

Section 2

Manage a Workstart Group

Mobilise and Manage a Workstart Group

2.1

The importance of savings

Mobilizing savings from members is one of the important functions of A Workstart Group. If many people save together with agreed frequency and rules, savings will become a regular habit and the collective effort will be substantial. Saving a regular amount will require members to make small sacrifices in order to be set aside for a future need. When we deposit our savings with the group, it is our money. It will be kept safe. The following case study shows the importance of saving:



How Chunnidevi Saved her Family from Starvation

Chunnidevi's husband, was working as a labourer with a big farmer named Lalji. Though Lallu himself was a farmer, he had to work for Lalji as he had borrowed money when he had fallen ill. When his crop was about to be harvested, Lalji came to the field and demanded his money back, failing which he would confiscate Lallu's crop. Lallu did not know what to do. Chunnidevi, Lallu's wife, was a member of a women's self-help group in the village and with the agreement of the Leader and other members she withdrew her savings to repay Lalji. Chunnidevi returned the landlord's money and the couple brought back the grains to their home. This saved the family from starvation. Later, Chunnidevi started a grocery shop of her own, again through using savings with the group. Lallu also left working for the landlord and now helps his wife in the business full-time.

Encouraging savings

Encouraging poor people to save is not easy and Leaders will need to explain carefully the benefits of having savings to use in the future. They will also need to give members reassurance that their savings will be secure. **Saving in a Self Help Group is a common activity, which builds up unity and fellow feeling.**

- Everyone can save something, however small
- Saving is the starting point for a society's economic growth
- Unity is strength, and when people save together the amount grows
- Having a bank account gives access to other funds, grants and support
- Banks prefer dealing with groups
- When people save they become more self-reliant and confidence

Managing savings

- Ask the members to fix the amount and its frequency (weekly/fortnightly/monthly)
- The amount of saving can be changed anytime with mutual consent
- Members decide proportion of savings returned to members who leave the group
- The saving amount should be collected only in group meetings
- The saving amount should be noted in the ledger and member's pass book when it is paid
- All members pay on the due date, and any late payment, unless an emergency, is fined
- Savings collected should be deposited immediately in the group's saving account.
- The group ledgers and pass book must be kept by the cashier not by an outsider
- No office holder should use the group fund for personal expenses or keep cash with her
- Office holders depositing money ask a different member to accompany them every time
- When depositing money always take the pass book and insist on its updating
- Give details of saving balances and any expenses to members at every monthly meeting

Money creates suspicion in the minds of people, therefore it is essential to make it very clear that the group's saving will be controlled by group members themselves and not by any outsider. It may take at least 3-4 meetings before this sense of responsibility is accepted by members and office holders.

Using savings



If the group functions only as a savings club this is likely to lead to people losing interest in group activities and demanding their savings back. Inter-lending can be a positive activity for groups to engage in and helps build up credit discipline among members. In successful groups repayment is almost 100%. **Banks will have no hesitation to lend money to such groups with a good track record.** Bank loans come directly to the group.

The group can use this money to finance income generating activities of members – whether group ventures or individual ventures. The group lends to members at a higher rate than it has to pay to banks. This is an additional source of income to the groups, and the profit ultimately going to members.

Members may need to borrow or withdraw savings for income generating activity.

Examples are:

- to buy a cow
- to buy seeds, fertilizer and pesticides
- to buy a plough and bullock cart
- to install a hand-pump
- to buy a sewing machine, etc.

What system of finance is needed for poor people?

