

**THE IMPACT OF MICROFINANCE SERVICES ON WOMEN  
EMPOWERMENT: A CASE STUDY OF MWINGI DISTRICT.**

**BY**


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**DECLARATION.**

This Management research project report is my original work and has not been presented for a degree award in any other University.

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## **DEDICATION**

This Research paper is dedicated to my supportive family especially my Wife Caroline and my daughter Mary for their encouragement and support during the time of my studies.

## **ABSTRACT**

Microfinance services can be used as a key strategy to empower women, where finances from the microfinance institutions are used for setting up or expansion of businesses with potential impacts including increased income levels and control over income through enhanced decision roles. Economic independence of women leads to increased social and political roles enhancing women contribution to house hold income and family welfare as a whole. This is line with the argument of Mayoux (1999), where she stated that microfinance programmes were being promoted as a key strategy for addressing both poverty alleviation and women empowerment.

Microfinance services has also led to the expansion of freedom of choice and action by women, from the study women have been seen to accumulate more assets, negotiate with, influence and control the assets at the individual and household levels. This has impacted positively on women in terms of more wealth, children education, better family health and enhanced decision roles. In the World Bank (2002), it was stated that microfinance services empowers women through the expansion of assets, enhanced decision roles, better health and children education.

In the light of the results, government and other development agencies need to formulate policies to promote microfinance services to women as the results indicate that microfinance can empower women leading to economic growth. These findings are consistent with previous studies that have indicated microfinance leads to Women empowerment (Mayoux 1999, Hanna K.S 2003 and Johnson 1996).

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## **LIST OF ABBREVIATIONS**

MSE	Micro and Small Enterprises
GDP	Gross Domestic Product
PRSP	Poverty Reduction Strategy Paper
MFI	Microfinance Institutions
NGO	Non-Governmental Organization
KWFT	Kenya Women Finance Trust
SMEs	Small and Medium Enterprises
MFAs	Micro Financial Associations
MMFAs	Management of Micro Financial Associations
UN	United Nations
UNDP	United Nations Development Programmes
CBK	Central Bank of Kenya
USAID	United States Agency for International Development
AMFI	Association of Microfinance Institutions
CBS	Central Bureau of Statistics.
SACCOS	Savings and Credit Cooperatives
MDGs	Millennium Development Goals
SEWA	Self-Employed Women's Association
CGAP	Consultative Group to Assist the Poor
NBIs	Non Banking Institutions

## **CHAPTER ONE**

### **1.0 INTRODUCTION**

#### **1.1 Back ground to the study**

Microfinance, according to Otero (1999) is the provision of financial services to low-income poor and very poor self-employed people. Schreiner and Colombet (2001) define microfinance as the attempt to improve access to small deposits and small loans for poor households in both rural and urban areas, while accepting wider variety of assets as collateral to those who are excluded from conventional commercial financial services since most are too poor to offer much or anything in terms of collateral.

A microfinance institution (MFI) is an organization that offers financial services to low income populations the financial services provided by microfinance institutions generally includes savings, credit and insurance to poor people living in both urban and rural settings who are unable to obtain such services from the formal financial sector, (Ledgerwood 1999).

The World Bank has identified empowerment as one of the key constituent elements of poverty reduction, and as a primary development assistance goal. The Bank has also made gender mainstreaming a priority in development assistance, and is in the process of implementing an ambitious strategy to this effect. The promotion of women's empowerment as a development goal is based on a dual argument: that social justice is an important aspect of human welfare and is intrinsically worth pursuing; and that women's empowerment is a means to other ends. Gender equality is both as a development

objective in itself, and as a means to promote growth, reduces poverty and promotes better governance, (World Bank 2001 a).

Empowerment refers broadly to the expansion of freedom of choice and action. Empowerment is the expansion of assets and capabilities of poor people to participate negotiate with, influence, control, and hold accountable institutions that affect their lives. Since poverty is multidimensional, poor people need a range of assets and capabilities at the individual level such as health, education, and housing and at the collective level such as the ability to organize and mobilize to take collective action to solve their problems, (World Bank 2002).

