that were used in the second part of the research process.

### 3.4 Data analysis and Presentation

Traditionally, qualitative analysis has not had clear or generally agreed rules and procedures and in many cases, the process of analysing qualitative data combines the data collection and data analysis, such that as data is collected, analysis continues and subsequently evaluation and interpretation follow (Sarantakos, 1998).
Atkinson (1996) further suggested that data collection and analysis are best conducted concurrently in qualitative research to give room for necessary flexibility. In this manner, data collection and analysis transpired in a repeated process until concepts and themes became comprehensive and redundant and it was no longer possible to get new information.

The study was first analysed using a contact summary sheet which has been proposed as a tool for early analysis before drawing conclusions (Sarantakos, 1998). A contact summary sheet is a document that is prepared after an intensive field contact. It seeks to highlight the following, main themes, issues, problems and questions that came up during the contact. It is a single sheet containing a series of summarizing questions about a particular field contact (Sarantakos, 1998). The contact summary sheet was used to document key points that came out of an interview as well as general information about the participant relating to age, employment, and education levels.

In qualitative research, data analysis has a two-fold rationale: (a) to understand the participants’ view points and (b) to answer the research question. Marshall and Rossman (1999) describe qualitative analysis in terms of categorizing and giving meaning to the data. To accomplish these tasks, the research process followed the three-step procedure described by Miles and Huberman (1994) which includes: (a) data reduction, (b) data display, and (c) conclusion and recommendations.

This is the procedure that was employed in the study.

The data reduction process was carried out through the selection, simplification, and highlighting of themes and categories from written contact summary sheers and transcripts, and other available resources. Code names were given to those themes that were detected due to multiple recurrences from the interviews or based on previous knowledge of the topic as well as responses that seemed to particularly provide intrigue. These were then ordered into categories of related topics, patterns,
and ideas that arose from participants’ perceptions. A summary of these codes and themes is provided in the analysis section under Figure 4.9.

The data display was used to incorporate the data collected into an accessible summary that allowed for later conclusion drawing. The display techniques included matrices and graphs as well as pie charts. The matrices are rows and columns of data that were extracted from the coded transcripts and organized according to themes. Verbatim quotations have also been used extensively to support some of the analysis that was being made.

3.5 Ethical issues and limitations

The ethical issues experienced in this study were on the nature of the family as an institution. A lot of the family information is considered to be of a private nature and the use of the data obtained must be purely for academic purposes. The fact that there is also a question on the role and use of finances within the family also requires that increased efforts be made to reassure participants of anonymity and remind them that data collected will only be for academic purposes. These efforts included making sure that the participants understood the purpose of the data collection exercise and ensuring that they gave their consent after a proper understanding of the research. The consent provided was verbal due to the existing social connection with participants. They were also assured that their identities would not be shared at any point and that pseudo names would be used in the presentation and analysis of the information they provided.

Time constraints made it sometimes difficult to carry out the study due to other engagements; however, the limited sampling ensured that the time constraint was well mitigated. Efforts were also made to make certain that the sample size is mixed so that the results of the study are as representative as can be given the sampling criteria.
Another limitation experienced during the data collection process was the availability of the respondents as several appointments had to be rescheduled to accommodate the schedules of the interviewees. For some of the respondents, it meant that physical one on one interviews had to be exchanged for phone interviews. More specifically, the initial plan was to interview two experts with expertise on the workings of the ROSCAs in Kenya as well another on African culture. The second expert interview could not be arranged due to non availability and this resulted in the use of secondary data to provide literary knowledge and information.

Overall, the limitations of the study were mitigated by the use of social networks to get participants who were part of family chamas; this made the data collection process more practicable. As a student who has been well trained in research methods, the researcher was able to employ the key research techniques and approaches while working closely with the research supervisor to deliver the final thesis.

3.6 Summary
The section has discussed the methodological approach of the study as exploratory employing qualitative techniques since little information exists about the family chama as an institution. The data collection instruments, interviews and case study are decidedly apt owing to the fact that they will allow participants to introduce themes that may not be captured within the research questions; which is an important element in an exploratory study.
CHAPTER 4

FINDINGS AND ANALYSIS

4.1 Introduction
The primary goal of this research study was to examine the family chama as a social institution that serves the purpose of meeting the socio economic development needs of its members. The study was also intended to demonstrate that the growth of this particular institution was as a result of African cultural ideals of community, solidarity, and cooperation and demonstrate how this particular institution interacts with the existing financial system. The previous chapter provided a breakdown of the research design and data collection instruments that were to be employed in the research process. The results of the study are intended to provide an understanding of the manner in which the family chama is motivated by traditional and cultural ideals, is a tool through which the socioeconomic needs of its members are met and the interaction between the family chama and the extended financial services industry.

This chapter, therefore, presents the results and findings of the study by providing answers to the research questions in relation to the data information collected from the respondents. The results
from the analysis are interrogated in correspondence with the research questions outlined in the introductory chapter; which is to provide an exploratory overview of the family \textit{chama} in light of the various literature on the practice and theory of development. The chapter will offer a presentation on the various demographic aspects of the respondents in terms of age, sex, education, and level of employment. It will also offer an overview of the various family \textit{chamas} in terms of membership (relations, age, sex, level of income and employment).

4.2 General Information
At the beginning of every interview, the interviewees were asked to introduce themselves and provide information on their age, level of education and employment as well as the level of income for purposes of categorising the interviewees. These categorisations were considered to be the most appropriate for the purposes of this particular study.

4.2.1 Gender
From the questions that answered informants general information, it was found that the females were a majority with 57\% of the interviewees being female and 43\% being male.

The figure below gives a representation of this data.

\textbf{Figure 4.1 Respondent Gender}
4.2.2 Age
The ages of the interviews varied in the following manner: 10% of the interviewees were below the age of 25 and another 10% above the age of 50. 30% of the interviewees were between 35 and 50 years old whereas a majority of the interviewees were between the ages of 25-35, these particular interviewees made up 50% of the total number of people interviewed.

Figure 4.2: Respondent Age

4.2.3 Level of Education
The education level of the interviewees also varied a great deal with the lowest number being those who are still pursuing their education at Secondary or university level. These made up 1% each of the total number of people interviewed. 10% had diplomas and another 10% had postgraduate degrees. 13% of the interviewees had masters’ degree and thus the largest group of those interviewed had attained a bachelor’s degree, this made up 60% of the interviewees. Figure 4.3 provides a diagrammatic representation of the education level.

