

‘The youth factor is critical to sustainable SACCOs growth and development in Africa’

By

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Abstract

This study aimed at identifying the current status of youth involvement in SACCOs’ activities and subsequently role in social capital development. A sample size was used through a literature based survey (n=120) with a stratified random sample spread across Kenya. The results indicate that less than 10% of responding SACCOs have the youth in leadership position. The study concludes that SACCO growth can be enhanced by focusing on various challenges facing the youth, in an effort to have a solid resource mobilization mechanism. A research conducted in the capital city of Kenya to gauge their perceptions of SACCO. Youth serve as economic cornerstone of Africa’s development since they constitute the majority of Africa’s population today

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Introduction

Stakeholders with-in SACCOs sector in Africa over the past years have focused extensively on mitigating challenges affecting sustainability of SACCOs growth and development. There have been limited resources and attention directed towards engaging the youth in SACCOs activities as a strategy of SACCOs sustainable development. Yet a significant percentage of the Africa population constitutes the youth who face the biggest brunt of challenges facing the societies such as unemployment and abject poverty levels.

The purpose of this paper is to discuss the need to mainstream the youth on SACCOs activities so as to develop sustainable SACCOs. The main object is to secure the continents future through the youth given their sheer numerical advantage. It uses Kenya as a case study given the level of SACCO development in the country.

In-doing so, the paper uses the international definition of the youth tackle issues that the co-operative sector can use to mitigate their challenges. There after, it provide a critical analysis of youth involvement in SACCOs activities and latter on provides recommendation that have the potential of improving sustainability of development and growth of SACCOs in the continent

Theoretical Development

The concept on social capital has often been interpreted as degree of trust, co-operative norms and network within a society. All these are attributes that are instrumental in the development of SACCOs' since social capital can be either a private and public good (Putnam, 2000), having the potential to create a by-product of social relations that benefits both the SACCO and its members. The products associated with SACCOs are perceived as classic public good because of their non-exclusivity. The benefits derived from resource mobilization cannot be restricted from the members and hence are available to all members of a SACCO indiscriminately (Woolcock, 2001).

This can take on three forms; firstly obligations and expectations which relies on the trustworthiness of the social environment, secondly ability to share through the social structure in order to provide a basis for making a decision and thirdly the presence of norms accompanied by effective sanctions affecting resource mobilization efforts. (Coleman 1990)

In-order to create a greater understanding on the relationship between social capital and the youth, this paper brings into perspective the Organization for Economic Co-operation and Development (OECD) meaning of social capital as "networks together with shared norms, values and understandings that facilitate co-operation within or among groups" (Cote and Healy, 2001:41).

Methodology

The paper recognizes that credible statistics on matters pertaining to the youth with-in SACCO are quite limited. Descriptive Questionnaires were designed and distributed to help understand the perception of aspects involving the with-in SACCO leadership. A survey was also conducted at random with-in the capital city of Kenya to gauge the level of citizen's knowledge of co-operative. Particular attention was places on youthful respondent to gauge their view of current SACCO activities in the country.

The youth were asked to fill questionnaire with the help of interviewers and the sample identified whether they were existing SACCO members or for non-members the questionnaire sort to identify the impediment to their membership. The questions required them to rank issues they consider important before joining a SACCO: Referrals, Contextualised Service, Trust, ability to secure funds and professionalism. The questions also sought to know what ought to be done to improve SACCO success rate.

The choice of the city was arrived at given limitation of time and on understanding that Nairobi being a cosmopolitan city will provide close to national image. Information about from youth was collected through interviews with management of selected SACCOs which was complemented by data collected directly from a number of SACCO. The advantage of using the capital city as a geographical endowed sample makes it even easier to collect primary data. The interviewers did not encounter language barriers as literacy levels are higher with the city than other location.

Challenges

The challenge for using this method were not so big as to prevent the study from being undertaken, given that this is an initial step towards a more elaborate study that will seek to understand the youth involvement in SACCOs initiatives.

