

The Journey of Building Human Capital among Financially Disadvantaged Local Thai People: a Sequential Transformative Mixed Method Case Study

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Abstract: *This mixed methods case study, with an emphasis on qualitative inquiry, explored four questions through a 15-week savings group training process: (1) what is a process for building human capital among financially disadvantaged local Thai people using Christian faith-based savings group training? (2) What are the effects of implementing this process? (3) How do participants perceive their Christian faith-based savings group financial training program? (4) Does the participants' spirituality have any relationship with their group training experience? At four training locations, quantitative background data was gathered, identifying: participants' education levels, access to financial training, sources of financial advice, income, savings, and debt load. A pre- and post-training Spiritual Resiliency Assessment was also administered. Additionally, at two locations, in-depth qualitative data was collected through participatory observation of training sessions and group meetings, providing a chronological narrative of the 15-week process. There, post-training, open-ended interviews were carried out, with responses coded for themes using NVivo11Pro. Findings: Setting aside a portion of money for saving before spending was described as a new pattern by participants. Most reported experiencing greater peace due to participation and greater savings success. Spiritual practices within the group strengthened members; group participation provided encouragement, hope, and enhanced learning. Financial findings are provided: savings, withdrawal, and roll-over totals of members transitioning into the second cycle of savings are included. Recommendations: Participation strengthened 'saving muscle', but this is only a first step. Additional training and adaptation of materials to fit the Thai context are essential to building financial well-being.*

Keywords: Building Human Capital; Chalmers Center; Savings Group; Isan; Local Thai People; Spirituality and Resilience, Financial Literacy, Financial Skills and Knowledge

Introduction

Many tools and approaches are used throughout the world to address the problem of poverty - particularly among disadvantaged women. Good HRD practices require seeking information which identifies factors that are contributing to problems and then identifying, modifying, or developing, tools which effectively target leverage points for change.

With a goal of effectively assisting local Thai people to improve their financial well-being, the researcher explored many available tools and options. One stood out: The Chalmers Center Savings Group Handbook: A Church-Centered Approach to Savings Groups (2012). This resource had been used in numerous countries, and has been found to be useful in assisting disadvantaged women seeking to build their financial well-being. The question was, could the material 'fit' the Thai Christian context and effectively communicate to culturally Isan-Thai participants? Would it be useful? Would modifications be required? Would additional tools be needed to effectively target leverage points for real change?

Problem Statement

Opportunities for developing financial literacy are essential for building human capital. Local Thai people need access to financial training opportunities to help themselves break free from poverty. This sequential transformative mixed methods case study explored the process of building human capital

among local Thai people with the use of an internationally tested Christian faith-based program designed for training low income women with low levels of educations, with particular attention being given to discern issues that would require future modifications of the program to bring greatest benefit, and which would be most appropriate to the Thai context.

Review of Literature

Two aspects of building human capital among financially disadvantaged people are common themes within the literature reviewed: building financial knowledge, and developing financial skills. In attempting to define poverty, poor Thais focus on three areas: (1) poverty as hardship (in earning a living); (2) insufficiency (of resources, such as capital and equipment), and (3) inferiority (due to less capabilities, skills, and opportunities (Taneerananon, 2005).

Debt is a serious problem among Thais. Households with debt levels of 40% are labeled as having become vulnerable, with the highest percentage of vulnerable Thai (54%) found in the Isan region (Muthitachareon, Nuntramas, and Chotewattanukul, 2014). “Vulnerable households are households with low income because they have low financial literacy, limited financial access, and heavy debt service burden” (Muthitachareon, et al, 2014). Highly fluctuating income (particularly for the rural poor) is also a major factor (Chichaibelu & Waibel, 2015).

Mullainathan and Shafir identify factors which contribute to the difficulty of making good financial choices during times of scarcity which include: (1) ‘Tunneling Focus’ (being so intent on a problem that the ‘big picture’ and possibly solutions to a problem is lost) (Mullainathan & Shafir, 2013); and (2) ‘Low Bandwidth’ (reduced cognitive capacity due to scarcity or need) (Mullainathan & Shafir, 2013). With such challenges, simplified interventions (and training programs) are recommended as essential to increasing, rather than taxing the ‘bandwidth’ of the poor (Mullainathan & Shafir, 2013).