Figure 4.3 Respondent level of Education
4.2.4 Level of Employment
The employment levels were measured against three levels i.e. those who were unemployed who turned out to be 17% of the respondents, those who were self employed who were 10% of the total and those who were formally employed who had the highest percentage at 73%. Figure 4.4 demonstrates this.
4.3 Demographics of the Family Chamas

The introduction section of the interviews also included a question to provide the demographic details of the chamas that the respondents belonged to. This information is aimed at helping the reader have an understanding of the makeup of the chamas which may help to understand the kind of choices and decisions that are made at the group level. The data in this stage will be described in terms of age, sex, types of chamas (in what way are the members related) as well as the male: female ratios.

4.3.1 Types of family chamas

This study seeks to examine the family chama as a social institution that plays a role in the socio economic development of individuals. While the family in the basic sense is looked at in the nuclear spectrum, in the course of the study it was found that the kind of relations that were
involved in the various *chamas* differed. The *chamas* were of people related either by blood or by marriage but the makeup of each offered different viewpoints. 10% of the respondents belong to a *chama* that was started by siblings (brothers, sisters or mixed), another 10% belonged to *chamas* that was a mix of two or three families coming together. 7% belonged to *chamas* that was restricted to women who were related by blood or marriage while 13% belonged to *chamas* that was started by cousins. A majority of the respondents belonged to family *chamas* of extended family members and nuclear family members at 23% and 37% respectively. The diagram below provides a visual representation of the information.

Figure 4.5 Types of Family *Chamas*

![Diagram showing types of family chamas](image)

### 4.3.2 Employment levels
The other bit of information that the respondents needed to provide was the employment status of the members of their *chama*. The respondents were asked to state how people were formally employed or self employed as how many were not. Those who were not employed were so either
due to retirement, failure to get employment opportunities or were still getting their education. This information was then used to provide an overall portrayal of the employment levels for the study in the form of percentages. As demonstrated below two family *chamas* had employment levels of 50%-70%, sixteen of the family *chamas* had employment levels of 70-90% while twelve of the family *chamas* had employment levels of above 90%.

Figure 4.6 Group employment levels

![Bar chart showing employment levels](image)

### 4.3.3 Size of family *chamas*

An important aspect of the demographic information for the *chamas* was the size measured by the number of members that each *chama* had. Depending on the type of family *chama* the sizes also varied as follows. A majority of the chamas had a membership of between 2 and 10 which stood at 50%, 37% had the membership of between 10 and 30 and finally, only 13% of the *chamas* had a membership of more than 30 relatives with the highest number standing at 45 members. The diagram below provides a visual representation.
4.3.4 Age and male: female ratios
The respondents were also asked to provide the ratio of male and female members as well as give a range of the age of the group (i.e. the youngest and the oldest members). 50% of the chamas had more women than men while 40% had more men than women. 10%, however, demonstrated an equal representation of each of the sexes.

As for the ages, since the respondents were not able to provide an accurate age for each of their members they provided a range. The joint and extended family chamas offered the highest age range with one of them reported members as young as 9 years old and as old as 85 years of age. The chamas that were formed by siblings and cousins had members that were more of age mates than the others while the nuclear family chamas had a more medium age difference.

4.3.5 Age of family chama
Respondents were asked to provide the number of years that their family chamas have been in operation. The data indicated that 73% of the family chamas had been in existence for less than 10
years whereas 7% had been in existence for 20 years or more. This data is presented diagrammatically as below.

Figure 4.8 *Chama* years of operations

### 4.4 Research focused interview responses

The rest of the interview questions were semi structured questions seeking to get answers to the three research questions namely the motivation of starting the family *chama*, socio economic benefits of the *chama* to the members as well as the interaction with the rest of the financial services sector. The interviews were recorded and transcribed and each interview document was coded based on recurring themes that were being raised from the interviews. The total number of codes used was fourteen; which are as follows:

These codes were then categorised based on how they answered the three research questions.
4.4.1 Motivation and the link to African cultural identity

By interrogating the motivation behind the formation of the family *chama* the study hoped to investigate the causal aspects that led to the intentional formation of these social groupings and how, if at all it was intended to better the lives of its members.

4.4.1.2 Cultural identity and tradition African families
Secondary data was incorporated in the study so as to link the traditional African family’s role in economic empowerment, poverty alleviation, and welfare support. The data collected from the books and journals are highlighted two major themes i) Ubuntu ii) role of the family

The traditional African family

Traditionally, the family included not only all the natural parents and their children but also uncles, aunts, and grandparents that were all related to one common person referred to as the ancestor. This is where the entire family acquired their name and their identity. There was an unwritten law that called for collaboration and self help among the members of the family. The African life was a type of un-limited co-responsibility. (Ekpe, 1983)
Relatives also made themselves available in the event that anyone needed help. When there was any kind of distress, members of the same kin went to live with their fellow kinsmen in another area (Rodney, 1974). The family was the group that the African could depend on totally and to whom he owed complete allegiance. It gave the African, individual importance, position, physical provisions and even wealth. Therefore, the role of adaptation, political order and community commitment and maintenance of patterns was demonstrated in the family.

Children grew up in an intense kinship and family situation since from the point of infancy they were constantly dealing with relatives who many times stood as substitutes for their own parents. The children were taught from an early age that they needed to spread their love and regard, worries and concerns over a very large group of people. To say the least, the child is raised up with a strong sense and high regard of the community.

The common support, community, and sense of relationship are some of the major qualities of the traditional African family. It has for centuries appropriated to itself economic, cultural and social functions (Ekpe, 1983).

