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# Contribution of Social Solidarity Economy to Poverty Eradication, Experience from Uasin- Gishu County, Kenya

Wilson Kipkemboi Metto<sup>\*1</sup> & Isaac Kazungu<sup>2</sup>

<sup>\*1</sup>The Co-operative University of Kenya, Nairobi, Corresponding author:  
wkipkemboi@cuk.ac.ke

<sup>2</sup>Moshi Co-operative University, Tanzania, email: isaackazungu@gmail.com

## **Abstract**

*Increased economic crisis and the rise in poverty levels has prompted a global debate on the best model to eradicate poverty. Although some scholars have hinted at Social Solidarity Economy (SSE) approach as a solution, there is scarcity of supporting empirical evidence. This study contributes to this debate by exploring the contribution of SSE to poverty eradication. The study was carried out in Uasin-Gishu County, Kenya following a cross-sectional research design. The target population were all the people who have joined social-economic associations to improve their economic status. 384 respondents provided views on their economic status before and after joining an association. The study was anchored on epistemological SSE theory that prioritizes ethical and value-based economy placing members at the center of decision-making. Simple random sampling technique was used to select respondents. Quantitative and qualitative data were collected through survey method. The data were analyzed using binary logistic regression while qualitative data were analyzed through content analysis technique. The findings show that SSE was statistically significant to poverty eradication ( $P < 0.05$ ). In addition, the study found that co-operatives were much more statistically significant compared to other forms of associations. The study highlights the importance of co-operatives and other forms of social economic associations. The findings shall be useful to various stakeholders.*

**Keywords:** Social Solidarity Economy, Poverty Eradication.

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## **INTRODUCTION**

In the most recent years, worldwide economic instability has underlined the weaknesses of the current development structure and highlighted the necessity for a complimentary alternative. Several scholars seem to point at the Social Solidarity Economy (SSE) (ILO, 2020) as a solution. At present, many people are becoming aware that capitalism has changed lives and the earth into a commodity. Unsustainable structure that is not able to guarantee the happiness and dignified conditions of all people on the planet is socially unjust. However, there has been limited

understanding on SSE because of scarcity of clear empirical information. SSE as indicated by the roots in most communities such as mutuality co-operation, workers unions and social economy is recent economic structure (Barkin & Lemus, 2014). Over the last decade an explosion of SSE based economic practices has occurred in the world. Nevertheless, there has been a debate on whether SSE contributes to poverty eradication around the world (Hudon & Huybrechts, 2017).

The agenda for the UN (2030) has recognized SSE as entities to play a significant role on poverty eradication (Dash,

2015). The SSE may empower the marginalized groups, support resilience and efficiency and act as a strong vehicle for poverty eradication (Fonchingong, 2018; 2017). According to Dinerstein (2014), the SSE may support resilience and poverty eradication. SSE inspires businesses on improving delivery of services, people engagement and contribution to society paradigm shift. The present societies need to support and stimulate the SSE by sharing solutions and practices of the common challenges (Bateman 2015; 2014). About 10% of the total population around the world are living in poverty (UNDP, 2020) in rural areas worldwide, the poverty rate is 17.2%. These people live on extreme poverty of USD 1.90 or less a day.

Poverty is much more than lack of income, quality education, resources to facilitate quality livelihoods. It manifests itself on lack of basic services, limited access to education, discrimination socially as well as lack of participation in decision-making process (ILO, 2020). The UN identified eradication of poverty as imperative for development and made it Sustainable Development Goal (SDG) number one (UNDP, 2020). This implies that poverty eradication must be mainstreamed within the internally agreed development goals that is part of the United Nations (UN) broad agenda (Caruana & Srnec, 2013). The rise of poverty levels has prompted a need on the importance of poverty eradication. Saguier and Brent (2017) opined that there has been increased on attention focusing on social solidarity economy as a distinctive model to sustainable poverty eradication.

