

GREAT JOURNS



Journal of Project Management 3(6) August, 2021

Relationship between Capital Financing Influence on Farmers' and Socio Economic Development in Soy Sub County, Kenya

¹Kipyia Pamfilias Jepchumba

Master of Arts in Project Planning and Management

²Dr. Samuel Mutukaa

Lecturer,

Faculty of Arts and Social Sciences,
The Catholic University of Eastern Africa.

³Ms. Florence Nassiwa

Lecturer
Dictionary

Faculty of Arts and Social Sciences,
The Catholic University of Eastern Africa.

ABSTRACT

Non-Governmental Organizations have taken a leading role in the development of Kenya. Several Non-Governmental Organizations with both local and international funding have been in the forefront in fighting poverty, and ignorance among farmers. Despite all these significant efforts made by Non-Governmental Organizations in Kenya, no much research has been carried out to establish the effects of interventions by Non-Governmental Organizations on social economic development. The purpose of this study was to assess the relationship between Capital Financing Influence on Farmers' and Socio Economic Development in Soy Sub County, Kenya. The study adopted a cross sectional research design. The target population for this study was 1,580 registered farmers with a sample size of 158 respondents based on Mugenda and Mugenda a sample size of 10% of the total population is considered adequate. Simple random sampling was used to select the respondents. Primary data was collected in the study for analysis. The study relied on a structured questionnaire as the main tool for data collection. The data obtained from the study was

GREAT JOURNS

Portugu

IPRJB

INTERNATIONAL PEER REVIEWED JOURNAL AND BOOK PUBLISHING

for absolute

analyzed using descriptive and inferential statistics. In descriptive statistics the study used frequencies, mean and standard deviation while in inferential statistics the study Anova and Pearson moment correlation. The findings indicated that all the study variables had positive high correlation to farmers' socio economic development in Soy Sub County, this was indicated by capital financing $r=0.886$ and the p -value is .000 .Therefore it was concluded that farmers have been able to access funds that are provided by Non-Governmental Organizations, also through Non-Governmental Organizations and their set initiatives I have been able to generate income through formal and informal activities, they are able to access funds from Non-Governmental Organizations because they are reliable and can be obtained anytime when direly needed. Further, Non-Governmental Organizations have enabled me to improve on my budgeting techniques as an individual and a farmer and have assisted me towards creating my own investment by saving at a growing rate from upward income planning habits. The researcher recommended that based on the essential role played by Non-Governmental Organizations in farmer's socio economic development, a clear policy on Non-Governmental Organizations should be developed at a national level, because Non-Governmental Organizations have the potential of eradicating poverty and hence leading the country closer to attaining the goals as envisaged by vision 2030. This will enable to highly improve the living conditions in County and also other parts of the country.

Key Words: ***Capital Financing, Farmers & Socio Economic***

1: INTRODUCTION

Kaboski and Townsend (2012) did a study on the Impact of capital financing on Village Economies in Thailand. The study reviewed literature on the short-term impact of Thailand's 'Million Baht Village Fund' program, among the largest scale government microfinance initiative in the world, using pre- and post-program panel data and quasi-experimental cross-village variation in credit-per-household. The findings indicated that the village funds have increased total short-term credit, consumption, agricultural investment, income growth (from business and labor), but decreased overall asset growth. The study found a positive impact on wages, an important general equilibrium effect. The findings are broadly consistent qualitatively with models of credit-constrained household behavior and models of intermediation and growth. This study was however done in Thailand and the findings might not be generalized to the Kenyan setting.

Chien and Devaney (2017) did a study on the effects of credit attitude and socioeconomic factors on credit card and installment debt among communities in China. The study used data from the 1998 Survey of Consumer Finances. The findings show the higher the specific attitude index, the higher the outstanding credit card balances, and the more favorable the general attitude toward using credit, the higher the installment debt. The results suggest the need for greater awareness on the part of consumers and consumer educators on the influence of attitude in the use of credit. This study however dealt with the attitude towards use of credit but the current study seeks to assess capital financing as a strategy to improve farmer's socio economic development

Mustapa, Mamun and Ibrahim (2018) reviewed of the Socio-Economic Impact of Micro-Credit in Malaysia. This paper identified the relevant literature of the effect of microcredit programs on socioeconomic well-being among low-income households including household income, enterprise income, enterprise asset, and economic vulnerability. The review determined a positive relationship between the constructs. However, empirical research penetration is required to bridge the gaps in the literature of microcredit and poverty eradication in the context of Malaysia. This study provided insights into issues related to the intersections of microcredit and poverty that are important for governments, developmental organizations, and researchers. This study however adopted a literature review design thereby leaving out gaps which the current study seeks to fill by adopting a descriptive survey design.

