THE EFFECT OF NETWORKS OF ASSOCIATION ON SAVINGS MOBILIZATIONIN CO-OPERATIVES IN NYAMIRA COUNTY

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Abstract - The purpose of the research was to study the influence of Networks of association on savings mobilization in co-operatives in Nyamira County. It was conducted using descriptive research among co-operative members in savings and credit co-operatives. The statistical sample consisted of 220 members who were randomly selected and studied through questionnaire. Data was collected from a random sample of 220 respondents and was analyzed using the STATA 13 computer software. The questionnaire's reliability was tested using the Cronbach's alpha coefficient which was at 0.991. The data was collated using the Likert scale. The results showed that networks of association did not influence savings mobilization through co-operatives among the people of Nyamira. Therefore, it was recommended that networks of association which did not significantly influence savings mobilization in Nyamira County should be taken seriously when dealing with savings mobilization, government policies and programmes. The findings of the study will be useful for the County and National Governments in formulating coherent Policies that address developmental challenges in co-operatives.

Key Words - Key word: Co-operatives, network of Association, savings mobilization

I. INTRODUCTION

The history of human beings working together can be traced back to the origin of man when God said during creation that it was not good the man to stay alone (Holy Bible, 1990). Members working together to address pressing needs and achieving great success.Nyamira County is one of the forty-seven Counties in Kenya with equatorial tropical temperatures and two main rainy seasons from March to May and from October to November, and about 1,200 millimetres of rainfall (KNBS, 2015). The soil is rich roam which is ideal for farming and livestock keeping. Notwithstanding the size of the land, the Nyamira County forms part of Kenya that is food secure.The people practice mixed farming and derive their main incomes from sales of cash crops, food crops and livestock. The earnings from formal and informal employment enhance the ability to aggregate the farming efforts and formation of co-operatives to deal with the marketing of produce.

According to Carr-Saunders (1938), the development of the idea of co-operation in the nineteenth century can best be understood as an attempt to make explicit a principle which is inherent in the constitution of society but which had been forgotten in the turmoil and disintegration of rapid economic change. Resource mobilization in co-operatives can be seen from the perspective of social capital where networks of association play a crucial role (Putman, 2000). From the argument of Ferragina (2014), the perspective of co-operation takes into account the practice of pooling resources and talents of people for the communal good. It also brings together the importance of community as it builds networks of association and the importance of individual free choice, in order to create a more cohesive society. In Nyamira, the concept of co-operation was used by people during occasions like preparation for planting, during weeding, harvesting, initiation, weddings and funerals.

Field (2013) defines social capital from financial terms as basically comprising the value of social relationships and networks that complement the economic capital for economic growth of an organization and further as consisting of "social networks, the reciprocities that arise from them, and the value of these for achieving mutual goals".Networks of association refers to the relationships among "actors", private property, "human capital", people, and the impact that the relationships have on the resources involved in each relationship, and on larger groups. Castro et al (2014) defined social capital according to the structural characteristics of the network, features of the alliance, such as trust and the resources of partner firms. Co-operatives can be seen as networks that enable members to optimally address their aspirations.In the research, descriptive methods were applied as the study was to determine the current status of the variable under study. The study analyzed the effect of networks of association on savings mobilization in co-operatives. Respondents were selected using proportionate stratified sampling and systematic random sampling so as to cover the whole County. It took a random sample of 220 respondents from all the registered co-operatives in Nyamira County which was requested to fill questionnaires. The unit of analysis was taken as the members of the registered co-operative societies in Nyamira County. Cronbach's alpha coefficient of correlation was used to test data reliability obtained through the Likert-type of questions on savings mobilization. The STATA computer programme was used to analyze data (Saunders et al, 2003).

II. LITERATURE REVIEW

Networks of Association can be looked at from the social field when members come together to socialise and in the process accomplish their aspirations or it can be approached from the economic pillar through which a community may resolve its economic challenges. Feigenberg et al, (2013) posited that social capital was defined by Putnam (1993) as "features of social organization networks that can improve the efficiency of society by facilitating actions," is considered particularly valuable in low-income countries where formal insurance is largely unavailable and institutions for contract enforcement are weak. Field, (2013) looked networks of association as comprising the value of social relationships and networks that complement the economic capital for economic growth of an organization and consisting of "social networks, the reciprocities that arise from them, and the value of these for achieving mutual goals". According to the World Bank (2000), networks enabled people to act collectively. The study took the view that networks of association in relation to savings mobilization were important in all aspects: the economic perspective, social inclusion and cultural involvement.