**Ubuntu**

The major means of production in traditional Africa was the land derived from the need to farm as well as other uses. This land was not owned by an individual but by groups of people such as a family or a clan. The society was primarily built on relationships within these groupings that were based on values other than an ‘economic’ one. (Ekpe, 1983) The land was a feature of the kinship and not the basis of the kinship. Every member of the community was assured of sufficient land to meet his own needs simply by the virtue of being a member or a family or a community.
The word *Ubuntu* was copied from a Nguni (South African ethnic group) saying that loosely translated meant that ‘‘a person is a person because of others.’ It is often described as the capacity in an African culture to show compassion, reciprocity and mutual goal in the interest of building and maintenance of communities. (July, 1975). The idea of *Ubuntu* is present in almost all the parts of the African continent and is a concept shared by all tribes in South, West, East and Central Africa. In Kenya, a derivative of *Ubuntu* is the Swahili word *Utu*. The *ubuntu* ideal did/does not mean that people should by themselves attend to a problem but it does mean that they should look at whether what they are doing will enable or empower the community around them and help it to become better. The images brought about by the *Ubuntu* ideal shows that an African society is generally human centred, community based and socialist in nature. It emphasizes any kind of grouping within an African society. Individualism as an ideology and way of life is not encouraged among the Africans (Herskovits, 1962). The individuals might have had rights but these only existed by virtue of the obligations that each individual brought to the community.

Traditionally, there was very little understanding of social problems as understood today and there were no dedicated organisations that had been created to deal with problems of suffering, scarcity, and want. Whenever these kinds of problems occurred, they were handled by the family or the kinship. The services that are in this day and age referred to as social welfare services were taken up by the extended family; each man was truly his “brothers’ keeper”. The extended family, therefore, provided natural support for members, taking care of the elderly, taking care of those who were sick or handicapped as well as the orphans and the poor (United Nations, 1964).

The family was the structure that provided services that are these days offered by governmental and nongovernmental organized social agencies.
This data collected on African culture provides several points of congruence with the primary data collected through the interviews. The analysis will, however, focus on three main areas:

The data collected from the interviewees showed that most of the family *chamas* were motivated into coming together by the desire to keep in touch and find out what was going on in each other’s lives. The desire to sit down and catch up with fellow family members drew most families into creating a structure around how and when they would be doing it. This is augmented by the literature on African culture that stated that the African society is human centred, community based and social in nature. While many sensed that globalization and western influence was pulling them apart from each other they decided to take an intentional approach to resolve the issue. Therefore, while the very first thought in the formation of these social groups was not necessarily to create an opportunity for economic empowerment as would be the idea goal of a RoSCA, it was indeed motivated by some aspect of the African cultural identity and with time brought in the elements that caused it to function as a RoSCA in its original sense.

Secondly, is the idea of communal ownership of property; the interview responses revealed that a good number of the family *chamas* had a goal of acquiring some kind of property together. The logic of this being the idea that these kind of investments were too large to be made by them individually and that through concerted efforts they would be able to do more. These kinds of investment decisions appeal to these social groups because of the fact that traditionally, as discussed by Ekpe (1983), the land was owned by communities and groups like families and clans. Land which represented the ability to provide for the families and considered the major mode of production could be used by all the members of the community to make sure that they had a meal at the table. The respondents from the family *chamas* said that for the most part the land purchased
was for speculative purposes. Once the property was sold off at a profit, the earnings would be shared out to all the members of the *chama* and everyone would benefit from it.

Finally, the concept of welfare as discussed in chapter two seems to have some elements of it already at play within the traditional African culture. Welfare programs organised by governments, for example, the Ministry of Gender, Children and Social Development in Kenya and nongovernmental organizations are plans to deliberately promote the economic well-being of its citizenry with examples such as the cash welfare benefits for the elderly. The United Nations study on African social welfare systems of 1964 showed that traditionally, the African extended family provided these structural set ups that supported the welfare of those who were unable to fend for themselves within the family. The data from the family *chama* also showed that at least 60% of them had a welfare element to their organization. As to what kind of financial expenses were attributed to the welfare, the respondents listed payment of hospital bills, payment of school fees and taking care of the elderly as the top listed expenses. In chapter two the discussion around the welfare state showed that what welfare looks like in developed versus developing states varied greatly. The strengthening of Kenya as a welfare state was demonstrated by recent attempts a form of cash transfer program to vulnerable segments of the Kenyan population among them the old, orphans and people living with disabilities. Since the programme was launched, there has been worry over some allegations around the mismanagement of the funds as well as the concern of underfunding (Mbitha & Waweru, 2016).

With these kinds of fears and anxieties being expressed over state led welfare programs, the family *chama* provides an alternative form of welfare that is backed by a longstanding tradition of meeting social welfare needs by the extended family. The only difference between the traditional format and the current format may be in the structures that exist to make sure it happens.
The major attributes of an alternative development as discussed in chapter two are that alternative development approaches are participatory, endogenous and self-reliant. The self reliance here means that the approaches are not dependant on state or market intervention for their effective functioning. In this sense, it can be seen that the family *chama* meets this criterion.

What was coming out of the respondents was that it was highly motivated by the desire to stay connected and to stay in touch. As the groups grew and developed then the financial elements of the set up came up and a need to create a structure towards the management of the finances came up.

In response to this particular question, 29 year old Respondent 2 said that,

"The reason we started is that as a group of three friends we used to meet up together very frequently. At some point, we asked ourselves how we can make our meetings more constructive and therefore we started to consider what we can do to better ourselves economically. Eventually, we decided to pull in our three families, our mothers, and sisters and increase the impact of our efforts. (Personal interview, 7th August 2017)"

Another respondent also gave the same view that the initial thought of the group was to keep in touch but later morphed into the *chama*.

"We noted that we were only meeting over Christmas and we wanted to do something more regularly and so that was the first objective. After we met a few times we thought we could do something more constructive with or meetings and so the financial aspect of it came up. We spent time going back and forth drafting our constitution which laid out the financial aspects"
of monthly financial contributions, lending and borrowing limits.”

(Personal interview, 7th August 2017)

71 year old Respondent 30 whose chama started in 1986 had an interesting perspective to offer as well, she said:

The idea was just to meet together and laugh, come together, pray for our children together, share a meal and generally just have an opportunity to have a good time. When you grow up and grow old you generally have less and fewer opportunities to laugh and this was our way of creating this opportunity to abandon ourselves and laugh and eat together. (Personal interview, 7th July 2017)

Respondent 5, who started a chama with her sisters offers a different view in that their very initial reason for starting it was actually motivated by the need to better manage their finances and achieve more as a unit.