Mayoux (1999) stipulated that microfinance programmes are currently being promoted as a key strategy for addressing both poverty alleviation and women empowerment. Where financial service leads to the setting up or expansion of micro enterprises with potential range of impacts including increased income levels and control over income leading to greater economic independence, access to networks and markets which gives wider experience of the world and access to information and possibilities of development of social and political roles, Enhancing perceptions of women's contribution to household income and family welfare, increasing women's participation in household decisions about expenditure and other issues and leading to greater expenditure on women's welfare and more general improvements in attitudes to women's role in the household and community.

Empowerment of women requires transformation of the division of labour and of society, as well as changes in prevalent ideologies about the roles and responsibilities of men and women. Empowerment helps achieve practical as well as strategic gender needs through promoting women's self-reliance and acknowledging power dynamics rooted in class, gender, age and ethnicity. For women to gain economic empowerment they have to compete in a male- dominated world, (Munyua & Mureithi 2002).

Kabeer (1999) posits that women's empowerment is about the process by which those who have been denied the ability to make strategic life choices acquire such ability. This ability to exercise choice incorporates three inter-related dimensions: resources (defined broadly to include not only access, but also future claims, to both material, human and social resources); agency (including processes of decision making, as well as less measurable manifestations of agency such as negotiation, deception and manipulation); and achievements (well-being outcomes). Kabeer argues that these three dimensions of choice are indivisible in determining the meaning of an indicator and hence its validity as a measure of empowerment.

Mayoux (1999), states that Micro-finance programmes targeting women have become a major plank of donor poverty alleviation strategies in the 1990s and funding is set to further increase into the next century under initiatives by CGAP and member donor agencies. This expansion is dominated by the 'financial self-sustainability paradigm'. The most detailed articulation of this paradigm is given in Otero and Rhyne (1994). This paradigm is also the dominant inspiration behind the Micro-credit Summit Campaign

inaugurated in 1997. The ultimate aim is programmes which are profitable and fully self-supporting in competition with other private sector banking institutions and able to raise funds from international financial markets rather than relying on funds from development agencies.

Until very recently much of the enthusiasm about the positive impact of microfinance had been a matter of assumption. Most of the excitement was based on the great stories on the benefits and success of microfinance that have been told from around the globe and have gone a long way to turn microfinance from a few scattered programs in to a global movement. For example, there are the ever repeated stories of women and their families living at the verge of poverty and desperation, then eventually the lives of the household members take a turn for the better once these women are given the opportunity to access credit. The women usually do not get in to very sophisticated enterprises but rather they may buy some yarn and other sewing supplies, or start any other such humble business venture, and they are already off in to a route course that will see their households lifted out of poverty and can afford better nutrition, health and education for their children, Mayoux (1999).

The Kenya National Human Development Report (1999) indicates that more than 75% of the poor live in the rural areas and that women form the majority of the rural poor. Since 1998, some MFIs like KWFT, Faulu Kenya and many more have continually expanded into the rural areas. The mission of these MFIs like KWFT is to advance and promote the direct participation of economically active women in viable business to improve their

economic and social status. Like other microfinance institutions world-over, KWFT envisages that providing an accessible financial facility to its clients enables them to build-up a capital base through a spiral system of saving and borrowing that eventually translates into an expanded income base for the household.

### **1.2 Profile of Project Area-Mwingi District.**

Mwingi district is one of the Kenyan districts located in the country's Eastern province. It lies in the Arid and Semi-Arid Lands (ASAL) zone and it is divided into 8 divisions and has a population of about 300,000 people as per the census report (1999). The district has semi-arid vegetation, with low and erratic rainfall. Hence the people rely on an inadequate, fragile and uncertain resource base under constant threat of drought, resulting in food insecurity and under nutrition. Using both the Welfare Monitoring Survey System (WMS) (1998), and the Participatory Poverty Ranking Method (PPRM), over 70 percent of households were classified as poor or very poor.

The main livelihood of the people is subsistence agriculture, of which 90 percent is rain fed. Livestock rearing and apiculture (bee-keeping) are also common. Other income generating activities include hired labour, mainly in small towns, selling of charcoal and fire-wood, brick making, and petty trading. Women do most of the agricultural activities.

### **1.3 Statement of the problem.**

The study seeks to find the impact of microfinance on women empowerment. This information will be useful to microfinance institutions, policy-makers, regulators and development partners to understand the impact of microfinance on women empowerment and enable them understand which areas need improvement to serve women better. The study will add to the body of knowledge on women empowerment and provide a framework for researchers in gender to carry out further research. Through the process of interviews and validation workshops as well as dissemination of the final report the study will sensitize women to view microfinance as a tool for empowerment.