It was not realistic to study a representative sample of SACCOs that were active in a specific period; hence the paper uses the interviews and survey as a point in time. This is because great numbers of SACCOs do not have information about the youth either by design or by default

The data collected and collated are not conclusive due to the following

- Some SACCOs were skeptical in providing information for fear of victimization
- Not all SACCOs were in agreement with our definition for the youth
- SACCO rarely have segment information to age

Research Background

For purpose of this paper, the youth is defined as those between the ages of 18-35 without prejudice to UN definition of 15-24 Years. The people in this group are naturally perceived to be productive and skills with the potential to reach a peak of their performance after gaining adequate experience. According to Global Employment report 2010, the youth continue to make up approximately one-fifth of the total population in many developing regions, for instance in Sub-Saharan Africa (20.3 per cent), North Africa (20.0 per cent), and South Asia (19.5 per cent) with Sub-Saharan Africa accounting for 14% overall global youth distribution as at of 2010

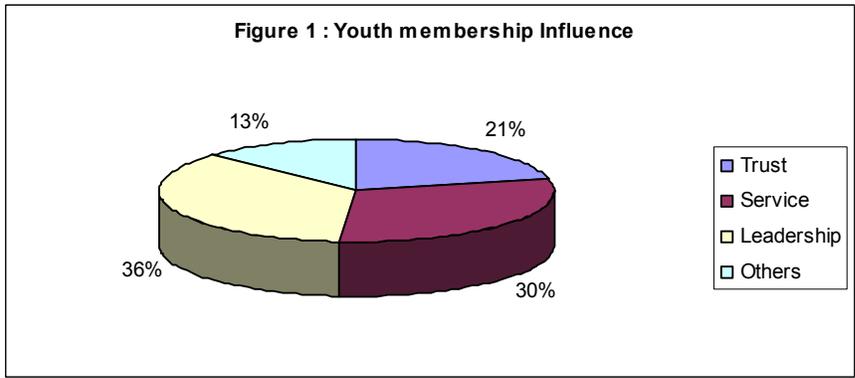
In some quarters the youth are wrongly and collectively perceived has immature and lacking in experience to undertake any meaningful assignment that would benefit the society

Demography and Co-operative Findings

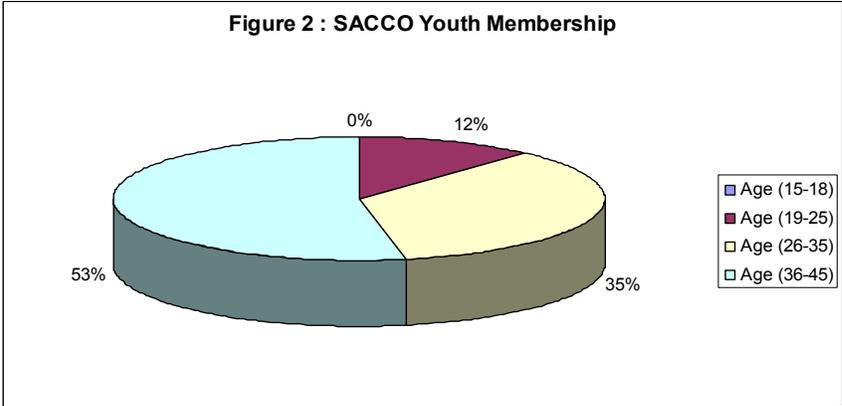
According to the United Nations, approximately one billion youth live in the world today. This means that approximately one person in five is between the age of 15 and 24 years, or 18% of the world's population is "youth", and children (5-14 years) comprise of 19.8%. This in itself justifies the need to mainstream the youth adequate issues on the productivity.

As anticipated, the findings yield the expected empirical evidence of relevance in contributing to development of youth policy with the SACCOs across the continent. The information collated have been analysed from ninety one questionnaires out of a possible target of one hundred and twenty filled reflecting 76% in response rate. With 83% of respondent would fit into this paper's definition of the youth under 35 years of age

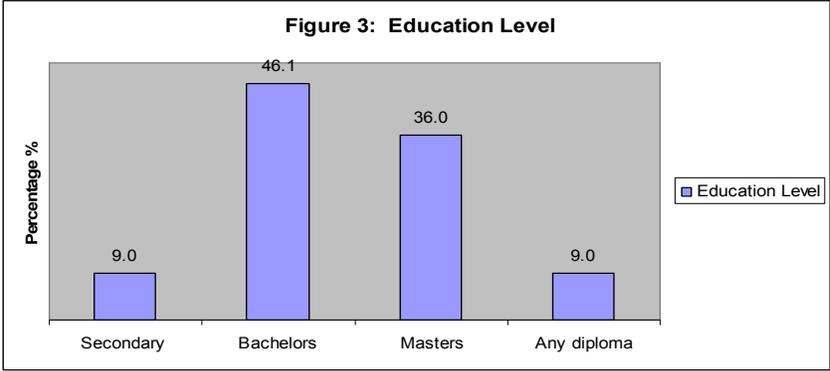
When asked what would influence them to join a SACCO, for those who are non-members: 21% said it will be based on trust from one of their friends, while 31% attached their decision to the service offered by that SACCO while a significant percentage of 35% tied this to the leaders as depicted in figure 1



