

**MICROFINANCE CREDIT ACCESS, UTILIZATION AND EFFECTS AMONG
MALE ENTREPRENEURS: A CASE STUDY OF SMALL-SCALE TRADERS AT
KIKUYU TOWNSHIP**

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REGISTRATION NUMBER: C50/76204/2014

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE AWARD OF DEGREE OF MASTER OF ARTS IN
SOCIOLOGY (ENTREPRENEURSHIP DEVELOPMENT)**

UNIVERSITY OF NAIROBI

DEPARTMENT OF SOCIOLOGY

YEAR 2019

DECLARATION

This project is my original work and has not been presented for a degree in any other University

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This project has been submitted with my approval as a University Supervisor.

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DEDICATION

This study is dedicated to my dear wife Esther and my three sons, Victornoel, Andie and Adrian. Thank you for the love, care and support you have given me throughout my studies. Am truly thankful my dear family and May God richly bless you.

ACKNOWLEDGEMENT

It has been a long journey since I started this work and if it were not been for the concerted effort between I and those around me, this journey would not have been realized. I would like to thank my family for the encouragement when I was undertaking this study. Also, I thank my supervisor, Dr. Karatu Kiemo for diligently supervising the work. For all your support I pray that God richly bless you.

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ACRONYMS

BRAC - Bangladesh Rural Advancement Committee

FSD - Financial Sector Deepening

ILO - International Labor Organization

K-Rep - Kenya Rural Enterprise Program

KWFT – Kenya Women Finance trust

MFIs – Micro Finance Institutions

NHIF- National Hospital Insurance Fund

SEWA - Self-Employed Women’s Association

SMEP - Small Microenterprise Program

UNDP - United Nations Development Program

WHO - World Health Organization

ABSTRACT

In Kenya, men who are above the age of 35 years may be a disadvantaged sub-group with regard to access to low interest government funds. This is because there lacks a government fund set aside for them, leaving them to only access credit facilities from financial institutions at high interest rates. The study therefore focused on the access, utilization and effects of micro finance credit on the male micro entrepreneurs' livelihoods. Specifically, the research aimed at establishing how male micro entrepreneurs' access and utilize credit, what determines the access and nature of utilization of the credit and its social and economic effects on their livelihoods. The study was conducted at Kikuyu Township in Kiambu County. A sample of seventy-six (76) male micro entrepreneurs, selected through a combination of purposive and convenient sampling methods, within the township participated in the study. In addition, four key informants constituting loan officers from the MFIs were purposively sampled. Questionnaires with open and closed ended questions were administered. The data were analyzed through descriptive statistics with the aid of statistical package for social scientists (SPSS). The findings indicated that 95% of the male micro entrepreneurs accessed the microfinance credit for use in their businesses. Factors that determined the access of the credit included the business age, the credit history of the applicant, availability of guarantor and the collateral cover to secure the credit sought. The access was hindered by inadequate collateral cover to qualify for the full amount of credit sought, the application took a long period and the charges involved were relatively high besides the interest charges being very high. Among the male micro entrepreneurs who participated in this study 90% had positively improved their lives and that of their businesses due to the loans and other services granted to them and micro finance had also positively improved the knowledge and management skills of the business owners due to the training programs. Results further indicated that the businesses improved positively in terms of expansion, high sales and increased profits. This was revealed by the increase in number of employees and improved family living standards as well as improved housing and ability to cater for good health care and education. The study concludes that microfinance is one way of improving of livelihoods to the beneficiary only if accessed and utilized well.

CHAPTER ONE

INTRODUCTION

1.1 Background

Nearly half of the world's population, above more than 3 billion people live on less than \$2.50 a day. More than 1.3 billion live in extreme poverty, living on less than \$1.25 a day (UNDP,2014). In the Kenyan context, the poverty level shows that over 50% of the population earns less than \$1 daily. According to a United Nations Development Program (UNDP,2010), over 500 million people who are poor are self-employed or they work in micro enterprises. These microenterprises engage in small trading and retail activities such as the sale of fruits and vegetables, furniture, pans, beauty and cosmetics products and services among others. The microenterprises like other businesses need a diverse range of financial resources to facilitate their growth and development as well as exploitation of any opportunities (UNDP,2010).

According to Aduda and Kalunda (2012), these micro enterprises have for the longest time failed to secure the needed capital and financial resources due to financial exclusion by mainstream formal financial institutions among other reasons. Microfinance has emerged as a viable and reliable way of addressing the wide gaps in provision of financial solutions to the very poor over the last four decades. However, the microfinance concept is not as new globally, with numerous societies and cultures having a rich history of traditional saving and credit arrangements. As early as the nineteenth century there were organized movements across parts of Europe aiming to genuinely empower the poor and increase the economic activity under their direct control (Bateman and Chang, 2012). These institutions included banks, credit unions and housing societies among others.

The late 1970s saw the emergence of modern microenterprise lending programs which targeted very poor people, who were often women borrowers, these included Grameen Bank in Bangladesh, Self-Employed Women's Association (SEWA) in India, and Accion international in Latin America among others. The focus of these microfinance programs was upon proving that poor and financially excluded were credit worthy and could eventually exit poverty.

Grameen Bank's main goal was the provision of small unsecured loans to the poor particularly in the rural areas. Borrowers were organized in small groups of about five and were to repay the loans at full-cost interest, through small yet frequent installments (Khan, 2007). This credit methodology offered an effective substitute to collateral lending in delivering and recovery of small short-term loans to micro-entrepreneurs. Further, group lending allows for joint liability whereby the clients can monitor each other and identify default risks to ensure reduced non-repayment rates, as any case of defaults would lead to sanctions such as denial of new loans against all the group members. It also facilitates for an increase in the loan sizes as old borrowers improve their credit history as well as collateral savings (Gine, 2003). Following the success of Grameen Bank microfinance became the highest profile as well as the best and most generously funded poverty eradication policy among the international development community over the last four decades (Bateman and Chang, 2012).

According to Leatherman and Dunford (2009), numerous studies support the effectiveness of microfinance in poverty eradication and meeting the United Nations development goals. They state microfinance empowers individuals through offering essential financial services to microenterprises leading to income generation and consequently improves their livelihoods leading to social economic growth.

According to Duvendack et al. (2011) proponents state microfinance goes beyond financial matters and emphasizes on change of the social attitudes of the poor beneficiary on such social issues like education, provision of amenities and security. Financial access also promotes social benefits such as better health, nutrition, living conditions as well as preventive health practices such as higher immunization rates (Duvendack et al. 2011). Littlefield, Morduch and Hashemi (2003) propose that it increases educational participation in addition to the men micro-entrepreneur empowerment. The empowerment consequently increases confidence and assertiveness in decision making at both the household and community level. However, despite the popularity and success of microcredit, criticism abound as there exist no clear evidence of positive impacts of microfinance (Bateman & Chang, 2012).

According to Muhia (2014) in Kenya, most microfinance institutions started off as non-governmental organizations, for example, Kenya Rural Enterprise Program (K-Rep) was founded in 1984 through funding from USAID and has evolved to a fully-fledged bank offering microfinance and other services. A number of other microfinance institutions have since come up including Faulu, Kenya Women Finance Trust (KWFT), Small Microenterprise Program SMEP, Branch International, Musoni and Tala among others. Further, commercial banks such as Equity bank and Cooperative bank of Kenya have also developed microfinance products to gain a share of the growing market.

1.2 Problem Statement

In Kenya, the government has come up with institutions to facilitate funding to women micro entrepreneurs and youth as these two groups are considered as vulnerable groups in the society. The Women Enterprise Fund for the women micro entrepreneurs and the Youth Enterprise Fund for the youth. Uwezo Fund, also, was created through an Act of

Parliament in 2014 to fund both the women micro entrepreneurs and the youth only. However, there had been no fund that has been set aside for men (those above 35 years)

The man is largely the breadwinner in most families in Kenya and globally. He is seen as the provider (food, clothing and shelter), protector, leader and the teacher in a family. Thus, to effectively play his role, the man needs to have a source of income. Despite his unique role, the man has been disadvantaged in accessing funding from financial institutions. In September 2016 there was a petition in the Kenyan National Assembly seeking for a revolving fund to be set up like those of women micro entrepreneurs and youth. This, however, did not go through (Ayaga, 2016). Male micro entrepreneurs especially those over 35 years have been reduced to bystanders as female micro entrepreneurs and youth log all funds allocated to the vulnerable groups.

In view of the social economic challenges facing male micro entrepreneurs in Kenya, this study sought to investigate on the access and impacts of the microfinance credit on their livelihoods at their individual, household and enterprise levels. Previous researchers have concentrated on the youth and the women micro entrepreneurs and have not narrowed down on the male micro entrepreneurs above 35 years of age despite the challenges they face in accessing the funds. This research seeks to address this gap on the existing body of knowledge with male micro entrepreneurs as the focus group.

1.3 Research Questions

The study was guided by the following research questions:

- i. How do male micro entrepreneurs access and utilize microfinance credit?
- ii. What determines the access and the nature of utilization of the microfinance credit by the male micro entrepreneurs?

- iii. What are the social and economic effects of the microfinance credit to the male micro entrepreneurs' livelihood?

1.4 Objectives of the Study

The major objective of the study was to establish the access, utilization and social economic effects of microfinance credit to male micro entrepreneurs. The specific objectives of the study were:

- i. To establish how male micro entrepreneurs access and utilize the microfinance credit.
- ii. To evaluate the factors that determine the access and the nature of utilization of the microfinance credit by the male micro entrepreneurs.
- iii. To establish the social and economic effects of the micro credit on the male micro entrepreneurs' livelihoods.

1.5 Significance of the Study

This is an important study in the development of microfinance industry in the future and was motivated by the fact that despite the availability of various funds to finance businesses in Kenya, poor male micro entrepreneurs especially those aged above 35 years have largely been excluded. This has been as result of prevailing stereotypes and misconception on their responsibility, making the group to be disadvantaged in the society, yet it has the greatest role to play in the wellbeing and development of the society. There was need to examine the ones who have managed to access the funds and determine the effects it has had on their individual lives, households and on their businesses. Against this background, this project was developed to guide a critical study

of the performance of the male micro entrepreneurs who have borrowed from the microfinance institutions with the ultimate view of recommending appropriate interventions.

Information that has been gathered from this study would be useful in providing insights and recommendations to the male micro entrepreneurs themselves, donors, policy makers, financial institutions and other stakeholders in the microfinance industry. This information could be used to inform policy makers in the process of policy formulation and programs that will be directed towards the enhancement of lending to men. This would ensure an even access of fund in the same way the youth and the women micro entrepreneurs do. Moreover, it would help the government and other microfinance providers to review successes, failures and gaps in the follow up phases in adjusting the programs and modalities for optimum effects besides understanding that lending to male micro entrepreneurs can be a key in poverty reduction, creation of employment and improving the living standards of most households in Kenya.

The information generated in this project would also be useful to academicians and other researchers who have interests in microfinance as the study's findings would document the state of affairs of the male entrepreneurs in Kikuyu Township thus they would compare the results with those of other places or the study would set a basis for further studies in the area.

1.6 Scope of the Study

The study specifically focused on male owned microenterprises which included businesses that employ up to 10 persons including the working owner and was conducted in Kikuyu Township. The respondents were restricted to the micro entrepreneurs who were in retailing, manufacturing/processing, green grocery and service providing

businesses. The selected men were beneficiaries of the microfinance institutions. The study focused on the extent of access and utilization of the MFI credit and also what determines its nature of utilization. It also evaluated the effects the MFI services have on their livelihoods; health, education, housing and nutrition enhancement.