NGOs are identified as having unique flexibility to enter financial capacity-building partnerships within local communities (Karlan, 2014). By teaching how to set up savings groups, NGOs can empower individuals who come together to provide among themselves, a “‘communal commitment device,’ in which individuals effectively make pledges to save, and then have their peers there, every week, monitoring them to help make sure they do. This commitment may help overcome personal temptation – and money management issues, or may help someone keep a commitment to save against pressure from spouses or family” (Karlan, 2014).

The impact of saving should not be minimized. Three views of savings include: (1) savings as asset creation; (2) savings for cash-flow management; (3) savings as risk management, and are identified as having the potential to bring to successful savers ‘an increase in social stature, credibility, independence, or confidence’ (Martin, Myhre, & Singh, 2013). In a study of Thai households that worked their way out of poverty and lower wealth over a seven-year period, implementing a savings for growth strategy was identified as essential, with persistence viewed as the major key to successful building of wealth through savings (Pawasutipaisit & Townsend, 2010).

Savings group participation by women may impact more than personal finances; some studies point to less days off of work and higher school attendance by their children (Kesanta & Andre, 2015); higher religious participation and giving (Kesanta & Andre, 2015) and improved relations at home (for example, reduced rates of domestic violence) (Kesanta & Andre, 2015).

In a study of lending groups in Northeast Thailand, Coleman identified cultural challenges which can impact group establishment and success within local communities. Member selection and leadership determination may favor already established community leaders and wealthier people within the community (Coleman, 2002) and rules may be unevenly applied based on status (Coleman, 2002).

Fikkert and Mask, in their ‘Financial Systems Design Principle’, state that to be successful, a financial system must maintain all of these features: (1) trust; (2) discipline (keeping established policies); (3) financial sustainability; (4) leadership, management, and governance; (5) transparency, and (6) fit the target population (Fikkert & Mask, 2015).

Research Design and Methods

A conceptual framework (Figure 1 - Concept Map) gives an overview of the research design. The selection of a tree represents the organic nature of this sequential mixed methods strategy; that it was rooted in local community and immersed in its culture aligns with basic beliefs of the transformative paradigm. The apple, falling from the tree suggests that findings from this research are meant to provide seeds for future development and advocacy of financially disadvantaged local Thai people.

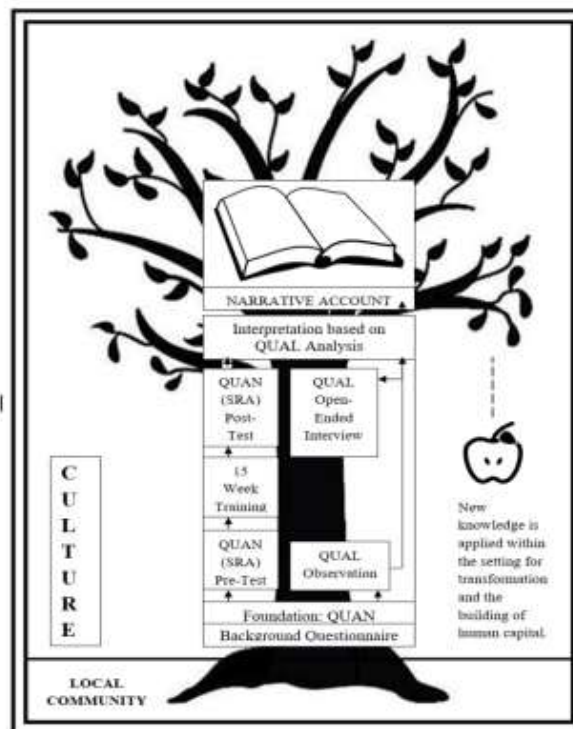


Figure 1. Concept Map - A Sequential Transformative Mixed Methods Case Study

Purposive sampling was selected for this research, as it is appropriate for mixed method case studies focusing on in-depth insights (Teddlie & Yu, 2007). As the study was being carried out, the participant pool expanded through ‘opportunistic/emergent sampling (Cohen & Crabtree, 2006).

