International Journal of Science and Research (IJSR)
ISSN: 2319-7064
Index Copernicus Value (2016): 79.57 | Impact Factor (2017): 7.296

Role of Stakeholders Participation on the Performance of Savings Groups Project in Rwanda; A Case Study of Care International Promoted Saving Groups in Bugesera District

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Abstract: ***Despite the tireless efforts and adaptation of several approaches to foster economic development in Rwanda, many projects have failed to achieve the expected outcomes and graduation out of poverty has not reached the desired level. The role of stakeholder's participation in project performance should not be neglected. Findings from the review of case studies indicate that stakeholder's involvement in project implementation positively affects project performance. The purpose of this study was to find out the role of stakeholders participation on the performance of savings groups project in Rwanda, with focus on savings groups project implemented by CARE International in Bugesera District. Specifically the study assessed the role of stakeholder's participation in financial literacy, networking and leadership on performance of savings group projects. The study adopted descriptive research design. The target population was 40392 which comprised of direct beneficiaries of savings groups project, employees of implementing agency, employee of the funding agency and the Government. A sample size of 396 was used which was obtained using Yamane formula. Purposive and simple random sampling techniques were used in the study. Primary data was collected using questionnaires. R-square is equal to 0.825(82.5%), this implies that variations change in stakeholders participation influence the performance of savings groups project, since the p value is 0000, this means that project performance in relation to Stakeholders' participation is statistically significant. ANOVA results further show that Stakeholders participation explains project performance. The sig value (0.000) less than the level significance (0.05). Using linear regression analysis from SPSS data bases, shows that Stakeholders' contribution, Stakeholder's participation is significant, where p-value is (sig=0.000). Participation in financial literacy had the highest degree of association with the project performance while networking has the least association comparatively. An improvement in stakeholder performance causes an improvement in performance of the project. The researcher recommended that project managers of savings groups projects should ensure that all stakeholders fully participate in various project activities specifically in financial literacy, networking and leadership. This can be done through carrying out financial trainings, motivational talks, technological improvement and delegation of authority.***

1. Background of the Study

Projects are means through which organizations use to drive their policies and achieve desired goals. Projects should always produce what they are supposed to produce and the products or services produced must satisfy the needs of stakeholders. The main interest of all the project stakeholders is to achieve the desired project results. More often, projects fail to meet the expectations of stakeholders or are completed beyond time schedule and budgeted resources. The Project Management Institution (PMI) has identified that most international development projects suffer from time and cost overrun. Ahsan, & Gunawan. (2010), have observed that over 40% of Indian construction projects had time overrun ranging from 1 to 252 months. The need, therefore, for sound project management practices is emphasized by researchers worldwide.

People around the world need financial services such as credit, savings, insurance, and payments to assist them in managing their lives and to build better futures for their families. Traditional financial institutions such as commercial banks, Microfinance institutions, and non-bank financial institutions are not sufficiently addressing these challenges due to the perceived risk and low profit potential of rural populations. In developing countries the costs of scaling up microfinance services is often considered difficult, because of sparsely populated areas, higher rates of illiteracy and due to lack of identity papers, all of which increase credit risk and transaction costs.

The Savings Groups model tries to overcome many of these obstacles and promises to reach the very poor and rural population better than formal, centralized microfinance institutions, it essentially enables the poor to become their own bankers (Conner Brannen 2010).

A Savings Group is composed of a small number of people who save together and take loans from those savings. The savings groups serve people who do not have access to basic financial services, the extreme poor, those who are marginalized and discriminated against, and those living in remote areas.

According to Hugh & David, (2010) Savings Groups methodology, evolved from the traditional Rotating Savings and Credit Associations (ROSCAs), and Accumulating Savings and Credit Associations (ASCAs). F.J.A. ROSCA is a small group with members who all contribute a fixed amount at agreed-upon intervals. The amount collected at each interval is paid to one member in turn, until every member has received.

Savings Groups are capable of distributing opportunities more evenly to poorer households and economically disadvantaged geographical regions. Access to reliable and affordable financial services is essential not only for growing businesses and improving living standards, but also for managing the unpredictability of daily life, yet, an estimated 2.5 billion people across the world have no access to formal banking services*(Megan & Kathleen2013).*

Savings Groups have been used as a platform to introduce additional development services, such as education or health, or link to additional financial services, such as formal accounts or mobile money transfer. They play a big role in financial inclusion, social protection, and empowerment. Savings groups have proven to be one of the most effective, low-cost mechanisms to provide basic financial services to the poor, particularly in rural areas, at very large scale (CGPA, 2015).