The study was limited to male micro entrepreneurs affiliated to microfinance institutions which were purposively selected; Jamii Bora Bank and Letshego. Their range of microfinance product and services accommodates group client using the Grameen Bank model which is widely covered in the literature review and it also serves individual clients like all other commercial banks. Their services also go beyond finance access to include training, business progress monitoring and evaluation among others. The institutions work with heterogeneous groups which meet on monthly basis to make contributions, training and follow up of loans. The study was also limited by geographical location; only the men who do business and bank with the MFI branches located in Kikuyu town.

1.7 Definition of Key Concepts

Micro Finance: Microfinance refers to the banking services offered to the people who lack access to financial services. The services provided by microfinance include loan, savings and insurance (Chad, 2013). The microfinance institutions focus on poor people who desire to empower themselves financially. The poor people are not employed, have no collateral and no credit history.

Access and utilization: Access refer to the ability to acquire something or a service. This is determined by the availability of the product or service and affordability of the individual to meet the requirements set. Utilization is making use of what has been acquired. This is determined by the need to be fulfilled.

Credit History: A credit history refers to a record of a borrower's payment trend that gives a reflection of his or her ability to pay a loan. It is a consideration applied by the lending institutions to determine a credit rating of a borrower.

Livelihood: A livelihood refers to the means through which people earn necessities of life, food, clothing and shelter that helps in sustaining their lives. Health and education also form part of the livelihood. In this research, business owned by the male micro entrepreneurs is considered as part of their livelihood besides their family obligations.

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Definition and History of Microfinance

According to Rooyen, Stewart and De Wet (2012), microfinance broadly involves the provision of financial services to the people who cannot afford the loan through a standard bank due to the array of requirements. MFIs focus on the low-income people who need to build their financial life. Stewart et al. (2010) state that microfinance is the provision of small loans and other facilities like savings as well as insurance services. Other services offered by microfinance institutions include transfer services to poor low-income household and microenterprises.

The terms microcredit and microfinance are often used interchangeably, however, microcredit refers to provision of small loans, while microfinance includes provision of microcredit, as well as, other financial services (Sinha, 1998). Microfinance institutions (MFIs) refer to the organizations that offer poor people an opportunity to access credit for the purposes of building their business, housing requirements, health and education. There are different microfinance institutions in the market but they offer various services and products to the clients such as savings and credit. Numerous MFIs also offer non-financial services, such as, training, or other special programs. Historically MFI's were dominated by grant-funded NGOs and charities, however in recent times they have become increasingly sophisticated and often attract investment from banks (Bateman & Chang, 2012).

According to Al-Shami et al. (2013) as early as the nineteenth century there were loan funds for poor farmers across parts of Europe aimed at elevating the poor to better

economic status. However, the origin of modern microfinance is widely accepted to be 1976 when Mohamed Yunus, a US-educated Bangladeshi economist, founded Grameen Bank in Jobra village, Bangladesh, as an experimental program of poverty alleviation by lending to 42 women micro entrepreneurs \$27 each (Bateman & Chang, 2012). Bangladesh Rural Advancement Committee (BRAC) founded as Bangladesh Rehabilitation Assistance Committee in 1972, likewise started advancing microcredit services to the rural poor during the same period and continues to offer microfinance services as well as rural development programs to date (New Internationalist, 2017). Following the great success of these institutions other microfinance institutions sprung up in Latin America, Asia, and Africa such as Pro Dem later renamed Bancosol (Onyina & Turnell, 2011).

The notable success of the Grameen Bank microfinance programs is attributed to hitherto unique approach to lending to the poor against the conventional wisdom of the time (Islam, 2007). Grameen's microcredit program was consequently based on mechanism, such as, group lending, as well as the social collateral. It also includes the distinctive payment methods rather than asset collateral credit history. Further, it relied on character-based lending and thus it was possible to give loans to the people who had not accessed loans before due to lack of collateral. Thus, it increased financial inclusivity by providing loans to the poor who would have been denied credit in conventional financial organizations.

Barnes et al. (2001) asserts that MFIs should not only focus on funding but also aim at inculcating basic skills that would help the poor improve their capacity to use funds. Further, it should address, capital investment needs, risk management, in addition, to the general business management. Microfinance has been viewed as an efficient and

sustainable way of empowering microenterprises, enhancing generation of income, in addition, to improving the standards of living of the poor.

Microfinance institutions have adopted the mobile payments platforms to ensure the customers can channel their savings or loan savings contributions to the microfinance. Some institutions, such as, Branch International, Tala and Musoni Kenya among others, operate exclusively through the mobile phone-based channels. The mobile phone-based systems have resulted in a lot of advantages as clients can repay irrespective of the time and location. The people who are repaying the loans will not waste time going to the microfinance and the employees of the microfinance will not spend much time serving people in the queue (Cracknell, 2012).

2.2 Determinant Factors of Access to Credit by Male Microentrepreneurs

Access to finance refers to the possibility that the entrepreneurs can access financial products and services including credit, deposit payment and insurance premium services. The cost of credit and its access is often ranked as one of the most constraining features of the business environment by the entrepreneurs. (Beck ,2007)

According to Besley (1995) without adequate access to this credit facilities male entrepreneurs will be subjected to negative shocks and factors such as poor production levels in their businesses, lack of growth and generally poor performance of the business and can sell some of the few assets they have in efforts to sustain their livelihoods. There are factors that determine the access of micro credit by the male micro entrepreneurs which can be categorised as the government and financial institutional factors and the entrepreneur's factors.

2.2.1 Entrepreneur's Factors

Most lenders advertise their services on the print and the social media. Since the literacy levels among the men in the small-scale enterprises are low, they may not access the information. Others may have general literacy but are not well informed, on the effect of credit facilities on business growth, and therefore may fail to ask for the services. The literacy level may therefore be a constraining factor in the accessibility of credit, among men. Those entrepreneurs with larger stocks of human capital, in terms of education and (or) vocational training, are better placed to adapt their enterprises to constantly changing business environments (King and McGrath, 1998)

Saleemi (1997) explains that; complete, accurate and precise information among men is necessary for financial decisions including obtaining business loans. The literacy level is again observed in the ability to have appropriate book-keeping skills. The banks often demand cash flows and other financial records as a prerequisite for approving of credit. Due to low literacy levels, most male micro entrepreneurs are unable to differentiate the loan products offered by the financial institutions.

A general lack of experience and exposure also restricts men from venturing out and dealing with banking institutions. Those who do venture out often find that transaction costs for accessing credit are high and cannot be met by the cash available to them. Because of this, they are dependent on the family members for surety or collateral and hence restrict the money they borrow. This results in lower investments. Alternately they tend to find working capital at higher rates of interest (Hannan and Freeman, 1989).

2.2.2 Government and Financial Institutional Factors

Access to credit according to Schmidt and Kropp (1987) the main problem among the formal lending and saving institutions is caused mainly by the policies they put in place regarding access to loan facilities. For example, the terms of payment, the mode of

application, the qualification requirements and complex procedures and in most cases the male entrepreneurs cannot properly understand and access these credit facilities. The banks mostly have prescribed minimum loan amounts which are not enough to improve or start their businesses.

The microfinance institutions demand for collateral before lending. Collateral is the borrower's pledge of specific property to a lender to secure repayment of credit. (Kathuku 2014) Collateral reduces the riskiness of a loan by giving the financial institution a claim on a tangible asset without diminishing its claim on the outstanding debt. Coco (2000) point out that collateral is the lender's second line of defense.

The collateral secures the debt when it is valuable for both parties involved in the contract, when the lender can take possession of the security without incurring high transaction costs according to the legal framework (Fleisig, 1995) and when its value does not diminish with use. Because the collateral's value often surpasses the loan (Picker, 1992), it is easier to recover a secured debt than an unsecured one. The compulsory savings, which is a pre-requisite for borrowing, act partly as security though the responsibility of entrepreneurs from their dependents has limited opportunities to make savings or undertake business expansion and diversification (Athanne, 2011).

However, collateral is put in writing such that on default by a member, the group members can sell the given security to recover the loan. Social collateral works through reputation effects on group members in which repayment of loans is seen by group members as necessary to maintain their social standing in the community, (Woolcock, 2002).

According to Adams, Graham et al (2008) in their classical analysis "undermining rural development with cheap credit", when the poor borrow, they often rely on relatives or a

local moneylender, whose interest rates can be very high. An analysis of 28 studies of informal money lending rates in 14 countries in Asia, Latin America and Africa concluded that 76% of moneylender rates exceed 10% per month, including 22% that exceeded 100% per month. While moneylenders are often demonized and accused of usury, their services are convenient and fast, and they can be very flexible when borrowers run into problems. Hopes of quickly putting them out of business have proven unrealistic, even in places where microfinance institutions are active. The rate of interest charged on the credit determines the cost of the credit. The cost credit is the amount of money the entrepreneur is obligated to pay above the principal sum of money lent to him or her.

High interest rate on credit may discourage men from borrowing, hence reducing the accessibility of credit among them. Every business needs financing, even though at first glance it might appear that funding is unnecessary. It is important that financing be as efficient as possible (Stutely, 2003). Stutely argues that the entrepreneur should be able to put the cost of all financing on the same basis, comparing them and come up with the one that gives the lowest cost financing option. MFIs have often been criticized for having high interest rates charged on loans. But sometimes, there are factors beyond their control. For example, the amount of interest payable on loans depend on interest rates charged, which is driven by the cost of the funds. The amount of interest rate charged is sometimes intertwined with the security of the loan, and the use for which is meant for, or the nature of the business.

Numerous money lenders in the name of pyramid schemes have come up, promising hope among the 'little investors,' that they can make it to the financial freedom through soft borrowing. The rationale behind turning to these schemes among a good number of

entrepreneurs is mainly to seek alternatives and soft credit with low interest rates while making profits. Financial constraint remains a major challenge facing the male micro entrepreneurs in Kenya. (Wanjohi and Mugure, 2008)

2.3 Social Impact of Microfinance Credit on Male Micro entrepreneurs

According to Schwarts (2017), social impact involves the cumulative effect of an activity on the livelihoods of people. Social impact is further termed as the efforts of judging the social outcomes that may arise following policies, action as well as programs carried out by a person or organization. It includes gathering, analyzing, and incorporating social information by which transition of different social aspects are determined as a result of development action taken.

Proponents of microfinance assert that it plays a fundamental role in development. According to Islam (2007) microfinance has various distinct roles in development. The first role of a microfinance institution is to help the poor people to get the basic needs. Additionally, it reduces precariousness among the poor people. Lastly, it helps improve the economic life of a society. Otero (1999) likewise states microfinance reduces poverty through facilitating access to capital which subsequently helps in poverty eradication. The access to capital is a great way of improving the dignity of the poor through empowering them to participate in the growth of the economy (Otero, 1999).

Social development precedes economic development, because if a microcredit client is financially illiterate, unhealthy or is starved; their expected increase in income and savings through involvement in microfinance would not be sustained. Further, vision and thoughts are often downwards for those socially lagging in development hindering overall human development. Consequently, microfinance programs are geared towards both social and economic empowerment of the clients (Ghalib, 2007).

2.3.1 Effect of Microfinance Credit on Health and Nutrition to Male Micro Entrepreneurs

According to the World Health Organization (WHO, 1982), at the core of global health priority is the development of Health-systems capacity. Health and development are interdependent. Consequently, reducing poverty influences, but also partly depends on better health. Further, according to Leatherman and Dunford (2009), meeting health global needs requires a more multispectral approach and they assert that one methodology that holds promise is the utilization of microfinance.