Using a mixed-methods case-study approach provided deep, rich qualitative information, gathered through weekly participatory observation of group meetings, one-on-one interviews with study participants, as well as from open-ended (O/E) interviews at the end of the 15-week training program, (conducted with 27 of 28 participants at two Blessing Home locations). The (O/E) interview included twelve questions which were developed to explore spiritual resilience factors, as well as to learn whether the savings group experience impacted participants’ financial knowledge and practices - particularly in the area of savings habits. (See Figure 2).

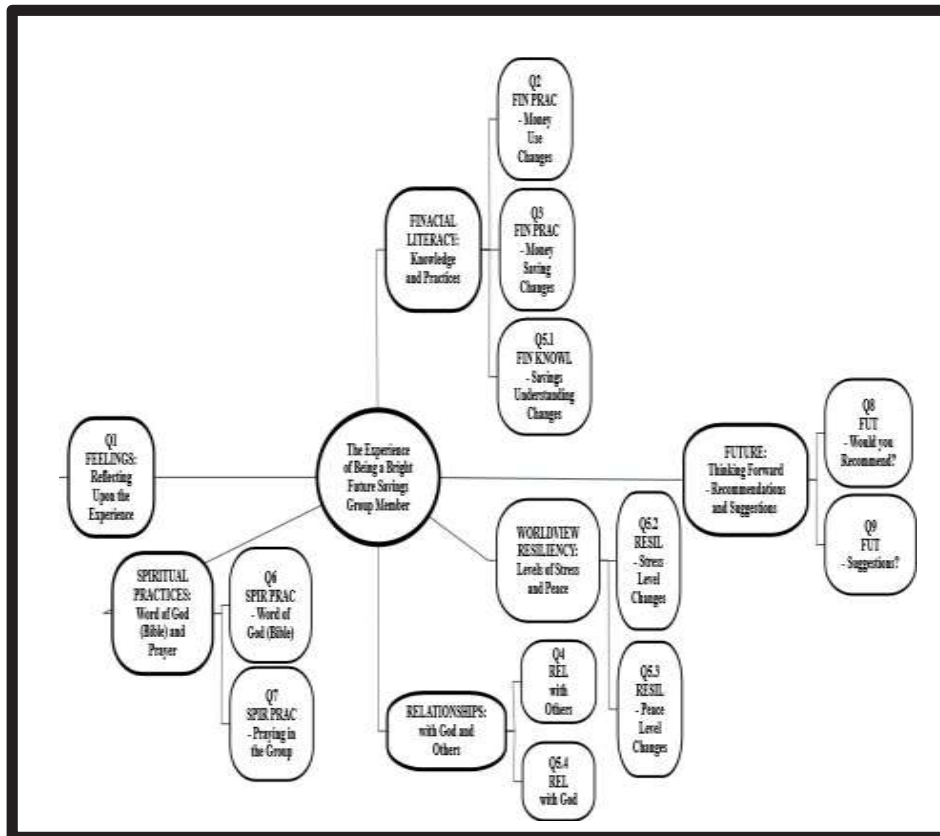


Figure 2: Open-ended Interviews: Mind Map of Inquiry and Questions by Area

Two test instruments were used for the gathering of quantitative data: (1) the background questionnaire (administered among 72 participants at all four locations), which provided information about participants' family, educational background, employment, financial skills, knowledge, and money habits; and (2) the pre-test/post-test SRA - Spiritual Resiliency Assessment, (administered to 53 participants at three locations), which provided insights into the effects of participation in the savings group training upon personal well-being (in areas such as peace and stress).