People join savings groups to increase their savings, understand debt and debt products, and explore their options when it comes to financial services. Some rural residents graduate from informal savings groups to formal financial service providers.

The savings groups have played a big role in addressing financial exclusion, a multi-faceted problem affecting varying proportions of the population in each country. Financial exclusion refers to lack of access to, and use of formal financial services and products by individuals. In less developed countries most people are financially excluded, while in developed countries it is a small proportion of the population that is affected. The consequences can be particularly negative and often costly for those who are excluded. At its most basic level, financial exclusion is a sign of market failure, comprising both supply- and demand-side factors (OECD 2013).

Estimates indicate that 2.3 billion working-age adults do not have an account at a formal financial institution. It is also high on the policy agenda, with a wide range of supply side initiatives designed to improve access, and increasing recognition of the importance of tackling demand side barriers to financial inclusion (OECD 2013).

Financial inclusion of the poor is a critically important aspect for economic development. Financial Inclusion is an intervention strategy that seeks to overcome the market friction that hinders the markets from operating in favor of the poor and underprivileged especially in rural areas. Financial inclusion offers incremental and complementary solutions to tackle poverty, to promote inclusive development and to address MDGs (Chibba, 2009).

According to Peter et al (2014) in the World Bank report 2014, 'great progress has been made in expanding financial inclusion. The number of people worldwide having an account grew by 700 million between 2011 and 2014. The percentage of the world's adult population that have bank accounts increased from 51 percent in 2011 to 62 percent in 2014. Three years ago, 2.5 billion adults were unbanked. Today, 2 billion adults remain without an account. This represents a 20 percent decrease' (Peter Van Oudheusden , Asli Demirguc-Kunt, Leora Klapper, Dorothe Singer 2014).

In Rwandan context, despite the government's efforts to increase physical access to financial services especially in rural areas through establishment of SACCOs (Saving and Credit Cooperatives) in every Sector (Umurenge) commonly known as Umurenge-SACCOs, formal financial inclusion has not reached the desired level. This is mainly due to either lack of enough finance to open up account with a formal financial institution or due low levels of financial literacy and awareness campaigns.

Savings groups in Rwanda target the poor population that is financially excluded especially in rural areas and these include; low income-earners, women, children and women-headed households, youth and orphans and vulnerable children. Savings groups are seen as a powerful strategy to create savings and borrowing capacity, even for the very poor and for those living far from bank branches. People join savings groups to increase their savings, understand debt and debt products, and explore their options when it comes to financial services *(Megan Gash and Kathleen Odell, 2013).*

Participation of stakeholders in all phases of a project is necessary because they all have a hand to play in the success of the project. According to Duggal, 2011, Participation of the beneficiaries in projects ensures that capacity is enhanced making beneficiaries become better placed in identifying, implementing, monitoring and evaluating of projects. Participation of beneficiaries in project initiation helps to generate the idea and to determine the feasibility of the project. During initiation, stakeholders conduct a needs analysis by identifying the needs and prioritizing them as well as identify the root causes of the problems (Regional Partnership for Resource Development, 2009).

2. Statement of the Problem

Despite the tireless efforts and adaptation of several approaches to foster economic development in Rwanda, many projects have failed to achieve the expected outcomes and graduation out of poverty has not reached the desired level. Lack of stakeholder's participation has been identified as one of the key barriers to the success of projects sponsored by both International and Local Non-Governmental Organizations. Many development initiatives tend to neglect the participation of the stakeholders throughout project implementation.

The Project Management Institution (PMI) has identified that most international development projects suffer from time and cost overrun Ahsan, K., & Gunawan, I. (2010).Chinyio and Olomolaiye (2010) stated that stakeholders can affect an organization's functioning, goals, development and even survival. They also mentioned that stakeholders are beneficial when they help to achieve its goals and they are antagonistic when they oppose to the mission. Stakeholders are vital to the successful completion of a project because their unwillingness to continuously support the vision or objectives of the project leads many projects to fail.