Hossain and All-Mijan (2018) did a study on the role of Micro-Credit Program on Socio-Economic Development of Slum Women: A Study in Dhaka City. This research is an explorative and informative sample survey. All the women receiving micro-credit and all organizations providing micro-credit service from above mentioned slum areas were considered as population unit. Each of those service receiving women and micro-credit providing organization considered as the unit of analysis. Sample and Sampling Technique: Through using purposive sampling technique, 62 micro-credit receivers (women) were selected from these three slums and from each slum 21 respondents were selected. Along with this, nine agencies were also selected through same technique. The study indicated that credit programs had a positive effect on several socio-economic variables including children's schooling, their nutrition level, lower fertility and increased use of contraceptives. Micro-credit has been called as one of the most significant innovations in development policy of the past 35 years and this movement aims to empower poor women borrowers

and to facilitate income-generating self-employment activities and to ensure socio-economic development. This study however dealt with Socio-Economic Development of Slum Women while the current study deals with farmers registered by Soy Sub County.

Chabot (2013) investigated the effects of credit on the growth of women owned enterprises in Capered constituency, UasinGishu County. The study targeted women entrepreneurs in Kapseret constituency and the management of various micro-finance institutions in the region. A total of 1468 women entrepreneurs were targeted which is the total number of women identified to have small scale business enterprises in the region operating as small enterprises. The desired sample size was identified using the Morgan and Krejcie Table for Determining Sample Sizes where the sample size comprised of 306 respondents. SPSS was used to code and enter data for analysis. The study adopted both the qualitative and quantitative analysis in order to achieve the objective of the study where the former used descriptive statistics where graphs, tables and pie charts has been used. This research used quantitative analysis to analyze collected data. The study also employed descriptive methods such as means, mode and median. The study established that education levels affects access to credit by women entrepreneurs, income levels affects access to credit by women entrepreneurs, interest rate affects access to credit by women entrepreneurs, culture affects access to credit by women entrepreneurs and that access to credit affects the growth of women owned small retail enterprises. This study however dealt with growth of women owned enterprises in Kapseret constituency while the current study deals with farmers registered by Soy Sub County.

Kawira (2016) did a study on the effect of micro credit in improving the living standards of the poor people in TharakaNithi County. Primary and the secondary data were collected for the study (Neuman, 2005). Qualitative approach was employed to carry out the study and semi-structure interviews to collect the data required for desired results. It was concluded from the analysis that provision of loan facilities and acquiring the necessary skills on how to manage the funds to generate extra income and gain profits serves as a way to improve living standards. Also established from the study is that a community or a household that is financially empowered will be able to educate their children, have an access to clean water, electricity as well appropriate housing which are the basic measures of poverty. The study suggested that the measure of advance given to the general public should be expanded to empower their organizations develop to medium scale ventures. The amount of loans given to individuals should be increased to propel transition from their poor living standards. This study however dealt with improving the living standards of the poor people in TharakaNithi County while the current study deals with farmers registered by Soy Sub County.

Nakiyimba (2014) set out to examine the impact of microfinance on the livelihoods of women in Kakondo Sub-County, Rakai District in Uganda. Descriptive research design was used and collected data was analyzed using SPSS. As speculated, the results from the study showed that microfinance credit does really play a key role in helping the poor cope with poverty however, as microcredit on its own does not alleviate poverty, which also brings us to the fact that these women can improve their livelihoods however sustainability on a long term perspective is doubtful.

Nyakambi (2014) sought to find out the effect of microfinance credit on poverty alleviation at household level in Nakuru County. The study employed descriptive research method. Multivariate regression model was applied to determine the relative importance of each of the six variables with respect to poverty alleviation. The study found that microfinance credit access positively contributes to alleviation of poverty at household level in Nakuru County by providing finance access to low income earners, less educated and those in the informal sector which helps in expansion of business, acquisition of better residential places, and acquisition of education, health and improved welfare. This study however dealt with poverty alleviation while the current study deals with farmers registered by Soy Sub County.