The preliminary findings show that out of those interviewed only 17 % were members of SACCOs with the composition of the membership as shown in figure 2



Education level for the youth interview is also critical to SACCO perceived success with figure 3 depicting that 46% of the youth interview are educated at bachelors level and another 36% at masters level. These figures are likely to be different if the interview was conducted in a rural setting or semi-urban centre



Reasons for involvement of Youth in SACCOs in Africa

Rather than attempt to provide an exhaustive overview of empirical findings emerging from this study – which would occupy too much space – the paper shall instead use this section to document several interesting, topical and policy-relevant results. Acknowledging that there are numerous reasons why stakeholders with-in the co-operative sector need to support inclusion of youth on their activities. This study identifies the following as critical reasons why the SACCOs' sub sector needs to develop a youth policy.

a) High and sustainable profitability for SACCOs

Research by SACCOs/ Credit Union organizations suggests that the average credit union stands to lose millions of dollars in loans over the next decade if it does not increase penetration among young adult consumers. Attracting and serving the needs of this largest-ever generation of future borrowers is critical to the long term success of the enterprise.

Inclusion of youth in membership, management and leadership can not be over emphasized. Inefficiency due to inadequate computerisation in SACCOs and lack of product innovation are the ailing SACCOs in Africa and have kept the youth who are attracted to more efficient systems out of the Cooperative movement.

Injection of youth who are equipped with modern skills , are less averse to change, and therefore strategically placed to provide new ideas will better enable the SACCO movement further reach out to the youth sector for growth and sustainability of the Movement.

b) The Credit Card Menace

The youth are perceived to have quick thirst to possess goods and service (consumerism). This has translated to the trend across Africa where employed youth are spending more and more instead of saving for the future. This trend must be put to a halt if SACCO growth is to be sustainable. However not all debt is bad.

A home purchase for instance can be considered to be a good debt, on the pretext the knowledge that homes usually appreciate in value, hence the mortgage loan is an investment. Another example of a good debt is a student loan taken out to finance higher education. Even with the high level of unemployment, earning a degree usually means that you'll make more money over your lifetime.

The youth therefore ought to be educated by the SACCO on various types of bad debts in-order to avoid falling into debt traps. This requires attitude change regarding consumptions. In effect, encourage the youth to save instead of constant spending.

c) To promote good intergenerational relations

Solidarity at all levels of the SACCO sector is fundamental for achievement of objectives set by the members. This will tend to control intergeneration poverty in which SACCO are redesigning their service to meet members needs. The *Global Employment Trends for Youth, October 2006* identified discouragement as the most damaging reason for inactivity since a discouraged youth is vulnerable to facing a difficult process of reintegration into the labour force and is in danger of feeling useless and of being alienated from society.

An improved intergeneration relation potentially has the ability to control intergeneration poverty in which SACCOs are redesigning their service to meet members' needs. The possible results would be

- Healthy interaction between the two age sets i.e the elderly and the youth
- Involvement of the elders in the transformation/ involvement of the youth
- Improved conflict resolutions and clashes between the two age group
- Smooth transition of leadership from the older people to the youth