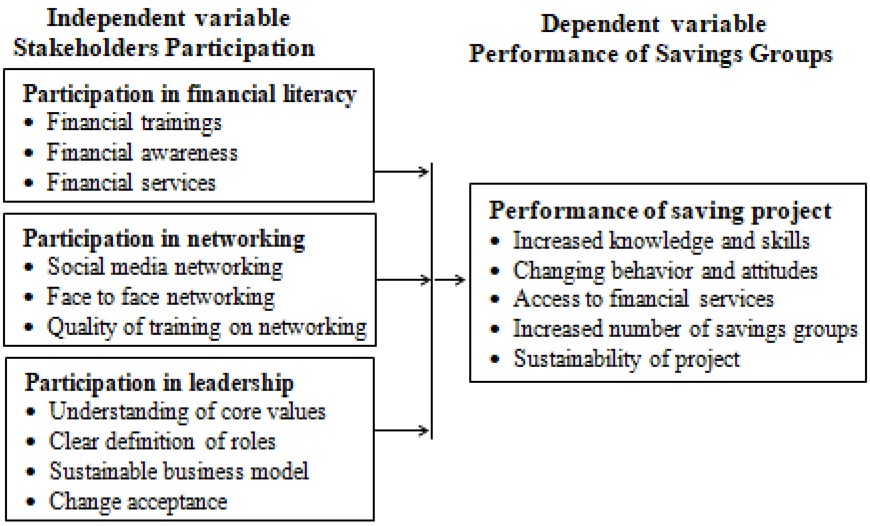
For example, despite the much effort and the adoption of several approaches to increase financial inclusion in

Rwanda, there is large proportion of the population that is still financially excluded. Even those that have been reached by promoters, some groups collapse immediately after the closure of the project. This is mainly attributed to lack of participation of beneficiaries right from initiation to execution. The 2016 FinScope survey finding indicate that 68% of adult population (18 years and older) were using formal financial services and products while 21% were using informal financial services provided by savings groups (FinScope survey report, 2012). The 21 % indicates that there is a large proportion of Rwandans that use informal financial services and 11% who are financially excluded. This scenario invoked the researcher to examine the role of Stakeholder participation on the performance of savings groups projects case of Care international.

3. Objectives of the Study

1) To assess the role of stakeholders participation in financial literacy on the performance of savings groups projects.
2) To determine the role of stakeholders participation in networking on the performance of savings groups projects.
3) To examine the role of stakeholders participation in leadership on the performance of savings group projects.

4. Conceptual Framework



Research design refers to methods and procedures used in collecting and analyzing data in a research problem. Research design is applied so that suitable research methods are used to ensure the attainment of the goals and objectives set out in Chapter One. The study was carried out using descriptive research design. This method aimed at collecting data from a sample and later generalizing the findings to the target population in relation to the researcher's interest. The descriptive research design was considered because of the relationships amongst the study variables.

5. Target Population

According to Ginnel et al (2008), Study population is a totality of persons or objects with which a study is concerned. The population under this research was40,392people comprising of; savings groups members, Village Agents Network (VAN), Credit officers of formal financial institutions and Staff of implementing organization (African Evangelical Enterprises-AEE on behalf of Care International).

Table 1: Target population

	Category	Target population
1	Savings groups members	40,261
2	Village Agents Networks (VAN)	112
3	Credit officers	17
4	Staff	2
	Total	**40,392**

Source: researcher, 2018

6. Sample Size Determination

Purposive and simple random sampling techniques were used. Purposive sampling was used since the researcher selected sampling units based on his judgment of what units facilitated an investigation." (Adler & Clark, 2008). Purposive sampling is where the Researcher consciously decides who to include in the sample. A sample of **396** people was be used. Yamane provides a simplified formula to calculate sample sizes (Yamane, 1967:886).

$$\mathbf{n=N/1+N(e)^2}$$

Where: **n** is the sample size,
N is the population size, and
eis the level of precision/confidence level (confidence level: **0.05**).

Therefore, $n=\frac{40392}{1+40392\,(0.05)^2}$
=396 respondents

7. Data Collection Instrument

Data constitutes the foundation of statistical analysis and interpretation. Then, the data collection refers to the work of obtaining or getting data. Under this study, the researcher used two types of data collection methods which include primary data and secondary data.