I think we had different reasons, personally, it was difficult for me to start a saving culture and so this was an easier way for me to start saving and do more with my money. We started as a simple merry go round but we are now looking to do a bit more investment in the coming year.”(Personal interview, 17th July 2017)

In other cases, there was a specific event that motivated the creation of the chama. Respondent 6 had this to say.
We were at my uncles’ funeral when the discussion started with my cousins; we thought it was unfortunate that the only time we got to see each other was when someone had died or someone was getting married. The *chama* seemed to be the best way to ensure that we stayed in touch and knew what was going on in each other’s’ lives. (Personal interview, 16th July 2017)

The question of the financial goal of the family *chama* was also closely linked to the motivation and the purpose of the starting the family *chama*. Linking the question on the motivation with how the financial aspect came into the picture (how much they contribute and how they use the money contributed) as well as what they hoped to be able to achieve the research was able to highlight three main economic goals: Investment, Lending, and Borrowing as well as welfare. These financial goals are discussed later in the analysis.

The perception of a majority of the participants expressed that the original creation of the family *chama* was not grand so as to say that they wanted to improve their lives in an economic sense. Respondents revealed that they only wanted to create a means to relate socially and formality of the *chama* made it possible to have a reason to come together. As the above excerpts show, the fact that as people belonging to the same family rarely got the opportunity to interact with each other was a major concern and this is what led to the coming together of these groups. Only one respondent gave an opposing view and when further probed, said that there was already a tight knit group that existed with her sisters so by the time they were considering the *chama*, they already had very specific things that they hoped they would be able to achieve when they came together economically.

4.4.1.3 Trust and Cultural identity
Another recurring theme from the respondents was on the question of trust. This was usually in response to two interview questions: *a) Do you belong to another chama? b) What do you get from the family chama that you do not get from the other chamas?*

Very eager to respond to this question, 33 year old respondent 10 said that she, in fact, belong to another *chama* with some of her friends from school. However, what sold her to the family *chama* were the numbers and the ability to bring in a concerted effort to matters that concerned them as a family.

Well...for one, our family *chama* is much bigger than the other *chama* that I belong to, that means that we are able to achieve a lot more. Secondly, in one way or another, some of the money that I make will end up in family related expenses such as contributing towards an uncles’ hospital bills, making sure that our aging grandparents are taken care of, or paying school fees for a niece whose mother is not able to. This constant need to meet expenses that relate to the family made it more appealing to actually have a formal, structured and intentional way of meeting these needs. These are not issues I can bring up in my other *chama* since they do not carry the same weight as they do in the family *chama*. (Personal interview, 20\textsuperscript{th} July 2017)

When further asked why she felt that she had to make an individual effort to meet these needs she said,

That is what I was taught, my parents always taught us that we cannot leave others behind as we grow and progress as individuals. That is also the same thing that their parents taught them and that seems to be the story that keeps
us going. If I know that either way, I will need to step in financially, then it makes more sense to have a structure around how to go about it and that is what for me gives the family *chama* value. I hear this quite often even among my friends and colleagues, we have been taught that we cannot leave others behind as we grow. (Personal interview, 20th July 2017)

Ess who started a *chama* with her cousins had this to say,

We saw our parents come together amongst themselves and handle the family related financial issues as a unit. Seeing this while we grew up motivates us to start the one on our own. For or parents it was an issue to do with handling the estate that that my grandparents had left behind and seeing how they could best use it to improve all their lives in a fair way after which they maintained the meeting and formalized the group. (Personal interview, 25th July 2017)

When probed on why they saw the need to start a separate group she had this to say.

Our parents were older and they had made quite some strides in their economic status. Their monthly contributions seemed to be too high for us as we started our journey and so we thought the best thing to do was to start a separate group. However, the idea would not have come to mind had we not seen how our parents were going about their own *chama*; a lot of what we do is also based on what we have seen them do and what has worked for them. (Personal interview, 25th July 2017)

When asked whether she would consider joining another *chama* she was cautiously optimistic.
I think I would, the only issue I would have is that of trust. It would need to be a group of people that I trusted with my personal information because this is what I have seen with my cousins. The question of money always connects with personal information. This is not difficult because my cousins already know everything there is to know about me and so I feel I can trust them even when borrowing money to meet a personal need. In fact, they are more willing for me to use the chama money because they understand the need at a personal level. (Personal interview, 25th July 2017)

As to the question of African cultural identity on matters of community, coming together in solidarity and bringing a communal aspect to economic development, this was taken as more of an opinion question and received varied responses.

Respondent 12’s answer:

I definitely agree with Steve Biko that these are aspects of African culture especially the fact that we are culturally non individualistic. I have seen this in my family especially in the manner in which we have taken in part of our extended family into our home while they were going through a rough financial season. (Personal interview, 7th August 2017)

An insightful opinion on the communal culture came from Respondent 15:

Yes, I believe that traditional and culturally Africans have always acted in a collective and mutual manner but this seems to have been lost with time and in the age of globalisation. The sense of community seems to have disappeared as people moved to the cities and even to other countries. I
think this is the reason why families look for ways in which they can continue keeping touch and being a part of each other’s lives. The family *chama* seems to have been the default solution for most families that are still trying to maintain that sense of solidarity, togetherness, and common growth. (Personal interview, 16th July 2017)

What was coming out of the interrogation of this theme is that trust was a major influence in the joining and participation of a family centred *chama*. The fact that the family was already in aware of one’s personal and sometimes financial situation made it easier to trust them with even more information as well as with finances. Whereas most of the respondents believed that the coming together of people and communities was an African cultural ideal, it also came up that it is an ideal that is slowly fading away due to globalization and development. The next theme to be discussed is also closely linked to the cultural identity of communal growth.

### 4.4.1.4 Joint ownership of property

Ownership of property is generally regarded as a sign of growth, development, and empowerment; this is a theme that came up severally when discussing the end goal or the vision so to speak of the family *chamas*. While some were okay with just the coming together and the opportunity to be there for each other, a majority of the respondents seemed to agree on the fact they there *chamas* were looking to grow economically in terms of the amount of money they were able to hold (i.e. shares) to the extent that it enabled them to invest in property in the form of land ownership or real estate.