Lizardo (2013) suggested that participation in cultural activities was positively related to the size of one's personal network. The larger the network size, the more one was likely to be exposed to communication of information, opportunities, and experiences of cultural activities. Researchers had repeatedly found that certain characteristics of communication networks, such as size, density, and heterogeneity, affected the overall capability and influence of networks. According to Castro et al (2014), the main objectives of networking are to facilitate access to resources and the acquisition of knowledge. A co-operative's network offers access to resources and knowledge that members do not have, yet which they need if they are to obtain a competitive advantage. In that regard, co-operatives could be seen as small entrepreneurial firms when they start their businesses. The study used networks of association to explain the savings mobilization through strong members' organizations that facilitate wealth generation and employment creation. A research by Agahi and Karami (2012) in the Kermanshah province of Iran on the role of social capital management on success and development of production co-operatives showed the influence of social capital. The study was conducted by descriptive-correlation methodology with members of production co-operatives of out of season products. The statistical sample was selected on a random sampling basis, and studied by questionnaire. The validity of questionnaire conducted by panel of experts and its reliability calculated by Cronbach's alpha coefficient and resulted 0.83. Data were analyzed by the statistical packages for social scientists (SPSS) software. The results showed that factors effecting success of production co-operatives: individual motivation - 97 per cent; members active participation - 96.4 per cent; cooperation spirit among members - 93.6 per cent; goodwill among co-operative members - 92.4 per cent; willingness for upgrading occupational know-how – 91 per cent; attention for upgrading quality of products - 90.2 per cent; relation with other co-operative societies - 89.6 per cent; using experiences of other co-operative societies - 88.4 per cent; disposal of own experiences to other co-operative societies - 87.8 per cent; awareness about global markets - 87per cent; attention for development new products - 86.8 per cent; concern for community and interaction with society - 86.2 per cent; mutual trust among co-operative members - 85 per cent; and common image of future among members - 84.4 per cent.

A study by Fenzyied (2015) on saving mobilization strategies affirmed that the essence of savings and credit co-operative societies was the mobilization of savings, the provision of credit and improvement in the standards of living of members. The study approached savings mobilization in co-operatives from the perspective of benefits but did not show how savings and credit co-operatives' as networks influenced savings mobilization where services were not already defined. In sum, scholars view the personal networks of entrepreneurs as conduits for the flow of relevant, valuable resources (Vissa, 2012). Researchers have mainly studied how personal networks structures and network quality influence venture performance. The study analyzed how networks were closely linked to interactions in co-operatives and savings mobilization. Consequently, co-operatives formed one of the most important advantages which members should form when fostering social relationships (Totterman and Sten, 2005).

Networks of association enable people to come and work together through a co-operative enterprise that facilitates savings mobilization. The network affects the interactions at the co-operative and the rate of savings mobilized.The study hypothesis that robust standards were operationalized on savings mobilization through co-operatives was not influenced by networks of association in Nyamira County was explained by looking at indicators of networks of associationand people in figure 1. There were several intervening variables that affected saving mobilization in a co-operative: the Co-operative law, opportunity, the common bond, operating systems, savings/loan products, members' age and services. Through the co-operative, members mobilize resources, open opportunities and provide services thereby generating wealth and creating employment.