8. Research Findings and Discussion

8.1 Regression Analysis

Table 1: Model summary

Model	R	R Square	Adjusted R Square
1	.885[a]	.825	.780
a. Predictors: (Constant), Participation in financial literacy, Participation in networking and Participation in leadership			

R-square is equal to 0.825(82.5%), this implies that variations change in stakeholders participation influence the performance of savings groups project, since the p value is 0000, this means that project performance in relation to Stakeholders' participation is statistically significant as seen further in ANOVA table below.

The rule of Thumb is that, usually an R square of more than 50% is considered as better. This study proves the rule of Thumb the R^2 is (0.825). This implies that Stakeholders' participation influence the performance of Savings groups at 82.5%.

Table 2: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	63.584	3	18.646	135.525	.000[a]
	Residual	15.356	307	.125		
	Total	45.256	310			
a. Predictors: (Constant), participation in financial literacy, participation in networking, participation in leadership						
b. Dependent Variable: Performance of Savings groups						

ANOVA results further show that Stakeholders participation explains project performance. The sig value (0.000) less than the level significance (0.05). The F-statistics (F=135.525) is far greater than the P-value (0.000) hence a further confirmation that stakeholder participation was significantly influenced the performance of savings groups project.

Table 3: Coefficients

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.125	.135		.109	.005
	Participation in financial literacy	.685	.007	.532	7.510	.002
	Participation in networking	.756	.005	.101	1.865	.000
	Participation in leadership	.786	.002	.140	4.669	.000
a. Dependent Variable: project performance						

Using linear regression analysis from SPSS data bases, shows that Stakeholders' contribution, Stakeholder's participation is significant, where p-value is (sig=0.000), this means that all variables influence the performance of savings groups project in Rwanda.

$Y=0.125+0.685x1+ 0.756x2+.786x3+\varepsilon$

9. Conclusions

From the above findings the researcher concluded that stakeholders' participation is very influential in project performance. There is a strong positive correlation between stakeholder participation and project performance. Participation in financial literacy had the highest degree of association with the project performance while networking has the least association comparatively. An improvement in stakeholder performance causes an improvement in performance of the project. It's also important to note that stakeholder performance accounts for a greater percentage of changes in project performance as indicated by the value of R squared of 82.5%. This means that stakeholder' participation accounts for 82.5% of the variations in project performance. Furthermore keeping other factors constant, the magnitude of change of project performance due to change in leadership participation is the greatest whereas networking impacts performance of projects with least magnitude.

10. Recommendation

Based on the above findings and conclusions, the researcher came up with the following recommendations.

The study found stakeholders participation as very influential in project performance. First, the researcher recommends that all stakeholders should participate in financial literacy activities as it has been found to have great impact in achieving project success. This can be done through carrying out financial awareness campaigns, financial education trainings to enable people acquire financial knowledge and embrace savings as a tool to accumulate finance which they can use for investment in businesses hence uplifting their income and living standards.

Secondly it's important that stakeholders participate in networking activities for project success. Through networking, project stakeholders can grow in number since the existing numbers can reach other people and hence the benefits of the project can be felt by many in the district. Through networking, communication can be enhanced among the project team, easy accessibility of information can lead to faster decision making by the project team hence improving the performance of the project. This can be done through encouraging and supporting the use of social media, face to face passing of information and others among the project stakeholders. Increased growth and expansion of project team members will also improve sustainability through skills development in networking which enhances easy communication and hence growth of savings groups members. Technological advancement is very key in achieving this and the project team members should be trained on the modern ways of networking in order to achieve the desired project goals.

Participation in leadership is also very important for project performance. Project team should be trained on leadership skills and attributes. This will be important in achieving sustainability as one the indicators of project success. Through good leadership, the employees can feel motivated to carry out their duties diligently, become open with the top

ISSN: 2319-7064
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management hence willing to give any kind of information and advice which can steer the project in the right direction towards success achievement. Through good leadership also project sustainability can be attained since the trained juniors are able to take over when the senior managers' contract is over hence enabling continuity of the benefits of the project. Good leadership also brings coherence and harmony among the project members which is healthy for project success since this encourages teamwork and commitment among stakeholders. Delegation of authority is another strategy that can be used by leaders to enhance quality in the project activities. Through delegating authority, the juniors feel part and parcel of the project and they are able to develop a sense of freedom amongst themselves and with their seniors. This also gives them a chance to develop leadership experience hence are able to smoothly take over when need arises for replacement of top management.

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