At least 12% of the people across the world are members of an estimated 3 million co-operatives on the earth implying that more education is needed for people to join these institutions (Hancock & Brault, 2016). Co-operatives generate about USD 2,146 billion (World Co-operative Monitor, 2018). Co-operatives contribute an estimated 280 million-job opportunities equivalent to about 10% of the total employed global population.

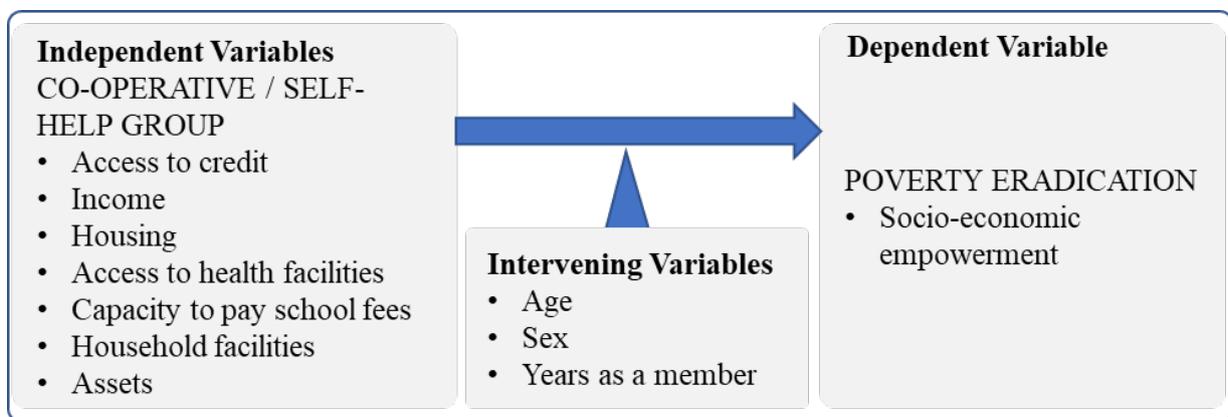
As organizations that are member owned, co-operatives are forms of empowerment to people of all works of life (World Co-operative Monitor, 2018). Women empowerment, autonomy and improvement of their social-economic status is an indispensable attribute worth considering (Kim and Lim, 2017). Furthermore, it is necessary in the realization of sustainable poverty eradication. The participation in groups and associations tailored towards poverty eradication of women is essential to productive life, including responsibilities and upkeep in households. In most parts around the world, women face threat to live, health and social well-being due to lack of empowerment. Women also get less formal education compared to men, and, in addition, their knowledge, capabilities and coping mechanisms in some cases go unrecognized. The power driving relations that hinder women's achievement of healthy and satisfied lives lies at many categories of the society, from most personal to highly public. Realizing changes require robust principles and action programmes that shall alter women's access to better livelihoods and socio-economic opportunities.

Eradicating extreme poverty in respect to empowerment, removing impediments on participation through socio-economic solidarity is necessary for development (Saguier & Brent, 2017; Hudon & Huybrechts, 2017). It is necessary to raise social awareness through education and mass communication programmes. In addition, improving women empowerment also facilitates decision-making power at all the levels and in all spheres of life, particularly in the poverty eradication. Thus, this is necessary for the long-term success of women's empowerment. Experience indicates that women and development of women groups' programmes are most effective when essential steps are simultaneously taken to enhance their status. This study examines the contributions of SSE to poverty eradication.