Strategies needed to involve the youth

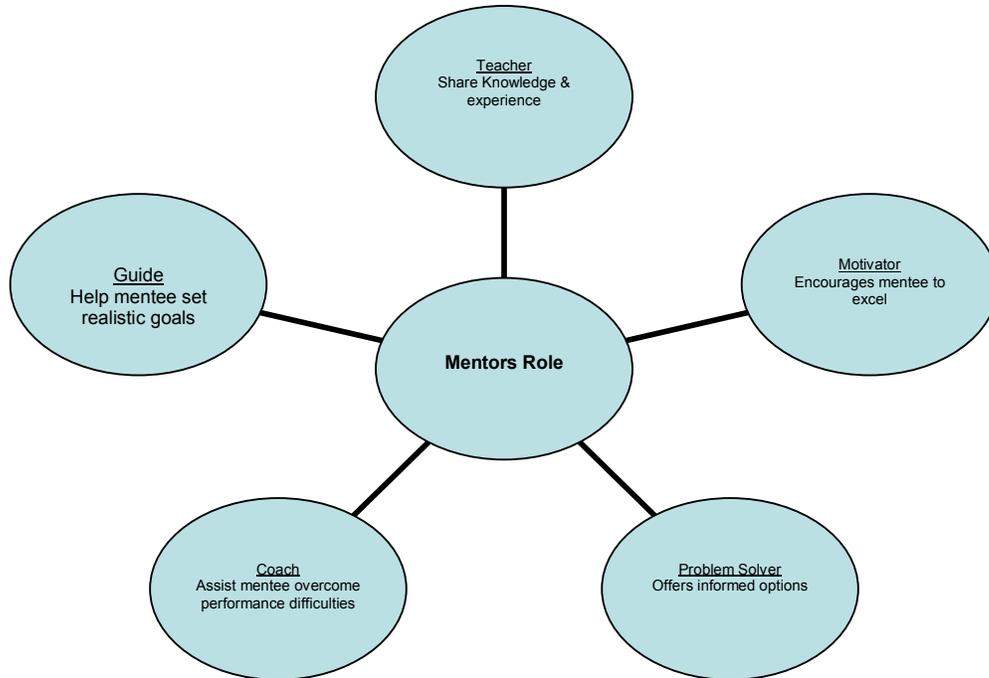
a) Mentorship programs

Mentoring is often used to describe a relationship between a less experienced Individual, called a mentee with a more experienced individual known as a mentor. (Donaldson et al, 2000). This study understands that mentors' personal attributes are; being supportive, attentive, and comfortable in talking to mentees and personal attributes for instilling confidence and positive attitudes, and developing mentee's reflective practices may more adequately assist the mentoring process for specific subject teaching

The generation gap with-in SACCOs decision organs arguably can be managed through mentorship programs. The mentor's personal approach for providing opportunities to reflect on teaching (Abell & Bryan, 1999), and assisting reflection on practice by being Comfortable in talking about teaching is pivotal to the mentoring process.

This implies that in SACCOs model mentor's personal attributes can influence the mentee's development as a teacher and has a bearing on the effectiveness of the mentoring offered (Ackley & Gall, 1992; Galbraith & Cohen 1995; Ganser, 1996; Peterson & Williams, 1998). Such mentor qualities as being comfortable in talking about teaching may put the mentee at ease for asking questions and exploring specific topics. The comfort level may also be associated with building a rapport with the mentee, where interpersonal ease facilitates flowing discussions, so that the mentee can feel at easy to discuss new ideas for managing SACCO.

Besides teaching, mentors can play various roles with-in the structure of SACCOs which are not limited those in Figure 4



b) Use of ICT

ICT is gaining a credible role in development of SACCOs across the continent with the knowledge it has in contributing to the national development (Heeks & Arun, 2006). It can be argued that ICT effect on SACCO can be analyzed better if we understand the ICT influence on SACCO development in terms of human resource development. This captures all people of working age; this paper focuses on the youthful personnel.

The need for improved efficiency is forcing the SACCOs to become more competitive. The most successful SACCO will be having similarities though the real difference will boil down to the ability to use ICT in executing business ideas that contributes to sustainable growth of SACCOs

This will require similar sectoral invention as identified by UNDP elsewhere at the national level such as capacity development, awareness and stakeholders campaigns. This is contextualized in the study to seek intervention attracting the youth. Usage of ICT in SACCO operations will change the perception of the youth who often identify SACCOs with obsolete ideas

Such ICT campaigns invention will not only increase inefficiency in operations with-in SACCOs after adoption of ICT but also increase members base by attracting the youth

How is it important in youth out reach?

The importance of ICT in the lives of African youth cannot be ignored. Most young people including minorities are now buying goods and services on line, communicating to each other from different geographical area at a point in time (Ebeling, 2003)

The youth involvement in ICT can be traced back to the internet boom experience in Africa around 90s; since then communication and developmental issues have been strengthened (Moodley, 2005). Particularly the internet has now become an invaluable tool for youth in Africa since it provides an avenue for them to interact and discuss various aspects of social, political, cultural and economic affecting them. Notwithstanding, availability of online chat service like Yahoo Messenger, MSN and Skype opportunities for cheap communication with immediate feedback.

Other networking tools like Face book and Twitter are not only fashionable for the youth but provide a wonderful avenue for information transfer. The youth in Africa through these networking tools to propagate the Cooperative agenda amongst themselves and whip up the quest to know more and get more involved in Cooperatives in Africa.

c) Agriculture as a tool of economic empowerment

In Kenya, agriculture accounts for approximately 23% of gross domestic product, indirectly or directly catering for 56% the country's employment. This makes it a key sector known to create employment.