- Small amounts of finance
- Loans to be available when needed
- Loans must be available for all needs – daily needs as well as investment needs
- Interest rates should be fair and reasonable, and not be exploitative
- Loans must be available without security or mortgage of property

Good practices for Savings Withdrawals by Workstart Groups

Many groups encourage Withdrawals from the third month because:

- Saving must become a regular habit among members
- It takes at least three months for members to develop trust and mutual confidence
- Within three months it will be clear whether all members are willing to take active part in the activities of the group, such as attending group meetings, contributing savings etc.
- Three months are needed for the group to collect enough funds to lend
- After three months the group has experience of accounting to manage this

Process for Withdrawal Request approval

Before starting Withdrawals for Income Generating Activity, the group should decide:

- How much money each member can withdraw
- For what purpose a withdrawal can be given, ie income generating activity



The practices followed by good groups are the following:

- Members only request savings withdrawals during group meetings
- Members discuss whether the member is eligible, express opinions and decide
- The limit of withdrawal is determined by the size of savings
- If only a few benefit from withdrawals it may cause some dissatisfaction
- Good groups do not approve more than one withdrawal to the same member at one time
- Priority is given to money being used for income generating activity
- Checks are made that money is used for the purpose for which it was requested

Prosperity through reviving traditional activity

Group power changed one community leading a hand to mouth existence. Due to lack of capital, they had given up their traditional occupation of fish farming. A self-help group formed in the village and each member started saving Rs.20 per month from their wages. After 3 months the fund began to grow and at the end of 6 months, the local bank was willing to lend money to the group to take up income generating ventures. Group members went to the District Fisheries Officer to learn about modern techniques of fish rearing. A one-week training course was also organised. They took the village ponds on a long term lease, in which they rear different varieties of table fish. Villagers are happy getting fresh fish at cheaper rates. Contractors come from afar away to ferry the fish to urban centres. The group is planning to buy a van to deliver fish and earn a better profit.

Roles and Responsibilities

2.2

A **Workstart Group** is the common property of all its members but each member has to play a part and fulfil their responsibilities to the group. Otherwise, the group will collapse and everyone's collective time and effort will be wasted. By working together the group can grow strong as a mutual support mechanism for all members.



List of Responsibilities for members of a Workstart Group

Regarding functioning well together, members should agree:

- To attend all meetings on a specified date, time and venue.
- To actively participate in meetings and give suggestions on the issues being discussed.
- To select representatives (office holders) and change them once in a year.
- To follow all the rules and maintain unity

Regarding Savings and Withdrawals, members should agree:

- To contribute the saving amount agreed on the fixed day (usually from second meeting)
- To utilize any withdrawals taken from the group for the agreed purpose only
- To keep track of their own individual savings record
- To ensure that all members use their withdrawals properly and continue saving

Regarding Maintaining Good Records, members should agree:

- To deposit savings or receive withdrawals only during the meeting
- To bring their individual passbooks to each meeting for updating
- To keep track as to whether the treasurer has deposited cash in the saving bank account
- To monitor maintenance of all books and records of the group by the representatives
- To insist on receipts for each cash payment
- If illiterate, to learn to sign, read, write and count

Regarding Development Activities, members should agree:

- To discuss common issues that affect the members and give suggestions to tackle them
- To attend all training programmes arranged and agreed by members
- To work with other agencies on any development activities in the village

Regarding Group Management Functions, members should agree:

- To be present in the meeting venue at least 10 minutes before the scheduled time
- To bring all necessary books and documents to the meeting
- To ensure that meetings are convened and take place as agreed
- To ensure that decisions are taken and acted upon, following consultation with all the members at the meeting

Regarding Interpersonal Relationships, members should agree:

- To ensure that members maintain good relationships among themselves
- To manage internal conflicts tactfully and always helpfully

Regarding Public Relations, members should agree:

- To establish amicable relationships with the rest of the village community
- To establish good coordination with public institutions and banks

Regarding Supporting Each Other, members should agree:

- To share information with members
- To motivate members to attend training
- To encourage literacy and adoption of good practices needed for healthy living

Regarding the Maintenance of Books and Record, members should agree:

- To record attendance in meetings and prepare minutes at the venue itself
- To update the Savings and Withdrawals Ledgers for each month
- To issue and update member passbooks
- To get the books of accounts audited every month
- To keep all records safely and produce them whenever required
- To issue receipts for all cash received