The study is guided by the theory of SSE that is an ethical and value-based approach. SSE prioritizes ethical and value-based

economy, social profitability instead of purely financial, democratic, and participatory nature of governance that places human beings at the centre of decision-making (Laville, 2015). It also states that social enterprises were self-sustaining entities with a core purpose of creating positive social-economic impacts within the societies. According to the theory, even if an organization is making profits but is not positively affecting the societies, then such organizations are very unlikely to last (Mbah & Fonchingong, 2019). Therefore, social-economic enterprise pursues solutions to the neglected problems. It

manifests itself on local expressions but have global relevance. The positive impact is on the well-being of the people indicated by their level of empowerment. The theory is relevant because the study equally attempts to explore the contributions of SSE to poverty eradication in Uasin-Gishu County. The indicators of the study are the characteristics, which the UN uses as yardsticks for eradicating poverty. The concept behind the study is shown on Figure 1. Forms of associations such as self- help groups and co-operatives indicators were hypothesized to affect poverty eradication shown by empowerment, and then measured.



**Figure 1:** Study variables

**METHODOLOGY**

The study was carried out in Uasin-Gishu County, Kenya. It is one of the 47 Counties, situated in the northern part of the Rift Valley. Ministry of Agriculture Livestock, Fisheries and Co-operative (MALFC), statistics shows that there were over 600 SACCOs operating as at June 2020 in various capacities mostly business and agricultural activities. There were also over 5000 social groups. The County is popular in agricultural and business activities. These activities led to increase in co-operatives and women self-help groups. However, there is a big disparity between the rich and the poor in the County.

The study used cross-sectional research design. The design chosen was because it facilitated data collection at a single point in time and enabled checking of various characteristics of the variables at once (Flick & Yin, 2011). The unit of analysis in the study

was poverty eradication through economic empowerment while the unit of observation was the social-economic characteristics of being in a co-operative or women self-help group. To get members’ sample size, Cochran (1977) formula for infinite population was employed because membership in co-operatives and self-help-groups were unknown: Therefore-

$$n_0 = \frac{z^2 pq}{e^2} \tag{1}$$

where  $n_0$  = sample size, Z is the selected critical value, p estimated proportion of attribute, q= 1-p, e level of precision. Assuming p=0.5, taking confidence level as  $\pm 0.5$ , p=0.5, q=1-0.5=0.5, e=0.05, z=1.96. We determined the sample size of 384.

The key informants were the County Co-operative Officers and teachers of women self-help groups. Quantitative and qualitative data were collected with the aid of

questionnaires, key informant interview and Focus Group Discussions (FGDs) respectively. For FGDs, two separate groups comprising of five members: County Co-operative Officers and Social Workers being representatives were selected. Ambiguities and vagueness within the instruments were removed by carrying out reliability test in the neighboring County, Elgeyo Marakwet. Variables, that could have affected the dependent variables were controlled and isolated using research design, thus giving the findings the possibility of use to generalize. Cronbach’s co-efficient of reliability on internal consistency was 0.820, meaning that it was more than 0.70 hence, reliable. Measurement criterion validity was guaranteed by ensuring that instruments captured exhaustively all the aspects that were vital and one-measure of the findings corresponded with another respectively as stated by (Rukwaru, 2015;).

Descriptive and inferential statistics were used to analyse data. For quantitative data, inferential statistics was used because, binary logistic regression was dichotomous; either

poverty could be eradicated through empowerment or not. Towards SSE was measured by being a member of either a co-operative or self-help group examined by X<sub>1</sub> access to credit facilities, X<sub>2</sub> income, X<sub>3</sub> household facilities, X<sub>4</sub> housing, X<sub>5</sub> access to health facilities and X<sub>6</sub> health facilities. Hosmer (1989) binary logistic model applied was as follows:

$$\pi(\tilde{x}) = \log \left[ \frac{\pi(\tilde{x})}{1-\pi(\tilde{x})} \right] = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_p x_p + e \quad (1)$$

Where  $\pi(\tilde{x}) = \log \left[ \frac{\pi(\tilde{x})}{1-\pi(\tilde{x})} \right] = Y$ , the probability of poverty eradication indicated by economic empowerment was binary measured by one for poverty eradication and zero for otherwise,  $\beta_0$ - was constant term,  $\beta_1 - \beta_p$ - was coefficients of regression and e error term. Furthermore, X<sub>1</sub> to X<sub>p</sub> were the independent variables as indicated on Table 1. For qualitative analysis, data from in-depth interviews were transcribed, classified and coded into themes, it was then analyzed based on the content within the thematic areas. This information complemented quantitative data.