Many MFIs serve people in marginalized areas that lack health facilities. Further, these institutions provide services to groups of clients that meet frequently, often weekly for among other reasons repayment, depositing of savings, as well as, guidance by microfinance field staff. Men micro entrepreneurs are one of the groups served by the MFIs to boost their business. Meetings offer excellent opportunities for the provision of add-on services, such as training in financial literacy as well as training in health. The growing network of microfinance channel in hard to reach areas and economically active groups of people aiming to develop market-based products that earn them income makes microfinance essential not only for poverty alleviation programs but also improvement of healthcare systems. MFIs have been essential to the men micro entrepreneurs since the funds provided by the microfinance boost their existing businesses and help them start new businesses.

According to Rooyen, Stewart and De Wet (2012), numerous studies indicate that the health of the people improve upon the introduction of health-related microfinance services. Additionally, health education offered in the microfinance meetings and through the various health education sessions enhance the health of the society. The experts offer information on reproductive health, malaria, primary health care for children, breast

feeding, HIV and sexually transmitted diseases prevention, general hygiene and Diarrhea as well as gender equality. When men micro entrepreneurs are empowered financially by the MFIs, they find the sufficient funds to fund their businesses. Consequently, they will make the profit, get access to medical facilities and afford to pay for their NHIF premiums on time.

Microfinance institutions such as Bangladesh Rural Advancement Committee (BRAC) of Bangladesh have successfully integrated programs meant to combat poverty. The strategy of combating poverty involves empowering the society through health services, education and credit services. A good example of the partnership involves partnering with the national government to combat diseases such as tuberculosis and malaria control initiatives.

Additionally, De la Cruz et al. (2009) shows that MFIs have an impact on the community, including the national initiatives. The reason being it helps increase knowledge on such areas as disease prevention. These interventions lead to behavioral changes, such as, increased use of mosquito nets especially among vulnerable members of the communities such as pregnant women and children below five years. Dohn et al. (2004) also highlight progress in the prevention and treatment of diarrhea, stating that while the rates dropped by 43% in a group of participants that received microcredit and education the incidence decreased by only 29% among participants that received health education only. Provision of MFIs services also enables microfinance client's access basic healthcare services as it facilitates more expenditure on healthcare services, as well as, health insurance (Adjei & Arun, 2009). Men micro entrepreneurs who have been given the microfinance loans will fund their businesses and consequently pay for the National Hospital Insurance Fund (NHIF). Paying the NHIF helps them to access medical facilities easily. The monthly

payment to the insurance fund will provide the men micro entrepreneurs with an opportunity to take a health cover even for their family or parents.

According to Wright (2000), the impacts of microfinance on health and nutrition is significantly positive where clients meet regularly at the same venue. He contends that client's health and nutrition improve partly as a result of use of contraceptive whereby small family sizes facilitate availability of food. 95% of the clients were noted to have improved health care practices as compared to 72% of non-clients. Men micro entrepreneurs who are running businesses under the help of the MFIs can buy quality food and fruits daily. Consequently, the health of the male micro entrepreneurs and that of their families improve including generally their personal lives.

2.3.2 Effect of Micro Finance Credit on Education to Male Micro Entrepreneurs

The World Bank states that education is one of the most effective poverty eradication tools (Narayan & Petesch, 2007). Further, Wamaungo (2011), states that education is essential for sustainable human development. Through education individuals learn what is necessary for life and consequently make the right decisions. When male micro entrepreneurs are educated, they can become better breadwinners of a family. In many families in Kenya today, the men micro entrepreneurs are the breadwinners. However, most of them struggle with meager salaries since they do not have the education to help them get highly paid salaries. The impact of microcredit on education is highly contentious with studies showing conflicting results. Nanor (2008) states that the impact may be both positive.s

According to Barnes, (2001) microfinance may be negatively impacting the education of client's children. He found out that a significant number of client households experience difficult financial situations that resulted in inability to pay school fees. Consequently,

school aged children from client's households were found to be more likely to fail to return to school as compared to children of non-client households (Barnes, 2001a). Further, according to Shimamura and Lastaria-Cornhiel (2009), there was a drop in the enrollment and attendance rates amongst borrower's children in primary school. Adjel and Arun (2009), found out the length of time in a credit program does not positively impact on expenditure on education showing instances of negative correlation. Barnes, (2001) also noted a bigger proportion of decrease in school enrollment among children of on-going borrowers than among non-clients and departing clients. The male micro entrepreneurs' children from families that are affected by the lack of school fees are forced to drop out to help their parents to finance family income. Pitt and Khandker (1998) argue that the society is more inclined to support the girl child while neglecting the boy child. Consequently, a large number of the boy children end up like their fathers who have little skills and thus can only earn low salaries.

Hadi et al. (2015) conversely, observe that participation in microcredit programs increase expenditure on the children's education. They state microfinance where integrated with education activities on such matters as financial literacy and entrepreneurship greatly empowers the client's abilities to develop their microenterprises. The increase in income that accrues from empowerment by microfinance programs directly relates to improvement in education of beneficiary's children (Simanowitz & Walter, 2002). Further education fosters the shift from microcredit to microfinance.

Pitt and Khandker (1998) found significant statistical evidence of better rates of girl child enrollment into school among Grameen bank clients. They noted that a 1% increase in lending to men micro entrepreneurs led to an increase of at least 1.87% in girls' enrolment to schools. In addition, clients from rural household in Bolivia who had been

in the program for more than a year were found to be more capable to keep their children in school in as compared to new clients (Maldonado and Gonzales-Vega, 2008). In this case, most of the children who are sent to school when it comes to an option of choosing between a boy and a girl, girls get the privilege. Therefore, the society ends up with few men micro entrepreneurs who have the right skills even to run their own businesses. Consequently, Battalas and Creser old client's children had a lower schooling gap of about half a year and a quarter of a year respectively against more years in schooling gaps for those of new clients in these programs (Maldonado and Gonzales-Vega, 2008). Onyina and Turnell (2011) likewise found that microfinance empowered older clients to support the education of their children by facilitating those already in schools as well as enrolling those yet to join.

2.3.3 Effect of Micro Finance Credit on Housing to Male Micro Entrepreneurs

According to Ferguson and Haider (2000) housing is vital for both economic development and social development. It constitutes the main capital asset for the majority of the low- and moderate-income families. Moreover, they state that with over 1.5 million people living in substandard housing globally housing microfinance portends a good future. Majority of microfinance clients are based in areas with significant levels of housing deficits. Most studies done show that microfinance programs have a positive effect on clients housing. Brannen (2010), states that participants in microfinance are more likely to own homes. Further, according to Lacalle (2008) recipients of microfinance services, make more investments in the quality of homes, as compared to control groups of non- clients. Likewise, Hassan (2002) argues that most Grameen bank borrowers would build larger houses as a result of access to funds. Barnes (2001) likewise states recipient of microcredit facilities have better houses for their families.

Studies carried out by Lacalle (2008) and Barnes (2001) show that MFIs improved housing. Many microfinance institutions have an impact on the quality of housing since most of the low-class entrepreneurs buy plots and build their homes with the help of the MFIs. Men micro entrepreneurs who save their money with microfinance or acquire loans from a microfinance institution have a higher chance of building a suitable home unlike those who do not. Microfinance institutions have been on the forefront of providing male micro entrepreneurs with loans to help them buy pieces of land, which is the first step of owning a suitable home. Additionally, when male micro entrepreneurs are given the microfinance loans, they can run successful businesses and manage to rent houses in a suitable location. However, the male micro entrepreneurs in urban areas who have low income leave their wives upcountry where they have poor housing since that is what they can afford. The male micro entrepreneurs who live with their families in urban areas tend to rent houses in low income areas, which are less suitable.

2.3.4 Effect of Micro Finance Credit on Job Creation to Male micro entrepreneurs

The International Labor Organization (ILO) indicates that the financial instruments complement policies that target the labor market. Employment and income rates critically depend on accessibility to financial markets. Consequently, Microfinance can have a significantly high positive impact on employment. Microfinance largely targets unemployed low and moderate-income earners who are excluded from the traditional banking systems and often a few who wish to start their own microenterprises. Further, the fiscal cost per job created is often much cheaper than alternative market instruments. Women have been favored by the many government loans and other women related MFIs leaving men micro entrepreneurs to scramble for the remaining options. Therefore, when an MFI offers men micro entrepreneurs a loan, they are ensuring the men micro entrepreneurs are becoming stable financially and that they are creating jobs.

According to Royen, Stewart and De Wet (2012) there is limited evidence that microfinance impacts job creation. Gubert and Rouband (2005) found that while in the year 2001 the impact of microfinance on job creation was positive and significant; it was insignificant by 2004 despite being positive. Barnes, et al. (2001) likewise find no significant impact of microfinance on job creation. However, the above results may have been influenced by economic and political crisis.

In Kenya microfinance programs have led to increased growth in the employment opportunities of casuals, semi-skilled and skilled employees were created. Growth in business also translates into auditing, taxation and insurance matters therefore auditors, lawyers, under writers and other professionals will be engaged. As such, microfinance enhances the abilities of entrepreneurs who are responsible for generation of employment opportunities to millions of people. It further facilitates growth and development of country's national economy. Today, there are many individuals who have established microenterprises of their own and are offering employment to many, thereby reducing unemployment crisis in the country. According to FINCA, microcredit has facilitated micro entrepreneurs hire more staff and increase their assets and consequently expand their business into medium enterprises. The Jubilee government that is reigning today has a special heart for the young men micro entrepreneurs who are jobless. The reason is because the young men are easily lured by politicians to cause mayhem. However, when they are provided with the microfinance loans, it will be easy for them to create job opportunities for many other young men. Therefore, the government is seeking to empower the young men micro entrepreneurs to ensure they are get information on how to create job opportunities. Kenya Commercial Bank has been in the fore front to advocate for self-employment among the young people. The reason is because with the

high level of unemployment today, men micro entrepreneurs find it hard to get jobs and thus job creation is their last option.

2.4 Economic Impact of Micro Finance Credit on Male micro Entrepreneurs

Microfinance facilitates the low and moderate-income clients to create productive capital, protect themselves from business risks that can deplete the capital. According to Otero (1999) microfinance enables micro entrepreneurs build assets and create wealth and thus help them smooth their consumption pattern as well as reduce their vulnerability. Zeller and Meyer (2002) likewise assert that microfinance facilitates asset acquisition leading to better economic conditions and standard of living through building better residences and land purchase. Additionally, microfinance institutions play the role of increasing the creditworthiness of men micro entrepreneurs to ensure they earn high credit in future. Men micro entrepreneurs have been highly favored by the microfinance institutions since they can be trapped into the habit of spending all the money they earn. However, today, motorbike organizations or other men micro entrepreneurs' organizations help men micro entrepreneurs to save little money daily and eventually they accumulate more money to allow them take big loans.

According to Lacalle (2008) there is significant evidence of positive economic status of clients in Rwanda, nevertheless, this is data is self-reported and therefore may be as a result of credit extended. Nonetheless, Pronyk et al. (2008) in a high-quality research found a pattern of improvements across all the major indicators of economic growth such as household asset value, credit worthiness, as well as ability to meet basic households' needs.

According to Morduch (1998), microfinance reduces vulnerability, raises consumption, and school enrollment for children. The scholar elucidated that households that received

microfinance services were substantially economically better as compared to control households. Conversely, according to Lakwo (2006), data from Uganda showed that microfinance services did not improve the economic conditions of beneficiaries as compared to non-borrowers. The borrowers who had been in the program showed limited gains. Nanor, (2008) likewise found no significant improvement on beneficiaries households when comparing them on poverty line in Ghana. Kabeer (2005) found that Self-Help Group (SHG) improved the members saving ability, debt position, livelihood bases, and consumption standards through financial services.