Respondent 16 seemed to be quite apt especially in the manner in which he linked the cultural aspect and the joint ownership of property. He had this to say:
I believe that Africans are culturally wired to be social and communal people. The fact that this is a core part of who we are, it does not seem so strange to hear people saying ‘...let’s come together and pool our resources so that we can buy a plot...’ It is not such a far off thought because it is a natural disposition that if I want to do something and I can’t do it alone then it only makes sense to pull in people that will make it possible. Now, if you already have these people close to you in the form of a family then it makes it an even easier decision. It goes without saying that a family that already has structures put in place on how to handle joint money will make such decisions and choices at a faster rate. (Personal interview, 15th July 2017)

Respondent 10, on the other hand, opined that:

I have always wanted to own a piece of land that I could either build on or sell at a profit but this seemed like an impossible achievement given how much I earn. A couple of months ago my husband and I heard of this great opportunity to but some land in Nanyuki close to where I live. I brought this up in our next family chama meeting and a majority of the members were in agreement that we could pool our shares and make an additional top up to acquire the property. Even though I do not completely own it, I do have a significant share in it. If we decided to sell off the land then we will all benefit from the profit. The best part of this arrangement is the fact that I am the only one who lives near this piece of land and in exchange for keeping an eye on it we agreed that if I could find a way to make use of it I could while we figured out what to with it. Now, this is not
something that non family members would have agreed to. I think because we have such a strong sense of community and togetherness, my gain is somehow considered our gain. (Personal interview, 20\textsuperscript{th} July 2017)

\textbf{4.4.1.5 Economic Empowerment and Social welfare.}

As earlier mentioned, the respondents were asked to list their financial goals as well as provide an overview of how exactly their funds were contributed and how they were used.

The contribution mechanism and amount varied across the different \textit{chamas}. No data was collected on the exact amounts of contribution however for all the \textit{chamas} it was done on a monthly basis.

Respondent 1 said:

One of the reasons we decided to draw up a constitution was because we wanted it to be very clear how we were going to handle the financial aspect of the \textit{chama} so that our members were able to use our resources to benefit them. We set a higher and lower limit of monthly contributions so that everyone could find a way of bringing in something, even the children. For each member, a certain percentage was put on the investment kitty while another was used to offset the expenses of the host for that particular meeting. The investment kitty also served as the lending kitty while we worked on building the amount to a level that we could use it for an investment. Our members are encouraged to borrow from the kitty based on the amount of money they had put in to date and at a low interest rate. The interest rate has been fluctuating every so often because we cannot seem to
decide what is low enough for the members. (Personal interview, 7th August 2017)

71 year old respondent 5 offered a different perspective to this particular question:

You see, the main goal of our chama was really a social one. We just wanted to meet together every so often and catch up. However, this was always at the expense of whoever was going to host a particular meeting. So we decided that we would start a kitty which we called a kiondo (basket) which we would offer the host as a show of appreciation for the hospitality. This was not a set amount but based on one’s ability. Over time we realised that the amount we raised as a kiondo was able to meet the host expenses and have some left over. We decided this amount could be used for other things. That is how we started our welfare fund; the entire amount that was in excess was put aside to cater for emergencies that came up such as meeting hospital bills as well as buying gifts in there was a new born baby or one of our children was getting married.(Personal interview, 7th July 2017)

Respondent 4, on the other hand, says that by the time they were starting a siblings’ chama, they were very clear about what they wanted to do with their finances.

There were projects that we always wanted to get into but we always seemed to want to go about it individually or at least that is what my sisters had tried. As soon as I was able to get a proper job my sisters saw it as an opportunity to embark on these more seriously. So our focus is
purely investment projects that we hope will lay a better future for ourselves and our mother who is a single mum. One of the things I am so grateful we were able to do it to have waster connected to my mothers’ house. Water has been a real challenge for her but once we put our finances together we were able to do this for her. Next, we want to raise enough money to build a block of apartments on the land that was left to us as part of our inheritance. This is not something we could have been able to do as solo projects. (personal interview, 17th July 2017).

The other respondents also gave a variation of the responses already discussed above. The chamas were divided in exactly what amounts of their contributions were used for investment purposes for welfare purposes and for lending purposes. The below table shows how the different chamas distributed the way they used their contributions.

Figure 4.10 Chama activities

<table>
<thead>
<tr>
<th></th>
<th>Siblings</th>
<th>Extended</th>
<th>Nuclear</th>
<th>Cousins</th>
<th>Joint</th>
<th>Womenfolk</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>Lending</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Welfare</td>
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<td></td>
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<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Investment and Lending</td>
<td></td>
<td></td>
<td>2</td>
<td>2</td>
<td>1</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Investment, Lending and Welfare</td>
<td>2</td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Lending and Welfare</td>
<td>1</td>
<td>5</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>12</td>
</tr>
<tr>
<td>Investment and Welfare</td>
<td></td>
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</tr>
</tbody>
</table>

For purposes of the study, respondents were asked to explain what kind of financial expenses for the chama would fall under the three categories.
Investment activities involved any output that was expected to bring back a return either in the short term or in the long term. For most of the families, investment automatically equalled the purchase of land or construction project.

Lending activities included any amounts that were given to members that were expected to be paid back to the chama. A merry-go-round was fit into these categories because it has been described an informal lending mechanism (FSD Kenya, 2015).

Finally, the welfare component involves expenses that related to hosting of meetings, payment of hospital bills, wedding contributions, visiting a newborn and any other expense that was considered to be of a social nature.

In summary, the table shows that 40% of the chamas used their contributions for Lending and Welfare purposes and this cut across all the different types of chamas. 23% used their shares for both investment and lending while 20% used it for investment only with the nuclear family chama coming out as one that had purely investment goals. The chamas that were used purely for welfare and those that mixed welfare, lending, and investment garnered 7% each of the total respondents. None of the chamas had purely lending goals.

For the chamas that had a lending element a further probing question was asked on whether there was a need to provide the reason for borrowing money from the chama. For a majority of the chamas, this was not a requirement however for those that asked for this they listed activities such as business opportunities and payment of school fees as the top borrowing needs.

Closely linked with this theme of economic empowerment and social welfare is the aspect of how these chamas interacted with the large financial services industries, what products and services they used and what products and services they thought could be useful to them.
4.4.2 Interaction with formal financial institutions
A key objective of the study was to find out in what ways these chamas interacted with the formal financial institutions; and so the respondents were required to answer a question that wanted to find out whether or not they had a bank account, how many, if not what alternatives they used.