**Table 1: Measurement levels**

Variables		Measurements	Variable type
Either Co-op or Self- Help Group	X <sub>1</sub> -Access to credit facilities	Scored 1 access to credit facilities and 0 for otherwise	Independent
	X <sub>2</sub> -Income	Amount earned per month	
	X <sub>3</sub> -Household facilities	1 if bought household goods from associations money and 0 for otherwise	
	X <sub>4</sub> -Housing	1 for having permanent house and 0 for otherwise	
	X <sub>5</sub> - Access to health facilities	1 and 0 for otherwise	
	X <sub>6</sub> -Capacity to pay school fees	1 and 0 for otherwise	
Poverty-Eradication	X <sub>7</sub> . Assets	Number of Assets	Intervening
	X <sub>9</sub> .Membership in yrs	Number of years as a member	Variables
	X <sub>10</sub> Age	Age of Member	
	X <sub>11</sub> Sex	I for male and 0 for female	Dependent
Indicated by economic empowerment	1 and 0 for otherwise		

**FINDINGS AND DISCUSSION**

Table 2 shows that before the respondents joined associations, those that indicated to have been excellent on economic empowerment were 11.5% compared to 27.3% after joining the associations. The implication is that associations were positively affecting the member economic empowerment; this means that the social-economic status of an individual improved after joining an association. This finding confirms De’s (2017) finding on livelihoods development that saw the need for the social economic entities as drivers of improved livelihoods. Further, respondents whose economic empowerment were fair were 31.2% compared to 25.3 % after joining an association, meaning that associations were not affecting fairness. Members who felt they were still bad after joining associations were 57.3 % compared to 47.4 %. The implication in addition is that associations affected the member economic empowerment. Furthermore, the findings were in line with (ILO, 2020) that saw the potential of SSE in transforming livelihoods through social economic solidarity organizations empowerment. In addition to exploring the

problem more, binary logistic regression was run. The finding shows that when all the variables are held constant SSE contributes to member empowerment by 2.197 times as indicated by the beta values. This adds more voice to Mbah (2016) that postulated that SSE was one of the models that could be used to approach the issue of poverty eradication.

Income beta values was 1.800 compared to 1.723 for capacity to repay loan implying that co-operatives and women self-help groups were one more times able to predict economic empowerment. The findings again clarify Fonchingong (2017) that opines that an approach towards SSE was more able to impact on the poverty eradication in local communities. The findings further show that members were able to purchase household goods when they were members in a co-operative society and women self-help as opposed to when they were not. In terms of housing, it’s influence is 0.801 compared to access to health facilities and assets that were being affected as shown by 0.230 and 0.221 respectively. The p values for all the variables were significant to economic empowerment because they were less than 0.05 (Table 3).

**Table 2: Economic Empowerment (N=384)**

Variable	Good		Fair		Bad	
	N	(%)	N	(%)	N	(%)
Before joining association	44	11.5	120	31.2	220	57.3
After joining association	105	27.3	97	25.3	182	47.4

**Table 3: Relationship between SSE and Economic empowerment**

Variable	B	S.E.	Wald	p	Exp(B)	95% for EXP(B)	
						Lower	Upper
Constant	2.197	0.415	7.117	0.000	10.030		
X1-Access to credit facilities	-1.751	0.455	34.433	0.000*	2.297	2.508	4.350
X2-Income	-1.800	0.460	16.069	0.000*	3.000	1.000	1.001
X3-Household facilities	1.022	0.408	25.857	0.000*	3.076	1.066	1.000
X4-Housing	0.801	0.308	22.458	0.020*	2.000	0.877	0.987
X5- Access to health facilities	0.230	0.098	12.450	0.340	0.608	0.540	0.668
X6-Capacity to pay school fees	1.723	0.401	34.987	0.001*	2.297	1.409	3.230
X7- Assets	0.221	0.356	11.980	0.353	0.603	0.460	0.369
X8 Membership in Years	0.511	0.307	15.09	0.201	1.701	0.650	0.560
X9 Age	0.905	0.312	24.012	0.120	2.003	0.940	0.987
X10 Sex	0.970	0.315	25.090	0.011	2.015	1.000	1.260