1.1 Statement of the Problem

Since independence, Kenya remains a poor nation that cannot provide her people with basic necessities of life (Commission on Revenue Collection Report, (CRC), 2013). In the last two decades, there has been a great increase in number and scope of Non-Governmental Organizations in the social economic development arena in Kenya (Okwiri, 2012). Non-Governmental Organizations play essential roles in improving communities' social economic development, complementary to the government, both in terms of resources and in making the government more effective (Riddell & Robinson, 1995). Non-Governmental Organizations have taken a leading role in the development of Kenya. Several Non-Governmental Organizations with both local and international funding have been in the forefront in fighting poverty, and ignorance among farmers.

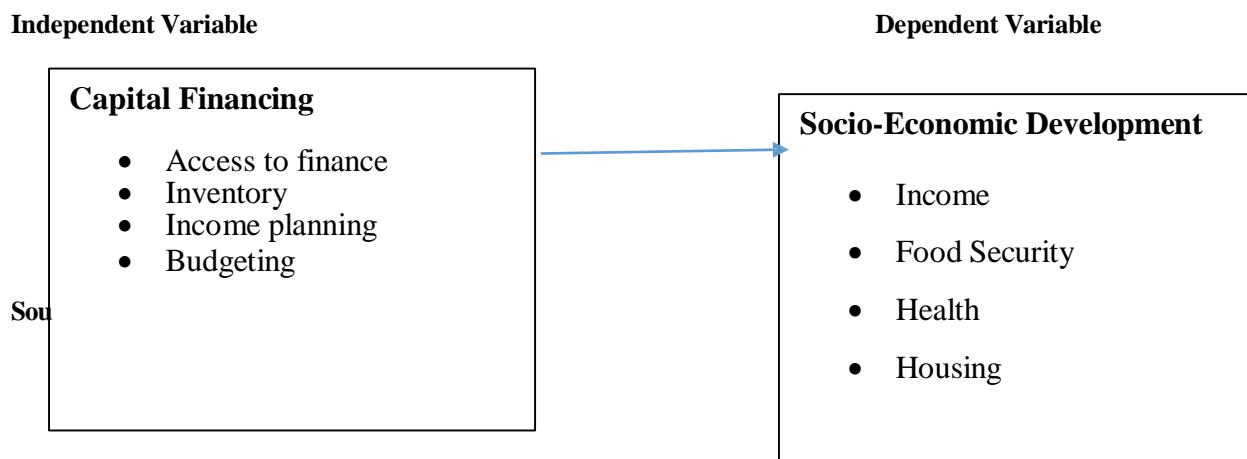
Despite all these significant efforts made by Non-Governmental Organizations in Kenya, no much research has been carried out to establish the effects of interventions by Non-Governmental Organizations on social economic development. For example; Abakunzi and Bokore (2020) did a study on the role of non-governmental organizations services on poverty reduction in Rwanda: case of Caritas in Musanze District. Gwaro (2016) examined the influence of non-governmental organization projects in poverty reduction in Kilifi County, Kenya. Kemunto (2015) did a study on the role of Non-Governmental Organizations in poverty reduction in Kisumu East Sub-County of Kisumu County Kenya. These studies however left gap since it e focused on Non-Governmental Organizations generally and have not detailed on how each specific impacts to farmers' social economic development. Also there are a few studies conducted in Kenya pertaining to Non-Governmental Organizations interventions and farmers' social economic development, especially in Soy sub county, Uasin Gishu County. This study therefore sought to bridge this gap and answered the research question; what is the influence of non-governmental organizations interventions towards farmers' socio economic development in Soy Sub County, Kenya?

1.2 Purpose of the Study

The purpose of the study was to assess the relationship between Capital Financing Influence on Farmers' and Socio Economic Development in Soy Sub County, Kenya

1.3 Conceptual Framework

Conceptual Framework is a hypothesized model identifying the model under study and the relationship between the dependent and independent variables (Mugenda & Mugenda, 2003). The goal of a conceptual framework is to categorize and describe concepts relevant to the study and map relationships among them (Tromp, 2012). This is presented in figure 1.1



11: RESEARCH DESIGN AND METHODOLOGY

2.1 Research Design

The study adopted a cross sectional research design. Cross-sectional study is one of the most widely used non-experimental research designs across disciplines to collect large amounts of survey data from a representative sample of individuals sampled from the target population (Cooper & Schindler, 2011). Creswell (2003) observe that cross-sectional survey research design is used when data are collected to describe persons, organizations setting or phenomena. A cross-sectional study design is used when the purpose of the study is descriptive, often in the form of a survey (Creswell, 2003).