2.4.1 Effect of Micro Finance Credit on Male Micro Entrepreneurs' Income Growth and Vulnerability Reduction

The objective of the microfinance is availing of funds to the needy to help them invest in micro enterprises and thus empower them out of the poverty burden by gaining income and thus protect themselves from precariousness. Microfinance follows the lay concept that the poor are vulnerable just because they do not have money and that by providing them with the money, they will no longer be poor. Low productivity leads to lack of money essential for investment in otherwise output generating income. Banks are risk averse and would thus avoid lending to the poor for increase of productivity since the low income generated is not secure. The poor then result to borrowing from local shylocks at very exorbitant rates. Over the last few decades microfinance has tried to bridge this gap by providing cheap loans to the poor loans among other services.

Microfinance has gained worldwide support from both individuals and international development organizations as a critical approach in lifting millions out of poverty. However, there is growing criticism arising from both politicians and developmental experts raising questions on the advantages and disadvantages of microfinance. Consequently, contradicting arguments have arisen for example according to Dichter

(2007) economic history and recent experience of rich countries suggest that the expectation that provision of mass credit to people would lead to viable business start-up is very unrealistic. He argues that majority of the people globally regardless of poor or not are not entrepreneurs and thus lending to them to invest in businesses, would just lead them to debt traps.

According to Shylendra (2006) some MFIs have failed in the goals of poverty alleviation through charging exorbitant interest rates, for example, Mexican MFI, Compartamos was found to be charging rates of up to 195% interest on loans thus enriching senior managers. Bateman and Chang (2012) likewise state that microfinance make it harder for small and medium sized enterprise (SME) to acquire loans as their loans are not as lucrative as microenterprises loans. There have also been cases of borrowers starving themselves in order to repay loans, further; numerous customers have been dehumanized by the loss of collateral assets as a result of failure to repay loans on time (Copestake, 2002). The vulnerability as a result has led to increase in tensions in families leading to divorce and in some instances increased suicide rates.

In the era of interest rate caps introduced in 2016 through an act of parliament, it is harder for low-income earners to access credit. Banks argue that those who earn low income pose a huge risk to the bank and they are more likely not to pay. Therefore, today banks have turned to organizations in manufacturing or other sectors that have a higher likelihood of paying. Micro entrepreneurs who have a low income have been negatively affected by the move to cap the interest since they cannot get loans from the bank. The only option left for the men micro entrepreneurs is to access credit from MFIs. Male micro entrepreneurs access loans to ensure they buy more stock for their business, expand their customer base, enhance their marketing, improve the business process or buy more

assets for their business. Consequently, when they get the loans, they can increase their income and reduce the vulnerability of becoming bankrupt.

2.4.2 Effect of Micro Finance Credit on Male Micro Entrepreneurs Households Wealth

According to Barnes (2001) microfinance improved the household wealth potential through increasing the income security of clients who can then diversify their income sources and thus are able to improve their household. The scholar noted a higher number of clients owned residences as compared to non-beneficiaries. Nanor (2008) likewise found an increase in expenditure among recipient clients in Ghana, which is supported by a similar observation in Rwanda whereby clients purchased more clothing, footwear and detergents as compared to non-clients Lacalle (2008). According to Kompta (2010), microfinance provides a reliable source of financial support to businesspeople unlike any other source of financing. Consequently, the household wealth is mainly left to the man to take charge. Therefore, the microfinance institutions have a huge impact on the household wealth when they give men micro entrepreneurs access to loans.

Brannen (2010) also found a significant increase in spending on household assets such as stoves, beds, mattresses among other things especially among male micro entrepreneurs though also significant in women. Pronk et al. (2008) found a pattern of increase in household assets among other economic indicators. According to the African culture, male micro entrepreneurs are left to be the major providers of income and breadwinners in every family. Therefore, when their income is low, they will have little capacity to buy household items or maintain their families in the right way. However, a large percentage of the men micro entrepreneurs who access loans through MFIs have the potential to enhance their household wealth unlike men micro entrepreneurs who rely on their income from their businesses. The reason is because MFIs seek to provide steady and reliable

source of financial support that can trigger growth and development of a business. Additionally, a large percentage of the businesses existing today were built from borrowed money. Therefore, when the male micro entrepreneurs can access credit from microfinance, there is a higher chance of growing their business and their household wealth as well.

2.4.3 Effect of Micro Finance Credit on Working Capital and Business Wealth/Growth on Male micro entrepreneurs

As aforementioned according to Barnes et al. (2001) from a study in Uganda microcredit clients had greater diversity in income sources as compared to those with no credit from the microfinance. However, this was not the case among the poorest in the society. Moreover, micro-savings customers are able to increase the products and services offered in their existing business or started new business. However, in Zimbabwe, microfinance did not significantly increase the assets held. While in Madagascar an assessment of businesses found clients business to be worse of relative to non-clients (Gubert and Roubaud, 2005). In Uganda there was also an increase in crops grown and consequently income from crop production (Dupas and Robinson, 2008). In the urban areas, the cost of living can be high and most of the men micro entrepreneurs are affected since they have families to provide for. It is not a wonder many men micro entrepreneurs engage in alcohol out of the frustrations that they cannot provide for their families. However, MFIs in Kenya have been critical in providing working capital to the men micro entrepreneurs who want to start businesses and increase working capital to those who have existing businesses.

In business, growth refers to increase in sales operations assets (Holt, 2004). Business growth can be two-edged sword. When it is uncontrollable, it can lead to financial failure. This is because it eats cash fasts especially if the business extends credit to customer and

must cover payment floats while still financing the business expansion. A business venture grows in different ways, this include, higher sales volume, increase in assets base, improved profits meet competition or satisfy the entire entrepreneurs dream of heading a large organization (Hulme, 1996).

Indicators of growth in business include growth on sales, assets, number of employees, high value added and effective performance. Other indicators include growth of new markets, high employment morale high turnover new product developments and readiness to innovate. There is mixed evidence on microcredit relationship with greater investments. According to Brannen (2010) microcredit clients in business were more likely to have introduced new products and services to their businesses by creating substitute enterprise but not a second business, clients also get involved in other income generating activities. Clients improve their businesses, increase their productivity, have smooth income flow, enlarge and diversify their micro businesses (Marguerite, 2001). Men micro entrepreneurs are the highest beneficiaries of the microfinance loans since they have few sources of credit. It is unlike women who rely on government assistance or microfinance dedicated to help women. There is no specific bank or microfinance dedicated to providing credit to the men. Therefore, male micro entrepreneurs benefit when they access loans from a microfinance institution and get the working capital to improve their businesses.

Barnes (2001) also argues microfinance clients had more diverse source of incomes. In Kenya and Uganda, saving clients invest more money their money in different sectors including farming. Clients also increased crop cultivation and subsequently the crop production (Dupas and Robinson, 2008). However, according to Barnes, (2001b) Zimbabwe and Madagascar microcredit failed to spur negligible growth.

2.4.4 Effect of Training to Male Micro Entrepreneurs on Microfinance

Skills are required to operate any kind of business or enterprise (Gandhi, 2016). Various studies have found that businesspeople benefit from the skills they acquire from seminars, training programs or induction sessions. The skills include how to manage a business, how to handle the customers, how to handle finances or how to handle tough economic times. People who have just started their own businesses face challenges when they cannot make the profit, they expect in the first few months (Kim et al., 2007). When the profit does not seem to be coming through, they give up and close their businesses. Therefore, it is important for businesspeople to have trainings. Men micro entrepreneurs have been given various skills to ensure they maneuver through the challenges to ensure they set up stable businesses. Moreover, the training required by men micro entrepreneurs is on how to handle finances. The reason is because many men micro entrepreneurs borrow funds, but they end up using the money in the wrong projects (Swain & Wallentin, 2009). Others who are addicted indulge in alcoholism and drug abuse.

Trainings influence the sustainability of the businesses operated by men micro entrepreneurs (Karlan & Valdivia, 2011). The reason is because the skills are used for the starters who are new in the business. The entrepreneurs are taught on how to source for the starting capital. The microfinance institutions provide capital to their clients. They provide skills on how to handle the finances and keep part of their profit as savings. The savings help them to become better in accumulating more money to help them establish huge businesses. Additionally, the experts focus on assisting those who are already in business to enhance their business operations and buying more stock (Garikipati, 2008). The financial provision offered in form of a loan assists them to buy more stock and expand their businesses.

2.5 Theoretical Framework

This section provides the theories underpinning the current study on the social economic effects of microfinance on men micro entrepreneurs. This study is supported by social capital theory based on the ideas of Francis Fukuyama, James Coleman Aljendo Portes, Pierre Bourdieu, and Robert Putnam. Other theories underpinning the study include poverty alleviation theory and the social entrepreneurship theory.

2.5.1 Social Capital Theory

Definitions of social capital may differ in wording and length, their theme is significantly consistent conceptually, and reveals there are several dimensions of social capital. First definition is by function. Secondly, social capital is a helm of the individuals set on how they relate with others. Social capital facilitates individuals in a group to pursue common objectives. It is also expressed by networks of norms and trusts that enable members to act together more effectively. Diclemente, Crosby, & Kegler (2002) state that social capital facilitates the utilization of scarce resources due to broader membership and social structures.

Hawe and Shiell (2000) in analyzing the various definitions conclude that social capital is multifaceted and may include relational, political or material aspects which may be either negative or positive. Further, it can be loose or dense networks and takes different forms depending on whether one is concerned with the individual, or the social interaction between groups or institutions. Trust and reciprocity emerge as key components in virtually or the conceptualizations of social capital. Coleman, as well as Putnam state that trust can be bolstered by repeated interactions of people involved in a common long-term goal and assisted partly by community institutions. Fukuyama also elucidates that trust and networking are at the core of antisocial outcomes of terrorist groups since they

believe in taking advantage of people outside their networks before they can be taken off advantage first (Diclemente et al, 2009).

Microcredit models allow clients to meet weekly. The meetings are essential for social interactions that enhance the social capital. Consequently, clients will find it easier to improve their financial skills and strategies of generating income.

Bourdieu, a French sociologist (1930-2002) takes a significantly different approach from the other theorists; he argues social capital is experienced when one or many people are providing a rich social network. He demonstrates ways through which society is reborn, as well as, how dominant classes remain in power. Bourdieu uses the social capital theory to elucidate the cold reality of social inequality and shows that it does not matter on how much you know but more, who you know. In addition, he leans towards a world where segregation is rampant and high paying jobs go to the rich who went to high ranked schools and there are significant obstacles deployed by the elite to prevent the “wrong” from joining their clique (Bourdieu, 1992). This theory is relevant to this research in that despite micro finance being a strong poverty eradication tool, the men micro entrepreneurs are segregated and locked out by among other things, isolation from funding, high cost of credit, as well as, other unfavorable conditions and requirements by many providers and so they continue being poor as the women micro entrepreneurs and the youth continue being richer.

James Coleman (1926-1995) contributed in the development of rational choice theory alongside other theorists (Homas, Blau and Cook) which states that people are driven by their personal wants and goals and are motivated by personal desires. It contends that people make logical and prudent decisions that will provide them with the greatest satisfaction. The assumption that one will always try to maximize gain while minimizing

loses when making any decision. In addition, it is assumed that people will distinguish between good and bad decision. This argument supports this study in that the microfinance has been a strategy or a means by the poor to get out of poverty (Karlan & Valdivia, 2011). It has been used to uplift the way of life and living standards of the poor. They make a choice to save over a period, having a relationship that will enable the acquire credit in due course.