\*Significant at p<0.05

A critical examination of access to credit, income and housing facilities was found to be significant ( $p < 0.05$ ) for all the cases compared to capacity to pay school fees, access to health facilities and assets. This implies that SSE had more effect on enabling a member to access these variables. In addition, membership in years, age and sex were all less than 0.201 hence had also an effect as intervening variables (Table 3).

An examination of exponential B shows that the SSE were predicting member economic empowerment by about 10 times compared to other variables that were all more than 0.5. In addition, this also means that economic empowerment was a function of SSE factors. Other variables that were treated as independent variables were membership in years, age and sex all of them affected member participation as indicated by p values that were less than 0.05.

When one of the members were asked about the group she was in, she says-

*“Since I joined the group, I have been able to access credit as much as I wish. I have used the credit from the group to improve and strengthen my sources of income and purchased a dairy cow. I am using the loans to pay for my children’s school fees easily. Credits have assisted me to meet emergency needs such as clearing hospital bills among others like abrupt increase on school fees”* Self- help group member (31<sup>st</sup> May 2021)

The above excerpt shows that members in social groups were able to access credit facilities easily compared to those that were not especially for the economically struggling people. Poirier (2014) and Mendell (2014) noticed the advantages those who were in social-economic associations were likely to enjoy. This included solving social and economic problems through team effort. Meeting of emergency financial needs such as hospital bills and increased in school fees was possible. This confirms the idea that although these associations’ objective was to be used to improve people’s well-being, more education was still needed to sensitized people about the

importance of joining them as suggested by (European Union, 2014). This was evident by the fact that only about 12% of the members in the world are co-operative members (ILO, 2014). This means many more people are yet to join the organizations so as to enjoy the benefits that goes with them.

## **CONCLUSION & RECOMMENDATION**

The study concludes that co-operatives and self-help groups are critical to economic empowerment of those that were members and hence poverty eradication. People who had joined associations had an edge on economic empowerment compared to those who had not, they were able to access readily available credit making them meet emergency needs. Many less privileged people were not members of any social-economic associations despite the advantages that accrue from them. There was a wide gap between the rich and the poor in the County.

Women empowerment was found to be key to poverty eradication; women were actively involved on self-help groups most compared to men. Co-operative forms of associations were contributing most to the level of empowerment. Members of co-operatives were enjoying dividends, health loans, development loans, school fees loans and the normal loans, which enabled them to acquire improved sources of income, assets, household goods, pay school fees and health bills.

On theoretical perspective, SSE were found to place human beings at the centre of their operations. They brought a paradigm shift from capital-based economy emphasizing on profits to ethical value-based economy that prioritizes the democratic and participatory nature of governance in decision making process. Based on the indispensable role played by co-operatives and social-self-help groups, the study advocates the adoption of SSE model as an approach to poverty eradication.

The Ministry of Livestock, Fisheries and Co-operative Development Officials and the State Department of Social Services should sensitize people about the important and benefits of joining associations particularly co-

operatives. The study findings will be important to the Ministry of Social Services and the Ministry of Co-operative Development. The study is limited in that, it could have been more appropriate if it were done in the 47 Counties of Kenya, however due to time and resource constraints this has not been possible. It is suggested that this study be replicated in other Counties. In addition, a separate study on SSE and co-operatives and another on social self-help groups should be undertaken.

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