2.2 Target Population

Target population is that population that the researcher wants to generalize the results of the study. Mugenda and Mugenda (2003) define target population as the entire group a researcher is interested in or the group about which the researcher wishes to draw conclusion. According to the records from Soy Sub County Kenya, there are about 1,580 registered farmers by the year 2018 (Soy Sub County Kenya, 2018). The target population for this study was therefore 1,580 registered farmers.

2.3 Description of Sample and Sampling procedure

2.3.1 Sample

A sample size is a sub-set of the total population that is used to give the general views of the target population (Kothari 2004). The sample size of this study was based on Mugenda and Mugenda (2003), a sample size of 10% of the total population was considered adequate for descriptive study and therefore the sample size for this study was 158 respondents.

2.3.2 Sampling Procedures

The main aim of sampling is to reduce statistical errors (Creswell, 2011). The most straight forward type of outline is a listing of fundamentals of the people preferably the entire population with appropriate contact information. The study adopted simple random sampling to select the respondents. This technique was chosen because it gives everyone a higher chance of selection.

2.4 Description of Research Instruments

This study made use of primary data; Data was collected through questionnaires administered to the participants. A questionnaire is essentially a structured technique for collecting primary data. It is generally a series of written questions for which the respondents have to provide the answers (Greener, 2008). This study used semi structured questionnaires to collect the primary data because they are very economical in terms of time, energy and finances. To answer the research questions, the questionnaire had sections: Section A focused on the respondents' profile, section B focused on capacity building, Section C focused on market support, Section D focused on capital financing, Section E focused on self-reliance assistance while section E focused on farmers socio economic development. This was provided directly to the respondent by the researcher and the research assistants and a follow-up was carried out to ensure that the questionnaires are filled out in line with the study.

2.5 Validity and Reliability of Instruments Results

2.5.1 Validity of Research Instruments

The validity the tests that was conducted using content validity, face validity and construct validity. For content validity the questionnaire was formulated and operationalized as per the study variables to ensure adequacy and representativeness of the items in each variable in relation to the purpose and objectives of the study. Further, content validity was verified through expert opinion from supervisors and practitioners. For face validity the questionnaire was subjected to expert analysis and opinion from at least two external experts who thoroughly checked the representativeness of the research instrument at face value. Construct validity is the degree to which, a test measures an intended hypothetical construct (Mugenda & Mugenda, 2003). Construct validity was achieved through restricting the questions to the conceptualization of the variables and ensuring that the indicators of each variable fall within the same construct. The purpose of this check was to ensure that each measure adequately assessed the construct it is purported to assess.

2.5.2 Reliability of Research Instruments

The research used test retest method to determine reliability of research instruments. Test-retest reliability measures the stability of the scores of a stable construct obtained from the same person on two or more separate occasions. Reliability concerns the degree to which scores can be distinguished from each other, despite measurement error. In

the case of test-retest assessment, intra individual response variability is used to estimate measurement error (Hays, Anderson, & Revicki, 1993).

2.6 Description of the Data Collection Procedure

The researcher sought for approval from the Catholic University of Eastern Africa to apply for a research permit from the National Council of Science and Technology. A copy of the permit was forwarded to the Soy Sub County Director informing of the intended study. After the permission is granted the researcher proceeded to collect data. The researcher selected the respondents and informed them on the purpose of the study. The research then administered the questionnaire to the respondents. Sufficient time was allowed for respondents to respond to the instruments. After the questionnaires were completed the researcher collected ready for analysis.

2.7 Description of Data Analysis Procedure

For statistical analysis, quantitative data from the questionnaire was coded and entered in the computer. The Social Sciences Statistical Package (SPSS version 23) was used for analysis. Both descriptive and inferential statistics were used for data analysis. Descriptive statistics included, mean, frequency, percentages, variance and standard deviation. These tools were used to describe and determine the respondent's degree of agreement or disagreement with various statements under each variable (Mugenda & Mugenda, 2011). Inferential statistics included Pearson Product Moment Correlation which was used to determine the linear relationship between the Non-Governmental Organizations interventions and social economic development.