Coleman has given a proposal model in which social capital can be used to enhance the skills and expertise of a person (Hermes & Lensink, 2011). It is important to note that social capital belongs to the individual, a resource that can be used to improve their lives. A good example is living in a neighborhood of people who can always give you an opportunity to work for them or they can give you finances to start a business out of the good relations. If the people do not have trust, they will not offer the opportunities. This is a not a resource that can be resold, but it will only be used by a person solely. The one way of getting it is to have good relationships with other people (Ashraf, Karlan & Yin, 2010).

This applies to microfinance. It is not an end to itself. It is a process that will require time, training as well as relationships. Men can start business in one field and fail due to many factors like demand and locations and the same business can still succeed in another location. Coleman is clear when describing the role of social capital. This is because people will use the information, the norms and values established among the social networks to facilitate growth (Coleman, 1988). The argument by Coleman shows that the social capital will be useful in creating the human capital. It is used to describe the self-identity, confidence, self-esteem, and emotional intelligence.

Putnam and Burt described social capital as features of social organization such as networks, norms and social trust that facilitate coordination and cooperation for mutual benefit. Social structure is a kind of capital that can create for certain individuals or groups a competitive advantage in pursuing their ends. Better connected people enjoy higher returns (Putnam, Robert D., 2001).

In both descriptions, social capital is considered to have positive outcome: facilitating “coordination and cooperation” or generating “higher returns”. This is appealing to social scientists in general because it highlights the importance of social aspect, as opposed to more individual aspects, and specifically focuses attention on the interaction between actors. However, in many cases the expected positive effects do not extend to all of the individuals. In time it can also generate demands and restrictions and thereby might become disadvantageous to the same actor at a later point in time.

Strong pressure in a group for one person to help others, and a high density of advice among these actors can be useful for an actor in need of advice to resolve a problem but the same situation can later generate largely negative effects, when advice is not needed and others start asking favors from this person, thereby actor may vary extensively depending on situational contexts.

This study seeks to answer the question; what aspects of individual livelihoods and business that microfinance credit impacts on the men micro-entrepreneurs and factors determining these impacts. As captured in literature review many policy makers assert that microfinance is vital to those excluded from traditional financial systems. Some researchers confirm positive effects and others negative and hence the conclusion that social capital theory is supported by this research.

2.5.2 Social Entrepreneurship Theory

Social entrepreneurship theory states that people within the society who become agents of change find innovative ways of impacting the society (Kuratko, 2016). Therefore, they find creative ways of solving problems that people may be going through. The social entrepreneurs find creative ways of coming up with solutions and they do not just recycle the available options. They are thus considered visionaries and pioneers of change in the society (El Ebrashi, 2013). A good example is that of Muhammad Yunus who came up with the microfinance concept by introducing the Grameen Bank. The social entrepreneurs are motivated by the desire to see a different kind of society. They work towards creating an impact in the society and developing the right mechanisms in a bid to liberate people from the chains of poverty.

Another classic idea of social entrepreneurship is the refugee at work project which seeks to provide employment opportunities to refugees. Communities around the world have been impacted by social entrepreneurs who work towards the growth and development of the community (Kuratko, 2016). The social entrepreneurs need resources to fund their project as they seek to create the change they desire in a community. The different types of impact could be covering a huge area, or the population could be huge thus requiring financing from a microfinance bank (Kuratko, 2016). The focus of a social entrepreneur is to come up with solutions that would liberate people from their bondage of poverty. One of the leading causes of poverty is illiteracy. Therefore, according to a World Bank Report (2014), poverty levels continue to increase among people who have little or no knowledge about financial education. When a community is educated on such issues and given a platform upon which to exercise their skills, they will be in a better position to overcome poverty. Therefore, microfinance banks play a huge role because when the communities are empowered, it will be easy for them to access education. This is because

when poverty strikes a community, it will be hard for them to get basic or higher education (Grimes, McMullen, Vogus & Miller, 2013).

The theory is relevant to the study because entrepreneurship takes different forms. Different entrepreneurs make efforts to impact their organizations. Similar efforts made by Yunus Muhammad who was supported by different banks in establishing the Grameen Bank due to the resources needed, entrepreneurs in the current generation also need financing. There are different young men who have great ideas on how they can transform the society, yet they do not have the funds (Grimes, McMullen, Vogus & Miller, 2013). In most case, the ideas that may sound simple in the agricultural sector, security or education may end up becoming revolutionary. Therefore, it is important to invest in such ideas and microfinance banks are in the forefront of funding such businesses.

2.5.3 Livelihood Approach Theory

According Robert Chambers & Gordon Conway (1992), a livelihood comprises the capabilities, assets (stores, resources, claims and access) and activities required for a means of living: a livelihood is sustainable when it can cope with and recover from stress and shocks, maintain or enhance its capabilities and assets, and provide sustainable livelihood opportunities for the next generation; and which contributes net benefits to other livelihoods at the local and global levels and in the short and long term. Of the various components of a livelihood, the most complex is the portfolio of assets out of which people construct their living, which includes both tangible assets and resources, and intangible assets such as claims and access.

Financial capital is the most dominant determiner of sustainable livelihood. It refers to the financial resources that people use to achieve their livelihood objectives. The factors that

determine the financial capital well-being for a sustainable livelihood are: the kinds of financial service organizations already exist, both formal and informal, the products and services offered and under what kind of conditions (interest rates, guarantees required, etc.), the population groups or sub-groups have access to these resources and the limitations of access to other groups, such as men. (Ashley & Carney, 1999)

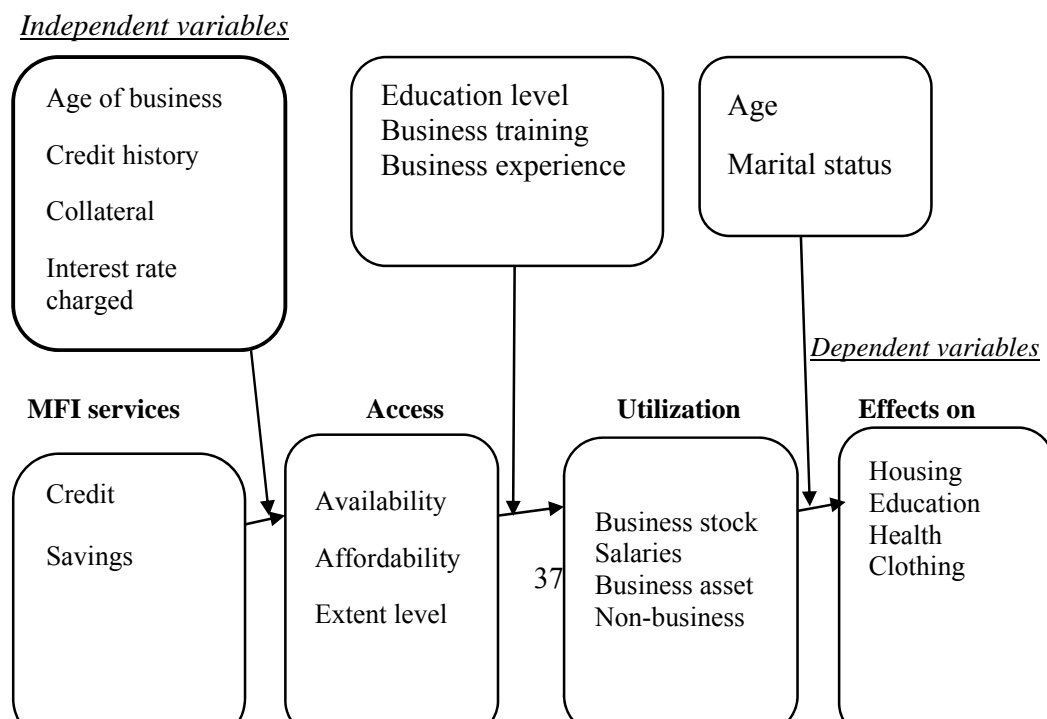
As stated under the problem statement in this study, men above 35 years are disadvantaged in accessing of government set-aside funds. There are no funds set aside for this subgroup. They access credit from other conventional means that are very expensive in the long run.

2.6 Conceptual Framework

The conceptual framework in a research study is a diagrammatical presentation of the different variables being analyzed in the research study. It provides a clear outline of the interrelationship existing between the dependent and independent variables in a study

The conceptual framework for this study is figuratively depicted under Figure 1 below.

Figure 1: Conceptual Framework



This framework was developed based on the reviewed literature about the social impact of microfinance credit. It answers the research questions: How do the male micro entrepreneur access and utilize the microfinance credit? What determines the access and the nature of utilization of the microfinance credit by the male micro entrepreneurs? What are the impacts of the financing from the microfinance institutions to the male micro entrepreneurs' livelihoods? Research was designed, data collected and analyzed, conclusions and recommendations made with this framework as the guide.

The independent variables in this study are the determinants of the access and utilization of the MFI credit by the male micro entrepreneurs including; Demography, credit history collateral, interest charges, literacy level and the age of the business.

The intervening variables are the determinants of how the credit will be utilized; education level of the borrower, training and the business experience that the borrower has. Those more educated, trained and with more business experience utilize loans well with minimum default and the loans have positive impacts on their livelihoods both at the business and household levels.

The dependent variables are the effects of the MFI credit to the individual livelihoods; health of the family members, housing conditions of the family, ability to finance the education of their children and the nutrition enhancement at the household. ,In addition, the performance and sustainability of the business in terms of cash flow, increased stock

levels, increased number of staff and expansion. There are positive impacts if the credit was utilized as purposed.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

The study used the descriptive research design. This was critical for the study as it allowed the researcher to describe the different characteristics under study in the research. The research study was about the access, utilization and effects of microfinance credit among male micro entrepreneurs in Kikuyu Township. A survey was crucial for the purposes of ensuring that a large population to be involved in the current study was well studied. It was thus justifiable and important to apply the descriptive survey in the study. According to Creswell (2013), surveys help in collecting information from a group of people through interviews or questionnaires administered to a representative sample from the group.

3.1.1 Site Selection

This study took place at Kikuyu in Kiambu county, a busy township, 22 kilometers west of Nairobi, the capital city of Kenya. There are a number of microfinance institutions in this town; Letshego, Premier Credit and KWFT. The banks operating in the town include Co-operative bank, Kenya Commercial bank, Equity bank, Family bank and Barclays bank. This town was selected through judgement sampling technique based on the number of the businesses and the purpose of the study. It is a rural urban town.

There were different types of enterprises carried out by male micro entrepreneurs in Kikuyu town ranging from retail businesses, manufacturers/processors, green grocers and service providers. Most of those who do business there live within and around the town with their families either in owned or rented residences.

3.1.2 Units of Analysis and Observation

The unit of analysis was the male microentrepreneur. The units of observation were the male microentrepreneur as an individual and the credit officers from the MFIs.

3.2 Target Population

Population refers to the entire group of events, elements, things and people that a researcher would wish to investigate (Banerjee & Chaudhury, 2010). Therefore, in a research study, the study population defines the entire collection of the units or the people that the researcher wants to use for the purposes of drawing conclusions. While describing population, Ngechu (2004), explains that it is a set of people, events or activities being studied. The study targeted the male micro entrepreneurs, who own and operate micro enterprises and have acquired credit facilities from micro finance institutions for their businesses.

3.3 Sampling Technique

Sampling is the process of selecting a subset from a main population. First, a sample frame was developed. This is the source material where samples are drawn from. It contains all those within a population who can be sampled. A population of 160 male micro entrepreneurs was identified through purposive and convenient sampling methods. The males who owned micro enterprises were identified and only those who said they had taken or had running loans from the MFIs were taken. Stratification was then done to get the respondents in different strata; retailers, manufacturers/processors, green grocers and service providers. General retail businesses included retail hawking, sale of basic commodities, sale of agricultural chemicals and sale of construction materials among

others. Service providers included those in hotel businesses, transport businesses, health services, car servicing businesses and consultancy services among others. Those in manufacturing/processing included carpenters, blacksmiths and tailors among others. Green grocers included sellers of vegetables, fruits and other food items among them potatoes, maize, beans and other forms of cereals.