Trustworthiness/Validity/Ethical Considerations

A total of three test instruments were utilized. The pre-training questionnaire was developed with attention to other available resources and augmented with questions relevant to the Thai context; the post-training open-ended survey was pre-tested and adjusted for clarity; while permission was received for using the pre- and post-training Spiritual Resiliency Assessment (SRA). The Thai Co-Trainer received significant training prior to implementing the training program, and focused training prior to each training session.

While participatory observation by the researcher was carried out every week of the training at two locations, additional observers received training and carried out weekly data collection at these sites as well, with peer observer discussion being carried out following each training session as part of the validation process. Proper procedures were used in the gathering and management of all data. The NVivo 11 Pro textual data analysis program was used for coding, textual analysis, and theme development of the qualitative data gathered through the post-training open-ended interviews.

Post-training open-ended interview planning was significant; a team of bi-lingual Christians was trained and utilized, as transcribers and translators needed to be fluent in Thai, English, and in the 'language of the church'. Ethical protocols were carefully implemented. While the materials used were Christian faith-based, participants were welcome to attend regardless of religious affiliation, and with no pressure to change.

Results and Conclusions

Financial Findings

Financial findings were gathered at four locations, from 72 participants in the savings group training program. ‘How much participants saved’ was one of the financial markers explored. Within a fourteen-week cycle, here is the average number of baht saved, per week, per member, by location (in descending order):

Table 1: Average Baht Saved Per Week, Per Member, by Location

Location	Average baht saved per week, per member
Pattaya (Blessing Home)	187
NonSombun (Blessing Home)	145
Nakhom Phatom (Promise Church)	135
Nonthaburi (Fire of Glory Church)	78

While one might expect Pattaya members to out-perform other groups (due to closer proximity to greater money-earning opportunities), that the NonSombun group still out-paced the other two locations was surprising. (NonSombun is a small, quiet, rural community; Phanat Nikhom and Nonthaburi are ‘bustling’ in comparison.) That the initial two locations (with ‘outside intervention’) saved more than the groups launched under fully Thai leadership may be a coincidence; follow-up study would be required to determine if this is the case, and if not, to identify what factors are influential.

The following table provides a snapshot of weekly group deposits and accumulating savings totals at two of the four locations:

Table 2. Savings Accumulation: Weekly Group Deposits and Cumulative Weekly Totals at Pattaya and NonSombun During Savings Group Training Sessions

PATTAYA		WEEK NUMBER	NONSOMBUN	
Weekly Deposit	Cumulative Weekly Total		Weekly Deposit	Cumulative Weekly Total
฿1,600	฿1,600	1	฿2,050	฿2,050
฿2,100	฿3,700	2	฿2,000	฿4,050
฿2,450	฿6,150	3	฿1,550	฿5,600
฿2,450	฿8,600	4	฿2,950	฿8,550
฿2,600	฿11,200	5	฿3,500	฿12,050
฿2,850	฿14,050	6	฿4,950	฿17,000
฿1,700	฿15,750	7	฿3,000	฿20,000
฿1,000	฿16,750	8	฿2,800	฿22,800
฿600	฿17,350	9	฿1,650	฿24,450
฿1,750	฿19,100	10	฿2,050	฿26,500
฿1,700	฿20,800	11	฿1,350	฿27,850
฿1,600	฿22,400	12	฿1,600	฿29,450
฿1,200	฿23,600	13	฿3,550	฿33,000
฿2,300	฿25,900	14	฿1,100	฿34,100
฿25,900		TOTALS	฿34,100	

Collectively, members of the Pattaya group saved 809 USD (at a 34TB/1USD conversion rate); members of the NonSombun group saved 1,002 USD. Besides each individual taking pride in his or her saving accomplishment, the *group totals* gave encouragement to members as well.

Findings Related to the Four Research Questions

Question (1): What is a process for building human capital among financially disadvantaged local Thai people using Christian faith-based savings group training?