III: RESULTS

3.1 Capacity Building and Socio-Economic Development

Capacity Building		5	4	3	2	1	M	SD
Since I attended seminars by Non-Governmental Organizations my decision making concerning farming activities has improved.	F	40	39	5	8	13	3.81	1.35
	%	38.1	37.1	4.8	7.6	12.4		
Since training carried out by Non-Governmental Organizations there's been a significant improvement in my farm activities and produce	F	39	42	8	16	0	3.99	1.03
	%	37.1	40.0	7.6	15.2	0.0		
Non-Governmental Organizations have created awareness programs tailored for farmers and I have directly benefited from them and implemented lessons learnt on my farm	F	51	31	17	3	3	4.18	.998
	%	48.6	29.5	16.2	2.9	2.9		
The shows and exhibitions hosted by Non-Governmental Organizations for farmers has impacted my way of farming and impacted my use of machinery on my farm	F	51	33	6	12	3	4.11	1.12
	%	48.6	31.4	5.7	11.4	2.9		
The farm visits carried out by Non-Governmental Organizations in Soy Sub County have enabled an improvement of my farm techniques and activities on my farm.	F	40	39	5	8	13	3.78	.978
	%	38.1	37.1	4.8	7.6	12.4		
The field days organized by the Non-Governmental Organizations in Soy Sub County have enabled me as a farmer to learn more on pesticides, herbicides and fungicides to use on my farm.	F	50	32	18	2	3	4.18	.978
	%	47.6	30.5	17.1	1.9	2.9		

Key: 1- Extremely Not True 2- Not Very True 3- Not True 4- Very True 5- Extremely True

According to the respondent as indicated in table 4.6, 38.1% agreed that that it is extremely true that since they attended seminars by Non-Governmental Organizations their decision making concerning farming activities has improved, 37.1% indicated that it is very true, 4.8% not true, 7.6% indicated not very true while a 12.6% of the respondents indicated that it extremely not true.

Similarly, 37.1% stated that it is extremely true that since training was carried out by Non-Governmental Organizations there's been a significant improvement in my farm activities and produce, 40% indicated that it is very true, 7.6% not true, 15.2% indicated it is not very true while none of the respondents stated that it is very untrue. In addition, 48.6% showed that it is extremely true that Non-Governmental Organizations have created awareness programs tailored for farmers and I have directly benefited from them and implemented lessons learnt on my farm, 29.5% indicated that it is very true, 16.2% not true, 2.9% indicated not very true while a small number of the respondents 2.9% indicated extremely not true. The researcher further probed the respondents on whether the shows and exhibitions hosted by Non-Governmental Organizations for farmers has impacted my way of farming and impacted my use of machinery on my farm, 48.6% indicated that it is extremely true, 31.4% indicated that it is very true, 5.7% not true, 11.4% indicated not very true while a 2.9 of the respondents indicated that it extremely not true.

Furthermore 38.1% of the respondents agreed that it is extremely true that the farm visits carried out by Non-Governmental Organizations in Soy Sub County have enabled an improvement of my farm techniques and activities on my farm, 37.1% indicated it is very true, 4.8% not true, 7.6% indicated that it is not very true on the statement. Lastly, when asked on whether the field days organized by the Non-Governmental Organizations in Soy Sub County have enabled me as a farmer to learn more on pesticides, herbicides and fungicides to use on my farm, 47.6% stated that it is extremely true, 30.5% indicated it is very true, 17.1% not true, 7.6% indicated not very true and 2.9% stated that it is extremely not true. This implied that the respondents are in agreement that capacity building influence on farmer's socio-economic development in soy Sub County since their responses were between mean scores of 3.90 and 4.8 on the continuous Likert scale.

These findings are alike to that of Chard (2015) who confirmed the assumption of a causal relationship between capacity building, good governance and peaceful development but revealed that it is conditioned by context and the will of recipient governments and people. The study also indicated that support for capacity building by multiple donor and financial partners made an essential contribution to the development of good governance and eventual sustained peaceful development. However, this positive impact was achieved because interventions were introduced in the context of a national vision and strategy for education as the motor of development, which was shared by government and public.

Dibie, Edoho, and Dibie (2015) revealed that there is a negative correlation between the nations' educational system and the kind of skills needed to achieve sustainable development. In addition, government policies have not been able to effectively galvanize the private sector and Non-Governmental Organizations to create more technical skills and jobs for citizens.

