Women's Leadership in Village Savings and Loan Associations*

Munshi Sulaiman† Danila Serra Catalina Franco

Kjetil Bjorvatn Shyamal Chowdhury

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Abstract

Village Savings and Loan Associations (VSLAs) are widespread across Sub-Saharan Africa. By being one the primary sources of credit for women, they offer a promising avenue for fostering local-level female leadership. In mixed-gender VSLAs, chairperson roles are predominantly held by men. Through a randomized controlled trial (RCT) involving over 500 VSLAs in Uganda, we evaluate the impact of interventions aimed at encouraging women's leadership. In partnership with multiple local organizations, we encouraged randomly selected VSLAs led by male Chairpersons to transition to female leadership at the start of a new savings cycle. The intervention led to a 9.2 percentage point increase in the likelihood of selecting a woman as Chairperson – a 130% increase from the control group mean. Most groups retained female leadership over time, resulting in a 13 percentage point increase in the likelihood of having a woman as Chairperson the cycle following the intervention cycle. Female leadership led to increased lending to members, and especially to women, resulting in a more gender-equal distribution of loans; it also led to lower member dropout rates. Crucially, these changes did not negatively impact the VSLAs' financial performance. Our survey data show no evidence of lower satisfaction with VSLA leaders or increased psychological distress among Chairpersons as a result of the intervention.

Keywords: Female Leadership, VSLAs, Uganda

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†Sulaiman: BRAC Institute of Governance and Development (BIGD), Brac University. Serra: Texas A&M University; Franco: NHH Norwegian School of Economics. Bjorkman: NHH Norwegian School of Economics. Chowdhury: Univrsity of Sydney.

1 Long Abstract

Women remain significantly underrepresented in leadership roles across political, economic, and social spheres globally. This disparity is even more pronounced in developing regions such as Sub-Saharan Africa and South Asia, where traditional gender norms are deeply rooted. Much of the research on women in leadership has focused on corporate sectors in high-income countries or on women in politics, for instance by examining the impact of gender quotas on corporate boards (Bertrand et al., 2019; Matsa and Miller, 2013) or city councils (Chattopadhyay and Duflo, 2004; Bhalotra and Clots-Figueras, 2014; Beaman et al., 2009; Iyer et al., 2012). There is limited research on women's leadership in grassroots community organizations. Village Saving and Loan Associations (VSLAs) play a critical role in expanding financial inclusion in most low-income countries. In Uganda, these community-based savings groups have experienced rapid growth and are one of the primary sources of credit, particularly for women.[1] Research shows that they have proven effective in providing access to financial services, facilitating investments, and helping individuals cope with shocks (Bjorvatn and Tungodden, 2023; Karlan et al., 2017). However, their potential to promote gender equality through female leadership remains largely unexplored.

In this paper, we partner with local organizations working with over 500 mixed-gender VSLAs to evaluate the impact of interventions aimed at encouraging VSLAs to choose a new Chairperson at the beginning of the new savings and loaning cycle. The sampled VSLAs all had a male Chairperson at baseline. We randomly selected VSLAs to either act as a Control group, or to be encouraged by the partner organization to select a new Male Chairperson (*New Male* treatment) or a new female Chairperson (*New Female* treatment) at the beginning of the new cycle. Additionally, within the New Female treatment, half of the VSLAs were offered the opportunity to receive phone-based mentorship from existing female Chairpersons of other VSLAs. To evaluate the impact of the interventions, we collected administrative VSLA data, and we complement them with survey data from about 25 percent of the members, i.e., over 3,000 members. Our primary outcomes of interest are measures of financial activities, i.e., primarily total savings and loans granted to male and female members.

The *New Female* treatment had a large and statistically significant impact on female leadership in VSLAs. In the cycle that started immediately after treatment implementation, women were 9.2 percentage points more likely to be the Chairperson of the VSLAs in the New Female treatment

[1]The share of adults in Uganda saving through VSLAs increased from 28% to 47% between 2018 and 2023. About 50% of women cite VSLAs as their preferred credit source, compared to just 31% of men.(FSDU, 2024).

groups— a 130 percent increase from the control group average of 6.9 percent. Remarkably, the majority of these groups retained a female Chairperson after the intervention cycle concluded. In fact, the intervention increased the likelihood of still having a woman as Chairperson in the subsequent cycle by 13 percentage points, over a control mean of 9.9 percent. In terms of VSLA performance metrics, the *New Female* treatment increased loan amounts given to members, especially to female members, thereby reducing the gender inequality in loan disbursement observed in the Control group. Additionally, the *New Female* treatment led to a decrease in member dropout. We do not see any outcome differences between the VLSAs in the *New Male* treatment and those in the Control group. The better outcomes seen for loans in the *New Female* treatment group did not come at the expense of financial viability. In fact, we find that VSLAs in the *New Female* treatments received larger savings than those in the control group, though the differences are not statistically significant. Still, this suggests that the larger loan amounts in these treatment groups were at least partially financed by greater savings.

Our survey data show no differences in Chairpersons' mental health, self-satisfaction, or leadership ambition across treatments. We also find no evidence of differences in overall member satisfaction with the Chairperson across treatments. However, when members – in particular male members – were asked whether they would like the current chairperson to retain their role, those in the *New Female* treatment were less likely to answer affirmatively. This suggests that, while members do not perceive the performance of female chairpersons as inferior to that of male chairpersons, they may still exhibit bias, potentially driven by gender norms, prejudice, and/or the tendency to hold women to higher standards.

Our research underscores the potential of VSLAs to serve as a platform for enhancing women's leadership, which in turn contributes to more equitable access to loans for female members. A straightforward yet impactful intervention — encouraging the selection of a female chairperson at the start of a new loan cycle — can be easily integrated into the practices of agencies that support the formation of new VSLAs. Beyond its specific policy implications, our study highlights the broader potential for promoting women's leadership in community-based groups and the benefits that such leadership can bring.

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A Appendix: Intervention Script

[The bolded text is highlighted for easier identification of the treatment, but it was not originally bolded in the script]

BRAC Uganda in collaboration with Makerere University, Microfinance Support Center (MSC), AVSI and Village Enterprise (VE) is conducting a study on leadership in VSLAs in this community. We are here to implement an idea of selecting a new chairperson for the next cycle year/share out period in your VSLA group.

Purpose of Research implementation: This study seeks to understand how the chairpersons of VSLAs perform their leadership duties to the VSLA and how new members can develop their leadership skills. We want to understand what types of leadership skills that a new person can acquire by become a leader and what skill they need to be given training on. The research is also about understanding how VSLA members help new leaders and how new leaders can help VSLAs to improve performance. As per the information that we have, you currently have [Mr. name...] as the chairperson for your VSLA. **In order for someone else from your group to be able to bring in their views and develop their leadership skills, we are requesting if you would consider (s)electing a different *[man/woman]* to be the chairperson for the next cycle.**

No Benefits: You will neither receive nor be declined of any benefits because of your participation in the survey. As researchers, we cannot provide any benefits, services, or assistance, but we hope that our study will be useful for governments and service providers to improve their policies and programmes for supporting VSLAs. Some of the newly selected leaders may receive some training or coaching supports, but this is not guaranteed. We expect to return to the communities that participate in the study and share some of the research findings.