The data collected showed that 93% of the family chamas did indeed have bank accounts with one or two having more than one. The 7% that did not have bank accounts used mobile banking options provided by m-pesa and m-shwari. They had purchased dedicated mobile lines that were to be specifically used for the receipt and disbursement of funds.

Another key aspect under this was that the chamas that used the part of their contributions on investments had their money invested in money market funds provided by insurance companies and commercial banks.

Two important questions also sought to highlight the kind of relationships that both the respondents and their respective chamas had with the financial sector. These questions were:  

a) What does the family chama give you that you cannot get from the financial sector as a whole?  
b) What kind of products or services do you think the financial institutions can offer your family chama for it to function optimally?

Respondent 10 was quick to mention that his biggest gain from the chama was the quick and easy access to credit.

I tried to get a loan from the bank once and the process was draining and in the end, I did not even get the loan. I am a self employed person and my income is unpredictable. I learnt then that that was a word that the banks did not like. I had an urgent business deal to seal which I lost
because it took too long to get clearance for the loan. Since then I have opted to approach the family chama whenever I have such need. With the chama, I am confident that I will get the loan within two days and I do not even have to explain what I need it for. (Personal interview, 16th July 2017)

Respondent 11’s main point was the lack of human aspect to financial institutions, she said:

“The banks are about the bottom line...their profits. You only get a loan once you demonstrate that you can repay it. Once you default they will come after you daily until you pay it up or you lose your property. The social element of the family chama is that people understand when you are going through a difficult time and are unable to pay. They have a heart for you that the bank does not have. They are also not out to make a profit but to see you succeed in whatever it is you are trying to do and that makes a real difference for me. I think I will always need banks but only to serve purposes that have no alternatives like receiving a salary.” (Personal interview, 14th July 2017)

Respondent 10 talked about what they would need from a bank or any other financial institution to make them function optimally, for him, the main thing was a simplified way of distributing funds to those that were to receive it.

Because we need the dual signatory to release funds from the bank account, sometimes it becomes quite difficult to go about it because we are spread out across the country and sometimes only meet during the
chama meetings. Because of this, we have had to come up with some ingenious ways of making sure we get the money quickly. If banks could come up with a way of ensuring that we are able to maintain the mandate on the account while transacting and still making sure that the process is simplified, that would be of great benefit to us. (Personal interview, 7th August 2017)

On the same breadth, Respondent 5 said that they used to experience the same problem with their bank.

Withdrawing of funds was always such a nightmare; thankfully our bank introduced a digital way of authorising funds withdrawal using our mobile phones. This has reduced our transaction turnaround time by half. Such digital innovations are bound to make it easier for organisations such as ours to function well. (Personal interview, 1st August 2017)

Respondent 10’s biggest issue was in the ability to receive bank statements.

Right now because our account is held and controlled by three key members, we are forced to rely on them to send out our bank statements once they receive them from the banks. Sometimes this not done and when it is done it comes later than I would prefer. That would be my biggest concern. (Personal interview, 20th July 2017)
The key take-aways from this discourse was the fact that the formal financial sector still played an important role in meeting the transactional needs of the family *chamas* since a majority held accounts in banks. A rather surprising discovery was the use of commercial banks and investment banks to make investments in the money market. This is in light of the fact that 33% of the *chamas* represented by the respondent had an investment angle to their operations. One respondent said that even though the account they held at a local bank was an interest earning savings account, the earnings from it were marginal and the *chama* thought that the money market fund offered better chances of increasing their earnings. What the *chamas* considered of value from the financial sector was the ability to have a simultaneous group wide view of the account statements and balances instead of having to rely on their signatories to disseminate the information. Secondly, commercial banks need to provide the technological know-how that would enable the *chamas* to authorise transactions remotely due to the fact in many cases the signatories could not be available physically and therefore slowed down the transaction process. One particular respondent who had served as a treasurer in their *chama* said that in his tenure, they struggled to find ways in which they could invest their funds and so thought that it would have been useful to the *chama* to have some investment advice from experts in the financial services industry.

**4.5 Financial sector expert interview.**

Following up from the discussions on financial products and services, the study sought expert opinion from a player in the financial services industry. The criteria used to select the expert were as below:

i. The expert needed to have a macro level view of the entire financial services sector in Kenya.
ii. The expert needed to have an understanding of the growth and evolution of the RoSCAs in Kenya.

iii. The expert would also need to have technical knowledge of the interplay between the government and the financial sector in terms of the regulatory requirements and existing policy.

The expert interview brought to light information that was categorised into two main themes. i) Evolution of the chama and ii) The Financial Sector response.

**Evolution of the chama**

In response to the question on the evolution of the chama in Kenya, expert interviewee confirmed that indeed the concept in itself was not a new idea in Kenya. The chama has been in existing since before the nineties and the only thing that has changed over the years in the goal of these social groups, as well as their general, make up. The original chama had a simple goal of providing a platform through which members could save as a group as well as provide credit access to a group of people who would otherwise not be able to access it from the formal financial sector. To a large extent this primary goal has not changed significantly, however, the chama has grown in the activities that it participates in, the amount of money that moves within it-this is more so due to the fact that more and more people have opted to join a chama at some point in their lives. A significant change has been the fact that these chamas have found a way of interacting with the formal financial sector which was not the case originally. Originally, a chamas would collect member contribution in every week and this money would be held by the treasurer in trust. The treasurers would then keep this money in their homes in safe boxes if they were lucky enough to
own one. Today we see these groups opening bank accounts and finding ways to take advantage of the financial sector as a group even if it may not be happening at an individual level.

On the question of the family *chama* and its evolution, the information that came out of the interview was that from an industry angle it did make a big difference what the makeup of the RoSCA was in terms of studying the success of the different savings and credit groups. The success of these kinds of groups is largely hinged on the level of trust that exists among the members. Trust is important because it determines which member is considered credit worthy and which member is trusted to handle the finances on behalf of the group. Experience has shown that the closer knit the group is, the higher the success rate. In running these groups, it encouraged that members connect with people whom they are in close and frequent interaction with. While we would be making a major assumption on the level of closeness existing in a family, it is safe to conclude that a family *chama* is likely to be more successful in meeting its goals than other kinds of *chamas* because of the expected close ties.