Regarding Facilitator and Representatives' roles, they are:

- To ensure that within the first two meetings, all members have become fully aware of their responsibilities, understand them and are committed to fulfilling them
- To attend every meeting in the first 6 months and help train all the group members in different aspects of the group's functions
- To ensure the group has all the required documents (books and records) needed to start a group and ensure that newly elected Representatives are trained to maintain them.
- To facilitate the training of group members and enable and encourage every member to assist with the necessary document completion where appropriate

A Case study: Discuss the following case study and emphasise that it is good to change Representatives who do not work for the interest of the entire group.

A Group Changes its Secretary

A village has three self-help groups and all the members of one group are illiterate. Therefore the husband of the secretary looked after record maintenance and accounts keeping. All the three groups were to celebrate Independence Day together. The secretary and her husband had information about the programme, but did not care to inform the other members. As a result they could not participate in the function. When the members came to know about this after the event, they convened an emergency meeting of the group. They decided that a secretary who cannot even do a simple task should not continue in office. Though the facilitator suggested they give the secretary a second chance, the women did not budge, saying that this was not the first instance of wrongdoing by the secretary. They were all along suspecting that accounts were not maintained properly. They selected a new secretary and the group is satisfied with her work. The group has also started learning to read and write with the help of an educated person from the village.

Leadership of a Workstart Group

2.3

Good leadership

For the proper functioning of an organisation, responsibilities must be assigned, which helps to:

- coordinate all activities of the group and build good relationships among members;
- ensure all members participate in group activities
- monitor group progress and improve performance and bring out the best in members
- coordinate with banks and other organisations;

People taking on roles with responsibilities should be called Representatives rather than leaders, as this will give the feeling that all the other members are followers.



Why Representatives must be changed periodically

Members with specific responsibilities must be selected through consensus by all group members. Their term of office must be specified and new people must be selected after the end of the term served. Changing the people doing such tasks periodically helps:

- create opportunities for all members to develop skills;
- the sharing of responsibilities/development of collective management;
- smooth functioning of the group even if some members are absent;
- to promote belongingness and ownership of the group by all members;
- to avoid domination of the majority by a few influential members.

The outgoing Representatives must take action to elect new people. The change of officer should therefore be initiated 2-3 months before the term of previous office holders ends. People can be changed by the group even before the fixed term if:

- the behaviour of present people is agreed by all to be undesirable;
- they are not performing their roles well;
- they are misusing group funds
- they have requested to step down for appropriate personal reasons (ill health)

Qualities of good Representatives

Representatives must be democratic and encourage members to participate in activities and decision making. They will be responsible, impartial and supportive of others. They should not be selfish, dominating and dictatorial (autocratic people). They should not be irresponsible or refuse to take risks or think that the others will do their job. Your Workstart Group will need people who are:

- self disciplined, patient and balanced in attitude and behaviour;
- enable and involve all members in group activities;
- willing to forgo their credit needs for the sake of others;
- servant-hearted and concerned about the development of the group
- willing to learn new skills



Selecting People: If the group is not homogeneous, people of different sub-groups may want to have their own people as leaders. Sometimes women who are dominant in the village community may want to assume a leadership role, while others may dislike these people. In some situations, nobody may volunteer to be a leader, fearing responsibility. The Facilitator can tackle such situations by

explaining the necessity for people to shoulder responsibilities if the group is to function well and pointing out the qualities of good Representatives. In case it is feared that a dominant sub-group may submerge others in the group, some form of secret ballot can be adopted. Sometimes people may not volunteer for a role as they do not realise their potential. If this is so, observe how group members behave in the group and what are their hidden leadership qualities. Those with potential can be discretely encouraged.

Autocratic People: Dominating people do not like dissent and will force others to toe their line. As time passes, resentment will develop and the group will collapse. This behaviour may be due to the fact that the leader may have wrong notions about leadership or if it is not easy for the leader to admit mistakes. Proper training by the Facilitator during group meetings in the first three months will help to overcome this problem.