IV: SUMMARY

4.1 Capital Financing and Socio-Economic Development

The third research question sought to investigate the influence of capital financing on farmers' socio economic development in Soy Sub County, Kenya. The study indicated the respondents agreed that capital financing influence capital financing on farmers' socio economic development in Soy Sub County, Kenya. This study also indicated that capital financing positively and significantly influences capital financing on farmers' socio economic development in Soy Sub County, Kenya. This implied that the capital financing would significantly influence the capital financing on farmers' socio economic development in Soy Sub County, Kenya. It was also noted that improving capital financing leads to capital financing on farmers' socio economic development in Soy Sub County, Kenya.

V: CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusion

Further, it is concluded that farmers have been able to access funds that are provided by Non-Governmental Organizations, also through Non-Governmental Organizations and their set initiatives I have been able to generate income through formal and informal activities, they are able to access funds from Non-Governmental Organizations

because they are reliable and can be obtained anytime when direly needed. Further, Non-Governmental Organizations have enabled me to improve on my budgeting techniques as an individual and a farmer and have assisted me towards creating my own investment by saving at a growing rate from upward income planning habits.

5.2 Recommendations

Based on the essential role played by Non-Governmental Organizations in farmer's socio economic development, a clear policy on Non-Governmental Organizations should be developed at a national level, because Non-Governmental Organizations have the potential of eradicating poverty and hence leading the country closer to attaining the goals as envisaged by vision 2030. This will enable to highly improve the living conditions in County and also other parts of the country.

REFERENCES

McCrory, G. E. (2015). What's in it for me? Using expectancy theory and climate to explain stakeholder participation, its direction and intensity. *International Journal of Project Management*, 33(1), 3-14

Meijer, S. S., Catacutan, D., Ajayi, O. C., Sileshi, G. W., & Nieuwenhuis, M. (2015). The role of knowledge, attitudes, and perceptions in the uptake of agricultural and agroforestry innovations among smallholder farmers in sub-Saharan Africa. *International Journal of Agricultural Sustainability*, 13(1), 40-54.

Molenaers, N., & Renard, R. (2003). The World Bank, participation and PRSP: The Bolivian case revisited. *The European journal of development research*, 15(2), 133-161.

Mugenda, O., & Mugenda, A. (2003). Research methods: Quantitative and Qualitative methods. *Revised in Nairobi*.

Mugenda, O., & Mugenda, A. (2011). Research Methods: Qualitative and National Bureau of Statistics (2011). *Ministry of Finance*.

Mutisya, M. R. (2016) Influence of Non-Governmental Organizations Initiatives On Poverty Alleviation: Case of Innovations for Poverty Action in Sinai Slums, Nairobi County, Kenya.

Nawaz, A., Hussain Javed, Z., Shabbir, M., Ali Waeem, L., & Mushtaq, A. (2019). Participation of Non-Governmental Organizations for development of Socio-Economic status of Employees in Pakistan. *European Online Journal of Natural and Social Sciences: Proceedings*, 8(1 (s)), pp-170.

Nikkhah, H. A., & Redzuan, M. R. B. (2010). The role of Non-Governmental Organizations in promoting empowerment for sustainable community development. *Journal of Human Ecology*, 30(2), 85-92.

Obulinji, S. S., & Mburugu, E. (2013) The Role of Local Non-Governmental Organizations in The Socio-Economic Empowerment of the Rural Women Self Help Groups: A Case of Isinya Area-Kajiado County.

Offei, S. (2011). The role of Non-Governmental Organizations and Local Government in the socio-economic development of Lambussie Kani district, Ghana.

Okwiri, O. A. (2012). Quality management core practices: A participatory action-based case research on non-integrated implementation.

Sheraton, M. (2004). *An analysis of the effectiveness of microfinance: A case study in the Western Cape* (Doctoral dissertation, University of the Western Cape).

Shreiner, M. (2001). A cost-effective analysis of the Grameen Bank of Bangladesh. *Center for Social Development Working Paper*, 99-5.

Tahiru, A., Sackey, B., Owusu, G., & Bawakyillenuo, S. (2019). Building the adaptive capacity for livelihood improvements of Sahel Savannah farmers through NON-GOVERNMENTAL ORGANIZATIONS-led adaptation interventions. *Climate Risk Management*, 26, 100197.