Table 3.1: Business Type

Business Type	Frequency	Percentage
Retailers	44	27.5%
Manufacturers/Processors	38	23.7%
Green grocers	36	22.5%
Service Providers	42	26.3%
Total	160	100 %

Then, simple random sampling technique was used to get 50% of respondents from each of the stratum. Lottery method was used. This gave 22, 19, 18, 21 respondents from the four strata; retailers, manufacturers, green grocers and service providers respectively as shown in Table 3.1. This brought a total sample size of 80 respondents. Purposive and convenient sampling techniques were used to identify four loan officers who were the key informants from the micro finance institutions.

3.4 Sample Size

According to Banerjee and Chaudhury (2010), a sample is a small part of a large population that takes part in a study. It is the selected respondents that represent a population. A sample size of 80 male micro entrepreneurs was sampled from all the

sectors. This was 50% respondents from each stratum: retail businesses, manufacturers/processors, green grocers and service providers

3.5 Data Collection Instrument

Data collection instruments refers to the tools that a researcher uses to collect data from the respondents. In this study, questionnaires were the main data collection tools. They consisted of a number of printed questions either closed or open ended. The questionnaires were administered to the selected male micro entrepreneurs at their business premises. This was the primary source of data. Another set of questionnaire was administered to the loan officers from the MFIs who were the key informants in the study.

3.6 Pilot Test

Saunders, Lewis and Thornhill (2007) recommends pilot test to determine the accuracy and reliability of the research design and data collection instruments. According to Mugenda and Mugenda (2003) 10% of the sample size is considered appropriate for piloting. Thus 10% of the sample size comprising of 8 men micro entrepreneurs were issued with the questionnaire. Piloting enhanced the validity and reliability of the questionnaire as ambiguities in the wording of the questions were eliminated. Additionally, piloting ensured that all constructs were adequately covered in the questionnaire to enhance validity of the instrument.

3.7 Validity

Validity of the research instrument refers to the extent to which a test or an instrument measures what it was intended to measure (Mbwesa, 2008). First and foremost, the data collection instrument (questionnaire) was checked whether it possesses face and content validity. It was subjected to double check by my supervisors in line with the

recommendation of Saunders, Lewis and Thornhill (2007). Then, to ensure construct validity, all the study variables were operationalized by the researcher to achieve the theoretical assumptions that anchor the conceptual framework as recommended by Rosenthal and Rosnow (2006).

3.8 Reliability

Kombo and Tromp (2006) define reliability as a measure of consistency of the results in a test. A reliable instrument can measure variables in an accurate and consistent manner obtaining same results in the same conditions over a period. (Mugenda and Mugenda, 2003). In this study reliability of the questionnaire was ensured in phases. In the first phase, the researcher ensured the use of constructs that have been used by other researchers. Cronbach's alpha which is used to estimate the internal consistency reliability by determining how items of the instrument relate to each other and to the entire instrument using data obtained from the pilot test was used in the second phase (Gay & Airasian, 2000; Mugenda & Mugenda, 2003). Cronbach alpha coefficient ranges from zero to one. A good measure of reliability is where the Cronbach alpha coefficients range from 0.7 and above. According to Ehlers (2000) a Cronbach alpha coefficient of 0.7 on predictor variable is considered acceptable and therefore 0.7 was used as a threshold in this study. To calculate Cronbach alpha coefficient, data collected using the 8 questionnaires filled during pilot study was used. The Cronbach alpha coefficient for the questionnaire administered to men micro entrepreneurs was found to be 0.834 indicating the questionnaire was reliable.

3.9 Data Analysis

After data collection, the researcher embarked on data cleaning before coding and entering it into Statistical Package for Social Sciences (SPSS) software application. Data

cleaning involved identification and removal of incomplete or inaccurate responses to ensure clarity, accuracy, consistency and completeness of data as recommended by Saunders et al. (2007). After cleaning, data was coded and keyed into SPSS software application IBM Version 21. Tables were generated for the presentation of findings. The qualitative data generated using the open-ended questions in the questionnaires were analyzed using content analysis as recommended by Cooper and Schindler (2014). Content analysis involved grouping common themes in order to draw inferences based on the themes that emerged from the data.

3.10 Ethical Considerations

Bryman and Bell (2007) state that ethical considerations can be specified as one of the most important parts of a research. The researcher ensured that the quality and integrity of the research was upheld by ensuring informed consent was sought from respondents, confidentiality and anonymity of the research respondents was respected, participation by respondents in the study was voluntary and that the research was independent and impartial.

3.11 Questionnaire Response Rate

This research study had a sample size of 80 respondents who were male micro entrepreneurs based in Kikuyu Township. Out of the total of 80 questionnaires administered, 76 were correctly filled representing a response rate of 95% percent of the total number of questionnaires. Incomplete questionnaires were 3 representing 3.75 percent while one questionnaire was disqualified due to inconsistencies representing 1.25% percent of the total number of administered questionnaires. Table 3.2 represents the summary of the response rate.

Table 3.2: Questionnaire Response Rate

Responses	Frequency	Percentage
Administered questionnaires	80	100
Incomplete Questionnaires	3	3.75
Disqualified questionnaires	1	1.25
Correctly filled questionnaires	76	95

Mugenda and Mugenda (2003), Babbie (2004), and Saunderse et al. (2007), state a response rate of 50 percent is adequate, while a response rate of 60 percent is good. However, a response rate of 70 percent is very good. The response rate of 95 percent that was observed in this study is thus very good and sufficient. It would thus be useful in decision-making.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Demographic Information

Majority of the respondents were aged between 35 to 45 years representing 54.0% of the total number of respondents. This was followed by 21 respondents who were aged between 46-55 years old representing 27.6% of the total number of respondents. The number of respondents aged above 56 years old were 14 representing 18.4% of the total number of respondents.

Amongst the respondents who participated in this study 94.7 percent were married. Respondents who had separated from their spouses and those that were single represented 1.3 percent each. Out of the respondents who participated in the study, 2.6 percent were widowed. This implies that most male micro entrepreneurs had families to care of which could have encouraged them to pursue the entrepreneurial activities.

The dependency rates amongst the respondents indicated that more than 50% of the male micro entrepreneurs were being relied on for livelihoods by more than 6 dependents. This exerts pressure on men emotionally as they struggle to ensure basic needs are adequately met for the dependents under their care.

On religion, most of the respondents were Catholics with 51.3 percent followed by Protestants at 46.1 percent. There were 2 respondents who were Hindus representing 2.6 percent of the total number of respondents.

Academically, 34.2% of respondents had completed secondary school education while 21.1% had only gone up to primary school level. Those who had diplomas were 11 representing 14.5 percent while those with certificate level education were 9 representing 11.8 percent of the total number of respondents. At the graduate level, there were 14 respondents representing 18.4 percent of the number of respondents. This implies that the respondents were moderately educated. The findings are summarized in Table 4.1.

Table 4.1: Demographic characteristics of the respondents.

Demographic Characteristics		Frequency	Percentage
Age	35-45	41	54.0
	46-55	21	27.6
	56 and Above	14	18.4
Marital status	Single	1	1.3
	Married	72	94.7
	Separated	1	1.3
	Widowed	2	2.6
Number of dependants	0- 4	17	22.3
	5-8	41	54.0
	9-12	17	22.3
	13 and above	1	1.4
Education level	Graduate	14	18.4
	Diploma	11	14.5
	Certificate	9	11.8
	Secondary	26	34.2
	Primary	16	21.1
Religion	Catholic	39	51.3
	Protestant	35	46.1
	Hindu	2	2.6

4.2 Nature of Business

4.2.1 Registration Status of Businesses

On whether their businesses were formally registered or not, majority of the respondents (61.8 percent) indicated that they were registered while 38.2 percent of the respondents

answered on the contrary. Registered businesses are considered more formal and most financial institutions prefer to offer credit to formally registered businesses than to unregistered ones. Table 4.2 summarizes these findings.

Table 4.2: Business Characteristics

Business Characteristics		Frequency	Percentage
Registration status	Formal registered	47	61.8
	Not Registered	29	38.2
Number of years in operation	0-5	13	17.1
	6-10	31	40.8
	11-15	16	21.1
	Over 16years	16	21.1
Business ownership	Self	53	69.7
	Family	19	25.0
	Partnership	4	5.3

On numbers of years the business had been in operation, 40.8 percent of the businesses had been in operation for a period between 6 and 10 years while 21.1% of the businesses had operated for a period between 11 and 15 years. Accordingly, 17.1% of the businesses had operated for a period ranging from 0 to 5 years while 14.5% of the businesses had been in operation for over 16 years.

On business ownership, 53 businesses representing 69.7 percent were owned by the respondents (men). Businesses owned by family accounted for 25 percent of all the businesses considered in the study while those jointly owned (partnerships) accounted for 5.3 % of the all businesses studied.

4.3 How do male micro entrepreneurs access microfinance credit?

All the respondents who participated in this study had at one time accessed microfinance credit for their business with 82.9% had running loans while 17.1% had already paid their loans. This implies that microfinance institutions were important in supporting entrepreneurial activities among male micro entrepreneurs. This also indicated the important role played by microfinance institutions in empowering men to either start businesses or sustain their businesses.

Asked the common reasons why men took credit from the microfinance institutions, key informants cited the following as main reasons: the need to expand existing businesses; the need to raise money for children education and the need to provide shelter for the families.

On loan processing period, 39.5 percent agreed that MFIs were taking an average of three weeks to process loans after the date of application while 31.6 of the respondents noted that MFIs were taking four weeks to process loans. On the other side, 28.9 percent of the respondents observed that MFIs were taking not more than two weeks to process loans. Time taken to process loans can impact negatively on the businesses if financing comes later than when required.

The study found out that 86.8 percent of the respondents were saving with MFIs and 13.2 percent had consumed insurance services provided by MFIs. Saving was a requirement for one to access loans. Male micro entrepreneurs were saving as it's a requirement by the MFIs to have specific amount saved in order to access an amount of credit. Additionally, insurance products were meant to cushion the male micro entrepreneurs and their families against diseases or deaths. According to the key informants, most of males indicated that they use their business cash to cater for medical expenses and this if not backed up by

savings and insurance may affect their business continuity or families during times of crisis.

Table 4.3: Microfinance products uptake by the respondents

Credit characteristic		Frequency	Percentage
With current loan running	Yes	63	82.9
	No	13	17.1
Loan processing period	Up to 2 weeks	22	28.9
	Between 2-4 weeks	30	39.5
	Over 4 weeks	24	31.6
Uptake of other microfinance products	Savings	66	86.8
	Insurance	10	13.2

4.3.1 Entrepreneur views on various aspects related to uptake of the MFI credit.

The study sought to obtain responses regarding accessibility, utilization and repayments of the loans obtained from MFIs using a five-point Likert scale (Not at all = 1; Very small extent = 2; Small extent = 3; Large extent = 4; Very large extent = 5). Table 4.13 summarizes the findings.

As illustrated in Table 4.4, the respondents agreed to a small extent (mean = 3.29) that the full amount of loan requested from MFIs was granted. As pointed out by one of the key informants, some men apply for loans they are unable to service, leading to MFIs lowering down the amounts approved to them. Asked whether the loans' application and approval process at microfinance institutions were fast enough, the respondents agreed to a small extent (mean =3.45) that this was a case. This implies that MFIs must put in more efforts to improve the time taken to process clients' loans.