Handling of cash: This responsibility is carried out by the treasurer. Handling of cash is a very sensitive issue. If the treasurer is not honest, they can use the money for their own needs. Sometimes members may develop mistrust, even when the treasurer has done nothing wrong. To avoid this situation, the rules should specify the maximum amount that



can be kept with the treasurer for the group's emergency expenses. Any amount over this amount must be deposited in the bank. All cash should be kept in the cash box and the key of the box must be with the secretary. Members should take turns to deposit money in the bank with the treasurer.



Representatives not taking withdrawals first: In order to avoid such situations, Representatives should take withdrawals from the group's account only after all other members have had the opportunity to withdraw first. The Facilitator can subtly suggest to the representatives that by not taking any type of benefit from the group till other members have had a turn, they would be enhancing respect and trust from members.

Superiority complex of Representatives: Some people may think that a group for which they are responsible owes its existence to them. Such people will take decisions on their own, suppress the others and corner all the benefits. In such cases, the Facilitator should:

- Educate the members about the dangers of dominant leadership
- Spend time with the representative and win their confidence to help change their attitude
- If the person refuses to change, motivate the members to change the representative
- Narrate examples of good leaders
- Demonstrate the qualities of good leaders and dangers of poor leadership

Change of Representative: In many groups leaders refuse to be changed as they do not want to relinquish powers and privileges, or they may not cooperate with the new leaders. This problem will not become serious if:

- Members and leaders know the scheduled time for representative change
- The outgoing representative's will continue to enjoy respect
- The person's experience as a senior member is used by other members

Nobody volunteers to be Representative: This problem may arise when the earlier leadership was humiliated without justification or when members fear taking up responsibility. In some areas there may also be opposition from family members. This situation arises due to having no opportunities for building up skills and confidence and due to non-transfer of knowledge. The members should be given the opportunity to attend all training on offer. Group leaders can also share their experience and knowledge with other members. There should also be opportunities for sharing experience with other successful groups.



Lack of knowledge of the leader's role and responsibilities: The Facilitator should explain to the group the roles and responsibilities of each Representative role and train volunteers to develop capabilities for the same. The roles are:

President/Chair: Conduct meetings, help members take collective decisions, solve members' problems, share information with members.

Secretary: Inform dates of meetings, fix agenda of meetings, record attendance in meetings, prepare minutes of meetings, keep the key of the cash box.

Treasurer: Responsible for all cash transactions in the group, keep custody of cash, monitor loan utilisation and repayment.

Collective responsibility: Represent the group in other forums, deal with the bank, appraise withdrawal applications, plan and implement programmes.

Record Keeping for your Workstart Group

2.4

In every organisation, it is very important to maintain records of operations and financial transactions. Workstart Groups will need to keep records of everything they do in their membership and meeting registers. The guiding principle is that all transactions are recorded, preferably on the same day.

The following transactions usually take place in a Workstart Group:

- Receiving savings/refunding saving amount to members who may leave
- Giving members their approved withdrawal requests
- Receiving grants/donations
- Paying for expenses



Every Workstart Group will need to set up the following:

- Membership register
- Attendance register
- Meeting proceedings
- Cash book
- Savings & Withdrawals ledgers
- Bank ledger
- Group's bank passbook
- Individual passbooks

The Treasurer is the office holder responsible to ensure that all account books are maintained properly. The person must be honest, acceptable, with numeric skills and must be able to write accurately, and should not be able to influence the group in any way. Initially the Leader may do this job, but a person from the village must be selected and trained for this purpose.

The accounts must be audited at least once in a year. Auditing is a systematic verification of the accounts by a person other than WSG members. Its purpose is to check if there are any errors or omissions, to rectify errors and help to avoid errors in the future.

Members need to be aware that keeping a record of financial transactions is very important and that they must be allowed to examine the records to check for mistakes.