In sub-Saharan Africa and South Asia, up to 70 percent of youth live in rural areas and half the youth population entering the labor force work in agriculture (IFAD, 2007). However, rural areas are losing the young productive workforce due to consistent rural-urban migration which is prevalent as most of the youth pursue employment to better their livelihoods.

While young Africans are increasingly mobile, around three quarters still live in rural areas. Tapping in to their skills, energy, creativity and willingness to take risks could play a critical role in revitalising rural communities and enhancing agricultural productivity. However evidence suggests that young people are choosing not to pursue livelihoods in agriculture, resulting in an ageing of the farming population. This could jeopardise possibilities for agriculture-led growth across the continent. It is clear that there is a growing realization now that there are serious negative political, social and economic consequences stemming from the precariousness of youth's livelihoods amounting to what others would refer to as 'youth crisis' (Bennell, 2007).

A step towards ensuring full participation of the youth in development agenda includes ensuring that all major development policies, programmes and investments are planned in consultation with young people, taking full account of their views and needs and of the possible impacts on them. Their views, perspectives and choices should be considered in research and policy making in the agriculture sector

Youth must be a major part of any equation dealing with immediate and long-term solutions to solving problems of food security and sustainable development. It is true that young people need education and training to prepare them to become the farmers and community leaders of the future, but even more importantly, they must receive maximum support and access to resources to enable them to become active partners in food security today!

SACCOs therefore should explore more ways of addressing this need in terms of penetration and involvement. Agricultural co-operatives and other membership-based organizations such as financial co-operatives are proven to offer valuable opportunities (directly and/or indirectly) to rural and urban employment. Cooperatives have the ability to unite business and social goals as they often provide strong mechanisms to encourage social objectives among their members and within their wider communities.

d) Exchange programs

This idea will borrow heavily on the student exchange programs. The Young African Cooperators exchange program is a program in which a young professional , will choose to live in a foreign country to learn more about the running of SACCOs in that country , among other things, language

and culture. These programs are called 'exchanges' because the goal is to exchange of young SACCO professionals between different countries. No trade off is actually required, so a young professional is allowed to go to another country without finding a counterpart in that country to exchange with. The young professional will live with a host family, who usually will be the mentors earlier mentioned ,unpaid volunteers and can be a traditional family, a single parent, or a couple with no children at home. Host families will be vetted by the organization co-ordinating the program.

An exchange professional will stay in the host country for a relatively short period of time, estimated at 3months. During this time, we hope that they will have learnt the SACCO system in that country and will embark home with renewed vigour to steer of the young Cooperators movement in their country or in a smaller way to make impact in their SACCO.

The coordinating office will further be responsible of Monitoring and evaluation of these young professionals in this program for recognition at the annual Young African Co-operators Conference.

e) Credit Advisory serviced

Credit advisory involves offering personalized and unbiased financial guidance to those with the intention of borrowing. Its main purpose is empowering the borrower to making informed decisions on the various investment options

Most if not all financial institutions have solicited these services imploring their risks and gains before venturing into investments and credit offerings their customers. How much more then does the respective individual need for this service; Social responsibility and sustainable credit is improved by educating the borrower. This ensures that proper returns are achieved and a healthier economy maintained to avoid economic slow downs like the one that has been experienced recently. Surety of none performing loans as funds are put into proper use.

SACCOs offer the cheapest of loans yet the borrowing amongst the youth is minimal. Credit advisory would be a strategy that other players in the market have not capitalized on hence giving saccos an opportunity to appeal to the young Kenyan borrowers. It will be an avenue to harness trust and increase penetration amongst the youth. In mainstream banking today where banks are targeting the salaried without necessarily considering whether they are saving or not, saccos have the platform to advance a healthier economy by educating the youth of the importance of borrowing and saving concurrently. The overall outcome of such an environment becomes a stable economy characterized by well serviced loans, debt management and appropriate investment options that guarantee returns and ultimately a saving culture enhanced in the society.