The act of 'saving' was a new experience to many participants; most had been living 'day-to-day.' Through discussions, it was clear the majority were living on the hope that they'd have enough money to cover expenses as needs arose - rather than knowing they would have enough money to cover needs, or have funds available should emergencies occur. Most had no financial plan that allowed for income smoothing during times of greater need (for example, when children need uniforms for school) - it was simply day-to-day, hoping for the best. There were good reasons participants had adopted this as a pattern of life. Many participants did not know how to estimate their monthly income, and while some participants had experience recording their expenditures, none had the ability to 'track' their spending - to know where their money went. Without these skills, establishing a budget is impossible. (This is one of the reasons some programs go with a 'Rule of Thumb' approach [Drexler, Fischer, and Schoar, 2010, p. 2] when developing financial literacy among people with lower levels of education).

While participants were pleased with their training experience, as well as with what they'd accomplished by saving together, it was evident through observation that many of the participants had the desire and capability to learn and achieve more.

From the data collected through this research project, the researcher believes savings group training is just a 'first step' in building human capital among financially disadvantaged local Thai people; a fuller process would ideally include: (1) Training of savings group leaders in the establishment and operations of a savings group; (2) training of savings group members in the principles that undergird healthy savings groups as well as training members in how to (3) track income; (4) track spending, (5) establish an emergency fund, (6) portion income, ('saving first, before spending'); (7) calculate debt; (8) set a budget, (9) work from a simplified envelope system for managing spending, and (10) prioritize and carry out debt elimination.

To effectively develop the financial skills of local Thai people may require sharing new financial skills and knowledge at a pace learners can absorb, introducing concepts in small, concrete, practicable steps. So, for example, participants learn in the saving group meeting to record their daily income, and practice this for a month. This activity is then repeated in month two, strengthening the skill, and helping participants identify their income-generating patterns. Progress would be visible and may encourage others. Beginning to record expenditures would be a separate financial skill to master. The same incremental steps can be taken for learning this new practice. Having participants face a form on which they should 'fill it all in' (income and expenses) and immediately 'keep up with it' would be too much to tackle all at one time. By providing step-by-step opportunities for active learning, sharing abstract concepts can be avoided, and information overload prevented.

Question (2): What are the effects of implementing this process?

Participants were excited and proud of their saving accomplishments, and at the end of the first training cycle, expressed eagerness to 'learn more'. Re-enrollment rates at each location for the second savings cycle were high, with additional 'new members' joining as well. Most participants showed an increased ability to save more money than before. This was confirmed through the open-ended interview responses, as well as in comparing savings amounts from questionnaire data to savings group totals.

Through open-ended interview responses, the majority of participants: (1) described having learned new skills and knowledge concerning family finances; (2) learned to 'portion' their income - setting aside some for saving before spending (which resulted in money being saved, rather than 'running out' before saving could take place); (3) recognized the importance of saving a portion of each day's income (rather than 'hoping' they'd have some left later); (4) acknowledge they felt more peace having participated in the saving group; and (5) believed the savings group was an effective new resource for financial education and developing the lives of members. Some participants also gave examples of better emotional management through reduced stress levels; additionally, leadership was developed through new skill learning (accounting, carrying out meetings, recording of minutes, teaching of lessons).

Question (3): How do participants perceive their Christian faith-based savings group financial training program?

Participants gave high marks for the materials used, the training process, and their personal experience in the program. Members identified ‘new ways of thinking’, and changes they were making in financial practices that were leading to better planning, and peace of mind in their everyday lives. Improvement in family relations and happiness was frequently cited - a welcome outcome. Within the group, members learned Biblical principles for loving, supportive relationships, and had opportunities to ‘put them into practice’ with one another. This generated a stronger sense of unity and cooperation.

Question (4): Does the participants’ spirituality have any relationship with their group training experience.

Spiritual practices, such as use of the Bible and praying in the group were both considered spiritually impactful by most participants. Additionally, for many, aspects of ‘spiritual resilience’ (such as levels of peace, and levels of stress) were impacted by changes made by members in their saving and spending habits.