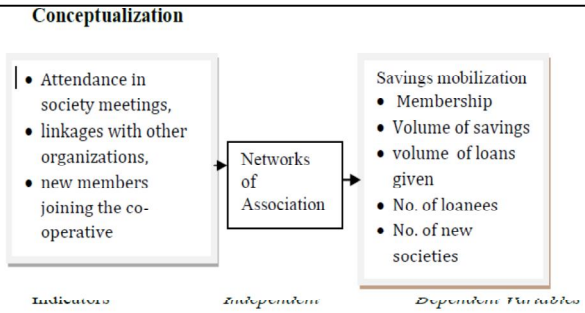


Figure 1: Operational Framework Structure
Source: Author 2016

CONCLUSIONS/IMPLICATIONS

From the analysis the calculated 't'-value for networks of association was 0.10 which was less than the critical t-values of 1.96. The p-value for 't' was 0.837. The networks of association did not influence savings mobilization in Nyamira County. The association with SACCO societies and resource mobilization as measured by the number of new members joining co-operatives and their quality as measured by the growth of savings, loans, number of borrowers influenced savings mobilization. Networks of association brought together like-minded members to achieve their common interests in a structured way through joint action. The created networks became enablers of daily success and centres of convergence. Co-operative enterprises were an important link between members and their projected outcomes in areas where the co-operative business model was embraced.The percentage positive effect showed that networks of association on savings mobilization co-operatives expressed their level of association - 84.95 per cent; the rate of attendance to meetings - 82.24 percent; co-operatives enabled them access to important services - 88.71 per cent; linking members to other services - 34.41 per cent; there was an annual increase of new members - 86.04 per cent; services were outstanding - 71.51 per cent; and new area networks and opportunities developing through co-operatives - 81.18 per cent. Members liked attending co-operative meetings as in co-operative enterprises people voluntarily mobilized their savings. The co-operative served as a forum at which members shared ideas for personal and collective development, and as an agent for mobilizing and bulking members' products and services. That action of participation influenced the growth of the finances that determinedan easy access to the desired services. Members did not need to be enticed or coerced into attending co-operative meetings but were motivated because they valued their contributions to the co-operative's growth and the expected returns. The services members received at their co-operatives were marketing of produce, procurement of farm inputs, savings and credit, advocacy, lobbying and networking. Members wanted to access the services for which the organization was formed and at minimal cost. The main advantages of co-operative membership were linkages with suppliers and dealers at minimal cost; networks of association were not important as long as a member accessed credit in order to address the pressing need. Members joined co-operatives because they provided vital links that they would otherwise not access individually at affordable costs. Most members visited their co-operative during the time of need and once the need was satiated, they waited for the next season. Co-operatives were important in recruiting new members and practiced a strong, reliable business model that could transform rural economies by creating important links that members required. The joining of new members contributed to financial resources flowing into the enterprise. Rural services, particularly in agriculture and finance, were premised around co-operatives and local entrepreneurs made investments as a response to members' needs. The pooling together of resources under co-operatives brought together a diverse group of members working together and within reach for consultation. The services were outstanding because members were able to save while at the same time borrowing from the pooled resources. There was strong support through co-operative participation and linkages that gave members a high leverage in the market. The co-operative enterprise grew in strength every moment it successfully completed the business loop and improved members' wealth. The co-operative thereby provided the necessary organizational means for the community to thrive in any environment. The networks of associations helped address the joy-rider problem through collective action. It was concluded that there were many factors within the networks of association that influenced savings mobilization but networks per se did not significantly influence savings mobilization in Nyamira County.

Measure of networks of association	Classification	Rating	Frequency	Per cent	Cumulative per cent	% Positive effect
Express level of association	No response		1	0.54	0.54	84.95
	Strongly disagree	1	3	1.61	2.15	
	disagree	2	2	1.08	3.23	
	neutral	3	22	11.83	15.05	
	Agree	4	114	61.29	76.34	
	Strongly agree	5	44	23.66	100	

Attendance of meetings	No response		0	0	0	82.25
	Strongly disagree	1	3	1.61	1.61	
	disagree	2	0	1.61	1.61	
	neutral	3	30	16.13	17.74	
	Agree	4	74	39.78	57.53	
	Strongly agree	5	79	42.47	100.0	
Access to important services	No response		0	0	0	88.71
	Strongly disagree	1	0	0	0	
	disagree	2	7	3.76	3.76	
	neutral	3	14	7.53	11.29	
	Agree	4	75	40.32	51.61	
	Strongly agree	5	90	48.39	100.0	
Links	No response		1	0.54	0.54	34.41
	Strongly disagree	1	58	31.18	31.72	
	disagree	2	20	10.75	42.47	
	neutral	3	43	23.12	65.59	
	Agree	4	37	19.89	85.48	
	Strongly agree	5	27	14.52	100.0	
Annual joining	No response		0	0	0	86.04
	Strongly disagree	1	19	10.22	10.22	
	disagree	2	20	10.75	20.97	
	neutral	3	28	15.05	36.02	
	Agree	4	82	44.09	80.11	
	Strongly agree	5	37	19.89	100.0	
Outstanding services	No response		0	0	0	71.51
	Strongly disagree	1	6	3.23	3.23	
	disagree	2	21	11.29	14.52	
	neutral	3	15	8.06	22.58	
	Agree	4	95	51.08	73.66	
	Strongly agree	5	49	26.34	100.0	
New area networks and opportunities	No response		0	0	0	81.18
	Strongly disagree	1	9	4.84	4.84	
	disagree	2	15	8.06	12.90	
	neutral	3	11	5.91	18.82	
	Agree	4	72	38.71	57.53	
	Strongly agree	5	79	42.47	100.0	

Table 3: Rating of measures of Networks of Association on savings mobilization

The registration of many co-operatives in the area showed that members formed co-operatives through which they took collective action which motivated them to mobilize resources. Networks enabled the initiators to achieve what they set out to do at competitive costs, opened opportunities for out-ward and inward transactions for members, determined how members addressed it, and what value they derived from it. From the research, networks of association did not significantly influence savings mobilization in Nyamira County.

IMPLICATIONS

Finally, the research showed how a simple econometric model could be used to explain on an important economic phenomenon like savings mobilization in Nyamira County and the whole country. From the study, it was recommended that no co-operative society dealing with mobilized resources should be allowed to deviate from its registered by-laws. Elected members should discharge their obligations and responsibilities in tandem with the expectations of a modern society. Members' grievances should be taken seriously and expeditiously. Co-operatives will need to re-examine their development, growth and expansion strategies so that they ease the burden of procurement. Co-operative leadership needs to evaluate and manage resourcing interactions with members efficiently.

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