**Financial Sector Response**

The growth of the savings and credit groups in Kenya has been phenomenal especially on what was experienced in the nineties. The amount of money that was being transferred among these groups was too large to be ignored by the commercial bank. In response, they introduced products that were geared at attracting these groups to keep the money with the financial institutions. This had a dual benefit of promoting the development of the financial sector as well as increasing the economic growth of the country on one hand and providing safe and secure storage of member contributions.
As the goals and activities of the *chamas* continue to grow, it becomes imperative for the financial sector to respond in kind. This creates a challenge for the financial institutions because this is a clientele that has grown to require specialised products slightly different from the conventional retail or business products. The difference that *chamas* bring to the financial sector is based on the distinct characteristics that distinguish them from other bank customers.

Most *chamas* will tend to have lending, welfare and investment goals which determine how they use the services provided in formal banking institutions. These characteristics can in one light have them segmented as small businesses and on the other hand segmented as community based organisations or nongovernmental organisations. This kind of segmentation is a vital part of the functioning of a commercial bank as it influences the business strategies that are employed in each segment. *Chamas* that have all these characteristics may require commercial banks to be a little more innovative.

### 4.6 An analysis of the family *chama* against the theory of alternative development

The theory of alternative development as discussed in chapter two rose out of a concern over the failure of the highly regarded and pursued mainstream development that was packed with the pursuit of macro level economic growth. The theory argues that development dialogue and approach needs to shift to a more people centred one.

Hettne(1975) a key protagonist of the theory discussed the need for a development approach that was based on self-regulation and self-sufficiency, ecological sustainability, small scale, and linked to an ethno politics that is generally at odds with the nation. Pieterse (1996) on the other hand provided a fundamental understanding of alternative development by portraying it as another way of achieving development, sharing the same goals as mainstream development but using different means which are participatory and people-centred. He discusses alternative development, as
involving distinctive elements with respect to development methodology. These elements are that alternative development approaches are participatory, endogenous and self-reliant.

The family *chama* meets the criteria set out by Hettne (1975) in the sense that it is small scale and to a great extent it is self regulated. The family is the smallest unit of a society and therefore by nature its operations are also small scale. The need for an alternative development approach to be small scale renders to the effectiveness of the activities undertaken by the approach. Mainstream development is generally macro and national with little impact at the grass root level where the people were. The study found that out of the thirty respondents interviewed, the largest family *chama* had a membership of forty five with some of the *chamas* having a membership of three.

The self sufficiency of the family *chama* can be argued only to a certain extent. The self sufficiency discussed by Hettne(1975) was in reference to the development approach interacting with the market forces. To a large extent, the unit of the family *chama* self-sufficient especially in the way in which decisions are made concerning the use of funds. However when it comes to decisions that have to do with investment, then we see that the decisions of the *chama* are influenced by the kind of investment products that are available in the market. The investment decisions are based on the option that is likely to yield the highest return.

The self regulation aspect of the family *chama* is possible only to the extent that the family *chama* allows itself to be regulated. The study showed that 10% of the family *chamas* represented by the participants were registered as a community based organisation. Community based organisations are regulated by the PBO Act of 2013. This means that the family *chamas* that are registered become regulated while those that are not registered are not regulated. The study revealed that 90% of the family *chamas* that took part in the study operate informally and therefore do not fall under the scrutiny of the relevant authorities.
The essentials of self regulation, self sufficiency, and self reliance imply that the alternative development approach or methodology needs to be one that is autonomous and run independent of mainstream development. With the focus of mainstream development being efficient markets and international competitiveness implemented through functional systems and institutions, it often fails to meet the needs of the local people. Grassroots alternative development approaches such as the family *chama* offer a more bottom up option. The study revealed that decision making process within the *chama* is inclusive through voting, every members’ vote counts and the members have the ability to influence each other which provides for a participatory aspect to the process of decision making. All the members feel that they had a say in the financial decisions of the group.

**CHAPTER FIVE:**

**CONCLUSIONS AND RECOMMENDATIONS**

**5.0 Introduction**

This study explored the motivations for the existence of family *chamas* as social institutions that provide opportunities for economic well being of its members. It was also hinged on the idea that these institutions have sprouted out of an African cultural ideal of togetherness and communal cooperation. Finally, it looked at this institutions interaction with the formal financial sector with an aim of finding out which products and services are most valued and in what ways the formal financial sector can meet their needs. The results from the study presented in the previous chapter
portray a message of the value placed on these institutions by the members who are part of them in terms of how they benefit from the group. The remainder of this chapter will highlight key findings in light of the research questions, provide guided conclusions and make recommendations for further research as well as policy actions for the government and commercial institutions.

5.1 Summary of key findings
The previous chapter presented a detailed analysis of the findings of the study based on responses that were received from in depth and unstructured interview questions. The first two questions sought to get data on the demographic details of both the respondents as well as the family *chamas*. The data showed that majority of the respondents were female, the age group of the respondents was 16-71, on the level of education, a majority of the respondents were bachelor degree holders while on employment the majority of respondents were either formally employed or self employed. The size of the family *chamas* ranged from as low as 2 people to a high of 45 members, and were in operation from 1 year to 31 years. The data also showed that a majority of the family *chamas* were nuclear based.

The section provided a definitive idea of the demographic background of the respondents as well as the groups that each of the respondents was representing. This information would then offer an opportunity to see if there was any relation between the size and makeup of the family *chama* with the economic goals of each *chama*.

The rest of the interview questions were targeted at answering the main research questions of the study. The questions interrogated the motivation and financial goal of the family *chama* in order to establish whether these motivations and goals that were linked to an African cultural identity and/or economic empowerment for participants. The questions also interrogated the worth placed
on cultural values of community, solidarity, and togetherness as well as the financial products and services that were being used to optimize the operations of the family *chamas*.

The conclusion of the study will be provided by discussing the findings under each of the research questions and the overall research question.