Recommendations Regarding Curriculum/Training Materials:

Two changes in the Chalmers Center materials are recommended for the Thai context: (1) Because debt is a significant issue, leaders recommended that training manuals remove all references to ROSCAs (Rotating Savings and Credit Association) and S&L (Savings and Loan). This would mean all future groups will not choose whether to incorporate a loan option, but all would automatically be ‘Straight Savings’ groups (groups which only save together, but never loan or borrow). This will protect relationships (avoiding problems which could arise from lack of repayment); eliminate the accumulation of more debt due to easy access to money; and help participants strengthen their ‘savings muscle.’ (2) The original Chalmers Center materials are in English, and have illustrations of African women. The materials were translated into Thai for the savings group training; illustrations needed to be ‘made Thai’ as well. (This has now been accomplished).

Recommendations for Savings Group Policy Changes:

(1) Adjusting the group formation process. The original Chalmers Center material utilizes a western-based model of decision-making to establish policies and membership covenant development. The model, while aiming for great participation and involvement (for ‘ownership’ purposes, etc...) instead created stress, and used a great deal of participants’ time and energy. This can be particularly difficult for officers of a new group, as a Thai leader is expected to ‘know’ or be the expert in any given situation. Asking members to contribute to the design of something they’d never seen or experienced can lead to discomfort; efforts must be made to ‘save face’ of the leader who doesn’t know the clear path to accomplish the goal. It is recommended that a more culturally appropriate method of establishing the policies and membership covenant would instead introduce a structured membership covenant with two sections: ‘negotiables’ and ‘non-negotiables’. By doing so, the essential elements of successful groups are clear, while there is freedom and choice for members to determine their groups’ negotiable factors. (2) To support transparency and safety, one of the ‘non-negotiables’ should include: ‘No officer will accept deposit money from a person other than the person whose account it is deposited into’. (3) Receipts should be issued for every member for every deposit made. This provides a ‘back-up’ proof of savings, and is simply appropriate for a situation in which someone is handing money to another person. Both the depositor and the treasurer are protected through good record-keeping. (4) For the Thai-Isan context, simplified forms for recording deposits are in order. (Checking off boxes is time-consuming; writing a numerical total on a blank and having the depositor ‘sign’ their agreement to the deposited amount was viewed as clearer and easier to understand. (Adjusted forms [in Thai] are now available; contact the author for further information). (5) Groups must determine how they will cover their operational costs. One suggestion, implemented by the Promise Church in Phanat Nikhom involved the treasurer keeping a jar on the table at each meeting, to which members can walk up and drop in a set or variable amount. Each week the treasurer adds a brief statement to the financial report, stating, ‘Last week we had...baht in our jar;

we spent...baht; now we have...baht'. The monies collected can be used for supplies, paper, coffee or treats. (6) Promise Church also made a change to the covenant in having each new member designate (in writing) the exact person to receive their monies in the event of a member dying. This practice can eliminate the effects of confusion or controversy during what would be a sensitive time. (7) It is recommended that savings groups select four officers rather than three. All meetings require the presence/signatures of three leaders. By having four identified officers, a group can practice better accountability. (8) The use of social media and connective tools (like 'Line', for example) can be used to increase trust and group cohesion. Groups should be encouraged to utilize such tools, to post bank deposit records and share within their dedicated group forum information that will support transparency, accountability, and encouragement.

Recommendations for Further Research

Expanding the sampling population in subsequent studies may generate additional insights. The strengthening of financial training programs could be assisted through tracking the life-span of savings groups and identifying factors which impact group longevity within the Thai context. Identify factors which motivate increased rates of saving among Thai people could yield valuable insights for building assets among participants, while further studies in how faith based savings groups could best assist local Thai people to eliminate debt through disciplined saving and targeted debt repayment would be invaluable. Isolating and exploring the learning of specific financial skills (such as tracking income or spending) among savings group participants could assist program development and enhance the building of human capital among financially disadvantaged Thai/Isan people. Identifying cultural barriers to members implementing new practices could assist program developers and participants.

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