Table 4.4: Views on Uptake of MFI Credit

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
The amount of loan requested was granted	76	1.00	5.00	3.29	1.07
Loans application and approval process at microfinance institutions are fast enough to my satisfaction	76	3.00	4.00	3.44	0.48
Requirements for accessing loans are stringent	76	2.00	5.00	4.47	0.90
Loan processing charges are reasonable	76	3.00	4.00	3.33	0.47
I have received financial management training programs	76	4.00	5.00	4.66	0.48
MFIs training programs have helped small business owners gain business management skills increasing their profits in the long run	76	4.00	5.00	4.81	0.40
The loan was used for the intended purpose	76	3.00	5.00	4.01	0.86
I was able to repay the loans as scheduled	76	1.00	5.00	3.36	1.14
Repayment period of the loans is satisfactory	76	1.00	3.00	2.43	0.90
Loan interest rates at MFIs are higher than at commercial banks	76	3.00	5.00	4.79	0.62
Penalties charged are reasonable	76	1.00	4.00	2.41	1.04

On whether requirements for accessing loans were stringent, the respondents agreed to a large extent (mean = 4.47) that this was the case. Additionally, they agreed to a small extent (mean = 3.32) that loan processing charges by MFIs were reasonable, indicating that charges associated with loans from MFIs were not friendly. Moving forward, MFIs need to evaluate the requirements for loan application and fee charged so that they do not

lose out clients to commercial banks and other financial institutions offering credit services.

On whether clients had received financial management training programs, the respondents agreed to a very large extent (mean = 4.66) they had received financial management training programs. Further, majority of the respondents agreed to a very large extent (mean = 4.80) that MFIs training programs had helped small business owners gain business management skills thus increasing their profits in the long run. This implies that these programs should be encouraged to ensure loans are properly utilized to uplift the lives of male micro entrepreneurs and their dependents both socially and economically.

Asked whether the loan obtained from MFI was used for the intended purpose, the respondents agreed to a large extent (mean = 4.01) that the loans were used for the reason intended. This shows that male micro entrepreneurs are well trained or informed on the need to utilize loans for the right purpose. This is important to encourage repayments as clients are more motivated repaying loans which they know went to the intended causes.

Asked whether they were able to repay the loans as scheduled, the respondents agreed to a small extent (mean = 3.35) that this was the case. Additionally, the respondents agreed to a very small extent (mean = 2.43) that repayment periods of the loans were satisfactory. Further, loan interest rates at microfinance institutions are higher than at commercial banks as evidenced by majority of the respondents who agreed to a very large extent (mean = 4.79) that loan interests charged by MFIs were higher than those of the commercial banks. When clients fail to service their loans, MFIs normally charge them penalties. They agreed to a very small extent (mean = 2.41) that penalties charged by MFIs were reasonable. These findings indicate that MFIs are stricter with repayment

schedules and periods compared to other players in the credit sector. In addition, interest rates charged to loans and penalties charged to defaulters are high for MFIs compared to commercial banks. These interest rates and penalties should be lowered to encourage uptake of loans by male micro entrepreneurs.

4.4 What determines the access and the nature of utilization of the microfinance credit by the male micro entrepreneurs?

To understand this question, several items were included in the data collection instruments. The sections that follow represents the findings as captured in the answers from the respondents.

4.4.1 Requirements for Accessing Microfinance Loans

The respondents cited that to access microfinance loans, a number of requirements were expected. One of the most important requirements was the loan purpose; if the loan was being obtained for starting a business. Most respondents also cited that a collateral security cover was required to obtain the loans. Some MFIs required household items as security while others required title deeds and car logbooks depending on the amount borrowed. Additionally, some respondents observed that a guarantor was required, so that in case of defaulting loan repayment, the guarantor would be compelled to repay the loan.

The respondents also cited that MFIs were demanding information about past business experience to reduce the risk of the institution losing out the money it has given out to entrepreneurs. This implies that seasoned businessmen were more likely to qualify for loans compared to novices in the business arena. In support of this implication, one key informant pointed out that the MFIs preferred supporting existing businesses as opposed to new ones. Other requirements to access loans were national identity cards for the credit

applicant. Loan applicants were also expected to provide information of their residence details such as house number and location as evidence to show where the prospective client resides. Finally, most respondents noted that MFIs were requesting about the legal status of their enterprise before authorizing the loans.

4.4.2 Loan Repayments

The study sought to establish where the respondents were getting funds for repaying the loans advanced to them by MFIs. According to the key informants, demonstration of the ability to repay loans was an important determinant to accessing credit services from MFIs. Table 4.5 summarizes the findings with regards to sources of funds for repaying loans.

Table 4.5: Sources of Loans Repayments

Sources of Funds for Loans Repayment	Frequency	Percent
Profit from Business	59	77.6
Salary	4	5.3
Savings	10	13.2
Total	73	100.0

According to Table 4.5 above, the respondents, 77.6 percent noted that to repay their loans, they were using profits generated from their businesses. On the contrary, 5.3 percent and 13.2 percent used their salary and savings respectively to service their loans. According to loan officers who were the key informants, for them to provide loans for

businesses, feasibility studies are conducted to ensure that continuity and success of businesses is ascertained first before lending. From Table 4.5, it can be concluded that most businesses were able to generate profits enough to service repayments of loans.

4.4.3 Improving accessibility to credit from the MFIs by male micro entrepreneurs

Based on challenges identified in 4.4.1, respondents were asked “How can the accessibility to credit from the MFIs by male micro entrepreneurs be improved?” Several ways for improving accessibility to credit from the MFIs were suggested based on the themes that emerged after content analysis.

Use of information and communication technologies (ICT) for loan application and processing was cited as one of the most important strategy to improve the accessibility to loans. Respondents argued that if ICTs are embraced properly, they should be able to apply for loans, track the processing and repay the loans without the need to travel and fill physical papers in the MFIs’ premises.

Relaxing the requirements for loan application was another solution cited. Respondents argued that collaterals were the biggest impediments to obtaining loans and therefore should be reviewed with the aim of making loans easier to access. Additionally, the many documents required to obtain loans were hampering the process.

Lowering costs involved in obtaining loans was also cited as a way of improving accessibility to loans from MFIs. MFIs should consider lowering interest rates to be at par with commercial banks and deposit taking SACCOs to encourage uptake of loans. Additionally, management of MFIs should look at the whole process of applying and

processing loans with a view to eliminating or lowering other direct and indirect costs likely to hinder uptake of their loans by men micro entrepreneurs.

4.6 Social and economic impacts of the microfinance credit to the male micro entrepreneurs' livelihoods

The last research question sought to find out “What are the social and economic impacts of the microfinance credit to the male micro entrepreneurs' livelihoods?” Section D of the questionnaire administered to male micro entrepreneurs was an attempt to address this question.

4.6.1 Loan Impacts on Businesses

The study sought to obtain responses regarding the impacts of loans obtained from MFIs on businesses owned by male micro entrepreneurs using a five-point Likert scale (Not at all = 1; Very small extent = 2; Small extent = 3; Large extent = 4; Very large extent = 5).

Table 4.6 summarizes the findings.

Table 4.6: Loan Impacts on Businesses

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Business Assets Including stock increased after I borrowed loan	76	3.00	5.00	4.68	0.73
Staff increased after accessing microfinance loan	76	3.00	5.00	4.50	0.87
Net income increased after accessing microfinance loan	76	3.00	5.00	4.66	0.76
There was evidence in business expansion.	76	3.00	5.00	4.61	0.80

As a result of microfinance loan, cash flow increased	76	3.00	5.00	4.20	0.84
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From Table 4.6, the respondents agreed to a very large extent (mean = 4.68) that their business assets including stock had increased after they borrowed loans from MFIs. They also agreed to a large extent (mean = 4.50) that their staff numbers had gone up. Additionally, net income increased for most businesses after obtaining microfinance loans as witnessed by mean score of 4.66. On business expansion, the respondents agreed to a very large extent (mean = 4.61) that their businesses had witnessed expansion after accessing microfinance loans. Finally, the respondents agreed to a large extent (mean = 4.20) that as a result of microfinance loans, cash flow for their businesses had increased.

The findings in Table 4.6, suggests the important role played by MFIs towards improvement and growth of businesses owned by men. As indicated in the findings, businesses have gained in terms of growth in assets, net income, staff and cash flow. Key informants however pointed out that there were few applicants who had failed to service their loans due to collapse of their businesses. The collapse could be attributed lack of business skills or due to external factors

4.6.2 Loan Impacts on Family Livelihoods

The study sought to obtain responses regarding the impacts of loans obtained from MFIs on family livelihoods using a five- point Likert scale (Not at all = 1; Very small extent = 2; Small extent = 3; Large extent = 4; Very large extent = 5). Table 4.7 summarizes the findings.

Table 4.7: Views of the entrepreneurs on the Loan Impacts to Family Livelihoods

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Clothing for my family has improved	76	3.00	5.00	4.12	0.87
Access to education for my family has improved	76	3.00	5.00	4.31	0.82
As a result of loans housing for my family has improved	76	3.00	5.00	4.61	0.63
Health standards for my family has improved	76	3.00	5.00	4.37	0.80
Loans from microfinance have enhanced nutrition for my family	76	2.00	5.00	4.08	0.96

From Table 4.7, the respondents agreed to a large extent (mean = 4.16) that clothing for their families had improved as a result of loans from MFIs. In regard to education, the respondents agreed to a large extent (mean = 4.32) that access to education for their families had improved due to loans from MFIs. With regard to housing, the respondents agreed to a very large extent that loans provided by MFIs had improved housing for their families (mean= 4.61). MFIs had also enhanced health standards for most families to a large extent as indicated by the mean score of 4.37. Finally, the respondents agreed to a large extent (mean = 4.08) that loans from microfinance have enhanced nutrition for their families. The small standard deviations of less than one across the five test items indicated that the respondents' views were convergent with regard to impacts of microfinance loans on livelihoods.

From Table 4.7, it can be concluded that the greatest impact of loans provided by MFIs was on housing as it recorded the highest mean of 4.61. This was followed by health impacts with a mean of 4.35 and education impacts with a mean of 4.32. In the modern society, men have been socialized as the providers of their families particularly on housing, education for their children and for providing funds required to take care of medication needs for their families. Therefore, this study is in line with existing norms in

the Kenyan society that men are the sole providers in their families. Key informants also noted that most loans applied by men were geared towards financing education, hospital bills and for construction of homes. Although, nutrition had improved for families whose men had applied for loans, key informants did not capture the need to improve nutrition as a strong motivation that led to men obtaining loans from MFIs.

4.6.3 Challenges faced when accessing credit from the MFIs

The study sought to establish the challenges faced by male micro entrepreneurs when accessing credit from MFIs. The question asked was “What challenges did you face when accessing credit from the MFIs?”. Based on the responses obtained, content analysis was used to identify the various challenges which were grouped into themes.

One of the challenges that became clear was lack of collateral required by the MFIs. Depending on the loan amount applied for, MFIs were demanding various forms of collaterals. These collaterals included title deeds, car logbooks and household items among others. Most respondents encountered a huge challenge trying to provide the required collateral in order to secure the full amount applied for.

Another challenge encountered by respondents was long procedures involved. Respondents observed that they had to visit the MFIs’ business premises several times before their loans would be processed an issue that impacted negatively on their businesses.

Too much paperwork was another challenge cited by most respondents. Respondents were expected to obtain forms from the MFI, fill them and then attach a number of documents including identification forms, business plans where applicable, statements of accounts and business registration documents among others, a process that took time and financial resources.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The objective of the study was to establish the access, utilization and effects of microfinance credit on male micro entrepreneurs. The chapter presents the summary of findings, conclusions and recommendations from the study. This will be done with justification from the data collected and analyzed.