Credit advisory would address the untapped population of those that are not employed i.e. small and medium enterprises by helping them improve their creditworthiness hence making them a desired target for lending.

f) Health

Health could be defined as a state characterized by anatomic, physiologic and psychological integrity; ability to perform personally valued family, work and community roles; ability to deal with physical, biologic, psychological and social stress a feeling of well-being; and freedom from the risk of disease and untimely death (Stokes et al., 1982)

Recent years have seen important advances in our understanding of the link between health and economic development in low-income countries, exemplified by the report of the Commission on Macroeconomics and Health (CMH, 2001) Commission on macroeconomics and health, 2001

There is a sound theoretical and empirical basis to the argument that human capital contributes to economic growth. Since human capital matters for economic outcomes and since health is an important component of human capital, health matters for economic outcomes. At the same time, economic outcomes also matter for health and wealth (Suhrcke et al,2005)

Life expectancy is one of the most important variables in determining sustainable economies. Unfortunately, AIDS has taken its toll in Africa, Asia and even Latin America by reducing life expectancy in 34 different countries (26 of them in Africa). Africa is home to the world's lowest life expectancies with Swaziland (33.2 years), Botswana (33.9 years) and Lesotho (34.5 years) rounding out the bottom(Rosenberg,2010)

It follows then that for sustainable development to be realized the health of the youth is one of the issues that need focus. In developing countries the predominant disease burden is attributed to communicable diseases, maternal and prenatal conditions and nutritional deficiencies. These countries are characterized by agriculture and primary extraction hence labor is predominantly manual. Health complications therefore heavily impact on labor market outcomes that trickle down to the employee and that of his household.

Good health and longer lifespan is an incentive of investing in education and training in anticipation of better income earning in the future. Savings also increase with the prospect of longer healthier life where planning and saving for retirement would only occur when mortality rates are low.

The health sector is a large contributor to most economies hence it employs a sizable percentage of the population. Performance of the health sector will affect the competitiveness of the overall economy via its effects on labor costs, labor market flexibility and the allocation of resources at the macroeconomic level. Sacco policy makers should therefore be interested in considering investment in health as one of the options of meeting their economic objectives as well as involving the future generation

Recommendations

1. Affirmative action

The term "affirmative action" originated in the United States, and first appeared in President John F. Kennedy's Executive Order 10925. The term was used to refer to measures to achieve non-discrimination. In 1965, President Lyndon Johnson issued Executive Order 11246 which required federal contractors to take "affirmative action" to hire without regard to race, religion and national origin. In 1968, gender was added to the anti-discrimination list. Matching procedures in other countries are also known as reservation in India, positive discrimination in the United Kingdom and employment equity in Canada.

Affirmative action refers to policies that take factors including "race, color, religion, sex or national origin" into consideration in order to benefit an underrepresented group, usually as a means to counter the effects of a history of discrimination.

According to the Stanford Encyclopedia of philosophy First published Fri Dec 28, 2001 "Affirmative action" means positive steps taken to increase the representation of women and **minorities** in areas of employment, education, and business from which they have been historically excluded.

An Affirmative action for the youth in the SACCO Movement will attempt to advocate for a higher involvement of youth at all levels in the SACCO Movement. It will be instituted in the various African Governments and Cooperative Acts to ensure that youth within the society are included in leadership and in turn in membership of SACCOS. The justification for affirmative action will be the creation of a sustainable growing African SACCO Movement.

2. Regional youth educational network

Involving the youth in SACCO is one of the critical factors necessary to achieve poverty reduction and contribute to social economic development. SACCOs to submit proposal involving the youth to stakeholders such as ACCOSCA who will understand the bigger picture with-in the co-operative sector. Regional events can be organized to create as much awareness about Savings culture to the youth. This has the potential of accelerating SACCO membership across the continent.

Implementation to occur in the three regional blocks then held at different countries catering for the SACCO development in that particular country. Later, an annual Youth conference to be held along side the SACCA congress usual held on an annual basis.

Co-operative Practitioners, policymakers, funders, educators, youth leaders, members of the private sector, and other professionals involved in youth enterprise, employment, and livelihoods development will be encouraged to submit proposals. In addition, they will be able to participate in networking opportunities while contributing directly to the growth and development of the youth enterprise, employment, and livelihoods development field.

ACCOSCA can appoint youth ambassadors to promote SACCOs agenda. This network will offer young people a wonderful opportunity to contribute to development while at the same time learning about other cultures.

3. Regional development projects

Organize SACCO youth workshop in an effort to encourage behavioral change that adversely affect structures being put in place to eradicate the spread of HIV/AIDS

Organize SACCO youth training that would encourage the youth to engage in alternative source of employment mainly in the agriculture and information and technological sector

Solicitude for Youth entrepreneurial funds from development partners with a view of supporting a year-long training programme to encourage youth participation in the formulation, planning, implementation and evaluation of conservation and poverty alleviation programmes throughout the SACCO.

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