### 5.1.2 Motivation and the link to African cultural identity
The data collected from the respondents on the motivation behind the family *chama* showed that for at least 80% of the *chama*, the financial aspect of the groupings it was an accidental happening since the initial plan had just been a coming together of families, extended or otherwise in an effort to maintain close family ties. The continuous and frequent meetings often resorted to the thought that something more constructive could come out of the meetings and that is how the *chamas* started. While the idea of coming together financially was not the original motivation, the simple act of coming together was in many ways encouraged by cultural ideals of community and kinship which allowed the members to be informed about each other’s economic positions which prompted the creation of the *chama*. The activities that the family *chama* chose to engage in as analysed in chapter four also had a lot of cultural undertones.

### 5.1.3 Economic well being and empowerment.
Several questions in the interview were geared at finding out specific ways in which the members of the family *chama* benefited. The conclusions drawn from the analysis is that the members benefited greatly, from access to easy and quick credit otherwise not as accessible in the formal financial market, the increased capacity of the group that enabled ownership of property albeit not all at individual level, the social welfare element that made it possible for those within the family who are unable to access basic needs to benefit from the existing financial structures. The discussions around financial management that the family *chama* affords its members also provides
a platform for the transfer of knowledge among the members, from the older to the younger members that encourages a mindset of economic well being by planning for the future.

5.1.4 Interaction with financial sector
The data showed that only 7% of the family *chamas* reported that they did not have a bank account specifically for the *chama* related transactions. They, however, used other digital banking platforms which are also means of increasing the levels of financial inclusion. Among the reasons cited for the lack of bank account was the fact that the documentation required by banks caused them to put off the bank account opening. Slowly they resorted to the options that were easiest available i.e. mobile related facilities. It was also worth noting that the *chamas* also engaged in the money market as investments. This was through the services offered by both investments and commercial banks. About 50% of the *chamas* mentioned using the money market as an investment strategy. It is, therefore, safe to conclude that the family *chama* to a great extent interacted with the formal financial sector.

5.1.5 Overall conclusion
The overall objective of the study was to explore the family *chama* as an institution closely linked to the African cultural identity and an alternative platform that can provide individual economic growth and wellbeing. An analysis of the family *chama* vis a vis the core elements of the alternative development theory i.e. self sufficiency, endogenous and people centred showed that the family *chama* is a good alternative to mainstream development approaches. However, the analysis also showed that the family *chama* is only partially self regulated and its interaction with the formal financial sector demonstrates that it is not completely self reliant as it takes advantage of products and services available in the market.
5.2 Recommendations.
In chapter one the significance of this study was discussed as one whose results are likely to influence government policy, financial market policies as well as provide a basis for conducting further research. The following are the recommendations derived from the conclusions and data analysis discussed in chapter four and earlier sections of this chapter.

5.2.1 Financial services sector
Whereas the study showed a great level of interaction between the family *chama* and the formal financial sector, there were several ways that service and product offering could be improved.

i. Digital innovation: the respondents of the study discussed several ways in which digital banking products made their operations simple. Specifically, the use of mobile phones to authorise bank transactions was mentioned as a significant innovation. Commercial banks should consider the ways in which digital innovations can be used to meet the needs of accounts opened by *chamas* in general.

ii. A review of the processes and requirements involved in accessing credit; several respondents highlighted the fact that the process of accessing credit in the formal sector caused the *chama* members to opt for the credit offered at the *chama*.

iii. A review of the business strategies used on *chamas* in general as a client segment that is unique in its nature. The business strategy employed on the *chama* should not be the same as those of a company or of a nongovernmental organisation. The family *chama* is specifically unique because it carries both profit making and non profit making characteristics.

5.2.2 Government policy recommendations.

i. The government should undertake an in-depth study of the workings of the welfare aspect of the family *chama* as a precursor to the implementation of nationwide social welfare
policies. The finding might prove useful in implementing policies that are based on existing grass root experiences that will increase the effectiveness of social welfare programmes.

ii. An analysis of the uptake of credit from family *chama* by the youth by the government will assist in understanding the reason why the funds made available through the youth enterprise fund is not being utilized. This insight will highlight areas of policy amendment that will drive behaviour change and increased use of the fund.

5.3 Further research.
The findings put forward in this study drew attention to several issues that are suggested for further research in this field. Additional investigation of these issues will offer more precise results on the exact extent that the family *chama* promotes economic wellbeing and social welfare. Below are the recommendations:

i. To increase the amount of data collected for study in terms of the level of income, employment, and education to include those that can be clustered as low income families. This will give a clear indication of the role that the social group in the alleviation of poverty.

ii. To include monetary measurements in the study i.e. the amount of contribution, the total amounts lent out as credit as well as the financial position of the *chama* over a period of time.

iii. To widen the scope of the study and determine whether the occurrence of the family centred rotating savings and credit association is a phenomenon practised in other African countries to augment the idea that it is indeed it is an African cultural identity.
References


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**Appendix I**

**Interview Questions for the Individual members:**

1. Please tell me about yourself, your age, nature of employment and level of education.

2. Tell me about your family *chama*? Specifically talking about the members, their age group and level of education and employment?

3. When did you start? What was the motivation? Are there any incidences that occurred around the time you started it?

4. What would you say is the goal of your family *chama*?

5. How does it operate? Is there a leadership structure?

6. Does the family *chama* own a bank account? How does it run?

7. What kind of products or services do you think the financial institutions can offer your family *chama* for it to function optimally?

8. How often do you meet? Describe your meetings?

9. Do you belong to another *chama*? How is the family *chama* different from other *chamas*?

10. Do you have a personal bank account? What do you use it for?

11. What value do you place on the idea of community? Why?

12. In what ways has the family *chama* enhanced the lives of your family members?
13. Do you have any specific examples where you personally benefited from the family *chama*?

14. What does the family *chama* give you that you cannot get from the financial sector as a whole?

15. ‘An important aspect of African culture is that of community and cooperation with the un-individualistic nature of the African coming to the forefront.’ Steve Biko. What do you think about that statement?

16. Is there anything else you would like to add?

**Appendix II**

**Interview Questions for the financial sector expert:**

1. How has the concept of the *chama* evolved in Kenya?

2. In what ways have financial institutions responded to this evolution?

3. Would you say that there has been a rise in the existence of the family centred *chama*?
   
   To what extent would you say that this is culturally motivated?

4. Are there ways in which the formal financial sector can support the growth of the family *chama*?

5. Would a government policy for the family *chama* be beneficial or detrimental to its growth?