5.2 Summary of Findings

The respondents in this study consisted of 76 male micro entrepreneurs in Kikuyu Township. Additionally, loan officers who were key informants enriched the findings. From the study it was found that most of the respondents held post primary education and above. Majority of the respondents (94.7 percent) were married. Dependency rates amongst the respondents indicated that more than 50% of the male micro entrepreneurs

were being relied on for livelihoods by more than 6 dependents. Additionally, over half of the respondents were Catholics with 51.3 percent followed by Protestants at 46.1 percent.

The first objective sought to establish how men micro entrepreneurs access and utilize the microfinance credit where it was found that all respondents had at one time obtained loans from MFIs. To obtain the loans from MFIs, several requirements were expected including identification documents, provision of guarantors and collaterals covers. It was found that on average, it took three weeks in most MFIs to process loans after the date of application. Several products enjoyed by male micro entrepreneurs included savings and insurance. It was found that majority of the men utilized the loans in their businesses, either to add more stock, buy business assets and expand their businesses.

The second objective was to evaluate the factors that determine the access and the nature of utilization of the microfinance services by the male micro entrepreneurs. It was found that collateral required by the MFIs, procedures involved in applying for loans, paperwork involved, age of the business, credit history and costs involved in loan applications were factors that determined access to loans offered by MFIs.

The third objective sought to establish the social and economic effects of the financing from the microfinance institutions to the male micro entrepreneurs' livelihoods. It was found that majority of the respondents had greatly improved their livelihoods and businesses, clothing for their families had improved and access to education for their families had improved. In regard to housing, most of the respondents agreed to a very large extent that loans provided by MFIs had led to improved housing for their families. MFIs had also enhanced health standards and nutrition for most families. In terms of business outcomes, the business assets including stock had increased, their staff had increased after accessing microfinance loans. Additionally, cash flows and net income

increased for most businesses after obtaining microfinance loans. Generally, majority of businesses had experienced growth following loans from MFIs.

5.3 Conclusion

This study sought to establish access, utilization and the effects of microfinance credit on male micro entrepreneurs. The specific objectives of the study were to establish how male micro entrepreneurs access and utilize the microfinance credit; to evaluate the factors that determine the access and the nature of utilization of the microfinance credit by the male micro entrepreneurs; to establish the social and economic effects of the financing from the microfinance institutions to the male micro entrepreneurs' livelihoods.

The study found that male micro entrepreneurs were accessing loans for businesses, insurance and savings products from MFIs. The study found out that 86.8 percent of the respondents were saving with MFIs and 13.2 percent had consumed insurance services provided by MFIs. Men micro entrepreneurs were saving to ensure continuity of their businesses should misfortune strike. Additionally, insurance products were meant to cushion men micro entrepreneurs and their families against diseases or deaths.

To access microfinance products, several requirements were expected by MFIs among them identification documents, business plans and expertise in running businesses. It was found that requirements for accessing microfinance products were more stringent for MFIs compared to other financial institutions such as the commercial banks and deposit taking SACCOs.

The study further found that several factors determined access and nature of utilization of microfinance credit. Among these factors included interest rates charged on loans, penalties charged upon default of payments and charges associated with loan applications.

Further, application and processing procedures which were found to be lengthy determined access to microfinance products. According to loan officers, established businesses were likely to obtain credit facilities compared to start-ups.

Lastly, the study found that MFIs play an important role towards enhancing social economic lives of men micro entrepreneurs and their dependents. Socially, microfinance products enhance livelihoods in terms of housing, nutrition, health standards and education for men micro entrepreneurs, their families and dependents. Economically, products from MFIs have enhanced businesses in terms of increasing net income and cash flows. Additionally, businesses have been able to increase their employees as they have more resources to take care of them. Further, businesses were able to grow their assets following products from MFIs especially loans. Finally, majority of the respondents agreed to a very large extent that MFIs training programs had helped small business owners gain business management skills increasing their profits in the long run. Loan officers noted that trainings obtained by clients from MFIs improved their management skills on how to manage their business and finances and this had contributed positively to the improvement to their businesses but to some there was little or no effect.

5.4 Recommendations

Following the study conclusions, various recommendations can be made. First, MFIs need to address the requirements for their products with a view to making them less stringent. Considering the important role played by MFIs in uplifting the livelihoods of male micro entrepreneurs and those of their families, other men should be encouraged to take up these products so that they can improve their living standards. Given the important role played by MFIs, Kenyan Government should put in place favorable environment to encourage thriving of the microfinance sector. The government should

consider setting aside a fund specifically for the men above 35 years. At this age, most men have increasing obligations and thus offering low interest credit will help in enhancing their livelihoods. The research also recommends monitoring, evaluation and impact assessment studies by various micro finance providers to establish the social economic impacts their services creates on the male micro entrepreneurs because micro finance is not just giving credit but encompasses other products and services. Insurance, as a product offered by MFIs, is not well bought by the male entrepreneurs. They need to be educated on the importance of insurance to their business in case of an eventuality.

5.5 Recommendations for Further Research

The study recommends further studies on the access of credit by male micro entrepreneurs through the digital platforms. Examples of these digital platforms include the Tala, Branch, Okolea and Timiza mobile loan applications. The platforms play an important role in offering financial credit to both the entrepreneurs and non-entrepreneurs where collateral coverage is not a requirement. The study should consider other issues such as utilization of the credit sought, rate of default and the collection mechanisms used and their impact on the entrepreneurs. Future studies should also focus on the financial management practices of micro enterprises with a view to instituting measures and policies that can improve them for the betterment of their influence to the society both economically and socially. Future research should also examine the influence of microfinance in other rural areas to check whether those living in poor conditions are benefiting from the sector and if, recommend measures aimed at deepening the reach of microfinance in the rural areas. Future studies should also focus on the role played by regulatory agencies on the performance of microfinance industry with a view towards making recommendations that can enhance the sector.

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APPENDICES

A1: INTRODUCTION LETTER

TO WHOM IT MAY CONCERN

My name is Ezra Muritu Kibe, I am a student pursuing a degree in Master of Arts in Sociology (Entrepreneurship Development) at the University of Nairobi.

I am carrying out a research on the social economic effects of microfinance on men micro entrepreneurs at Kikuyu Township in Kiambu County.

The study is aimed at generating information on how men micro entrepreneurs access and utilize the microfinance services and whether these services have an impact to their businesses and livelihoods. The study will hopefully influence policy makers and micro finance institutions in decision making and administration of the credit facilities to the men micro entrepreneurs.

The information you provide will be kept confidential and will only be used strictly for purpose of this study. The research study has no immediate and direct benefits to you as a participant.

Your participation will be voluntary and should there be a question that you do not wish to answer, kindly let me know.

Your assistance will be highly appreciated.

Thank you.

A2: QUESTIONNAIRE

SOCIAL ECONOMIC EFFECTS OF MICROFINANCE ON MEN MICRO ENTREPRENEURS

Please note that these questions are for the academic research purposes only. No respondents will be identified using any of the responses below.

* STRICTLY CONFIDENTIAL & ANONYMOUS

Part A: Demographics

Your name (Optional).

1. Your age bracket: Below 25 years () 25 - 35 years () 36 – 45 years () 46 - 55 years () Over 55 years ()
2. What is your marital status?
 Single
 Married
 Separated
 Widowed
3. How many members of your family are dependent on your financial support?

	Members of the family	Number of members dependent on your financial support
1	Spouse	
2	Children	
3	Parents	
4	Others	
	Total Number of Dependents	

4. What is your religion?

Catholic

Protestant

Muslim

Any other (Specify).....

5. Kindly indicate your highest academic qualification

Primary School

Secondary School

Certificate

Diploma

Bachelors Degree

Post Graduate

Others (please specify).....

Section B: Business Background

6. What is your type of business?

General retail business (Hardware, Auto spares, chemists, etc.)

Green grocery

Manufacturing/ Processing

Service Provider (Barber shops, Salons, Small hotels, Garages etc.)

Any other?

7. Is the business formally registered? -----

8. How many years has the business been in operation?

0 - 5 years () 6-10 years () 11-15 years () 16-20 years () Over 20 years ()

9. Who owns the business?

Myself

My family

Partnership

Any other (please specify)

Section C: Access and Utilization of Microfinance Loan

10. Have you ever accessed a microfinance loan for the business?

Yes

No, Give reasons

.....
.....
.....

11. If yes,

a) What were the requirements before accessing the loans?

i. -----

ii. -----

iii. -----

iv. -----

v. -----

b) How long did the loan processing take in weeks? -----

12. Apart from loans, which other microfinance services have you accessed

- a. Savings
- b. insurance
- c. others [specify]

13. Indicate with a tick (√) to what extent you agree to the following statements on a scale of 1-5 with regards to loans given by microfinance institutions

NB: Not at all = 1 Very small extent = 2 Small extent = 3

Large extent = 4 Very large extent = 5

S/N	Statement	Score				
		1	2	3	4	5
Access to Loans						
i.	The amount of loan requested was granted					
ii.	Loans application and approval process at microfinance institutions are fast enough to my satisfaction.					
iii.	Requirements for accessing loans are stringent					

iv.	Loan processing charges are reasonable							
v.	I have received financial management training programs							
vi.	MFIs training programs have helped Small business owners gain business management skills increasing their profits in the long run							
Loan Utilization								
vii.	The loan was used for the intended purpose							
Loan Repayment								
viii.	I was able to repay the loans as scheduled							
ix.	Repayment period of the loans is satisfactory							
x.	Loan interest rates at microfinance banks are higher than at commercial banks							
xi.	Penalties charged are reasonable							

14. What are your other source(s) of income apart from the business?

Salary

Investments

Any other (please specify).....

15. What were the sources of repaying the loan (s)?

Profit from the business

Salary

Savings

[] Others (Specify) -----

16. What challenges did you face when accessing credit from the MFIs?

- a)
- b)
- c)
- d)
- e)

17. How can the accessibility to credit from the MFIs by men micro entrepreneurs be improved?

Section D: Social and Economic impacts of the microfinance services to the men micro entrepreneurs' livelihoods

18. Indicate with a tick (√) to what extent you agree to the following statements on a scale of 1-5 with regards to loans given by microfinance institutions

NB: Not at all = 1 Very small extent = 2 Small extent = 3
 Large extent = 4 Very large extent = 5

S/N	Statement	Score				
		1	2	3	4	5
Loan Impacts to family livelihood						
i.	Clothing for my family has improved					
ii.	Access to education for my family has improved					
iii.	As a result of loans housing for my family has improved					

iv.	Health standards for my family has improved						
v.	Loans from microfinance have enhanced nutrition for my family						
	Loan Impacts To Business						
vi.	Business assets Including stock increased after I borrowed loan						
vii.	Staff increased after accessing microfinance loan						
viii.	Net income increased after accessing microfinance loan						
ix.	My business witnessed expansion after accessing microfinance loan						
x.	As a result of microfinance loan, cash flow increased						

Thank you.

A3: KEY INFORMANTS GUIDE

1. Name of the institution?
2. Designation of the respondent?
3. Which microfinance products do you offer?
4. What microfinance products do you offer specifically targeting the male clients?
5. What are the requirements during loan application?
6. Who takes micro credit loans more? [] Men [] Women
7. What are the common reasons why men take credit from the microfinance institutions?
8. Are the loans borrowed utilized as per the applied purpose? Yes [] No []
9. Do your male clients have challenges in repaying their borrowed credit? Yes [] No [] If yes, what are some of the reasons?
10. What are the major constraints in the expanding access of credit to male micro entrepreneurs, if any?
11. How can the accessibility of credit to male clients be improved?
12. What are the effects of microfinance products and services to your male clients?

Thank you