Mayoux (1999) states that increasing women's access to microfinance services can lead to their economic empowerment. Women's role in household financial management improves, in some cases enabling them to access significant amounts of money in their own right for the first time. This might enable women to start their own economic activities, invest more in existing activities, acquire assets or raise their status in household economic activities through their visible capital contribution. Increased participation in economic activities may raise women's incomes or their control of their own and household income. Kiriti, (2005), in his study concentrated on the impact of microfinance repayment on household assets. The findings are that poor households depleted livelihood assets in the course of loan repayment since the income generating activities were not raising enough profits to repay the loans on time. Kiriti argues that microfinance tends to indebt too poor women leaving them more vulnerable and exposed. The study shows that debt for vulnerable households could make them worse off due to

their effects on livelihood assets in case of inability to repay or gender biases in the control of household resources.

Kiiru (2007) concluded that microfinance may be relevant for poverty reduction, but does not reach the poorest as often claimed. The results from these studies have identified beneficial impacts to the "active poor" but argue that microfinance does not assist the poorest as it is often claimed mainly because it does not reach them. Dupas and Robinson (2011) study shows that the informal savings mechanisms available in rural Kenya are ineffective in allowing a sizeable fraction of market women to save (and subsequently invest) as much as they would like. The study also show that, while pressure to share with others can be somewhat overcome with a simple savings technology such as a safe consumption directly. They conclude that increase in spending on everyday items such as food is in line with the substantial literature on risk-coping in developing countries showing that individuals are not fully protected from income risk box, overcoming time-inconsistent preferences requires a savings technology with a strong commitment feature, such as a ROSCA.

#### **1.4 Objectives of the study.**

The main objective of the study is to find out the impact of microfinance on women empowerment.

##### **1.4.1 Specific objective of the study.**

1. To find out if microfinance services leads to increased wealth accumulation by women.



2. To find out if microfinance services to women leads to good health for the family.
3. To find out if microfinance services to women leads to better education for the children.
4. To find out if microfinance increases women decision role in the family.

### **1.5 Significance of the study.**

Given this state of affairs the assessment of microfinance programs remains an important field for researchers, policymakers and development practitioners. The study will provide concrete information for policy formulation to the following groups.

#### **1.5.1 Government:**

The government will be able to use the study findings to formulate sound operating framework for the Microfinance institutions and set up regulatory framework to control the Microfinance institutions to enable them operate effectively and efficiently.

#### **1.5.2 Researchers:**

The researchers will be able to get the in-depth information about MFIs and be able to identify any knowledge gaps for further researches.

#### **1.5.3 Micro finance Institutions:**

The Microfinance institutions will be able to establish how successful their operations are in terms of benefits the people get from accessing loans from them and also be able to know if there exist any weaknesses to be improved on. This will enable these institutions become more effective and efficient in their operations.

## **CHAPTER TWO**

### **2.0 LITERATURE REVIEW**

#### **2.1 Introduction.**

This chapter provides an overview of microfinance theories, various models under which microfinance institutions operate and empirical research studies already carried on microfinance and women empowerment. Lastly the chapter gives a summary of the empirical studies on the microfinance and the impact on women empowerment.

#### **2.2 History of Microfinance in Kenya**

According to the Interim Poverty Reduction Strategy Paper (2003), a large number of Kenyans derive their livelihood from the SMEs. Therefore, development of this sector represents an important means of creating employment, promoting growth, and reducing poverty in the long-term. However, in spite of the importance of this sector, experience shows that provision and delivery of credit and other financial services to the sector by formal financial institutions, such as commercial banks has been below expectation. This means that it is difficult for the poor to climb out of poverty due to lack of finance for their productive activities. Therefore, new, innovative, and pro-poor modes of financing low-income households and MSEs based on sound operating principles need to be developed.

The Government of Kenya recognized that greater access to, and sustainable flow of financial services, particularly credit, to the low-income households and MSEs is critical to poverty alleviation. Therefore, an appropriate policy, legal and regulatory framework

to promote a viable and sustainable system of microfinance in the country has been developed through the passing of the Deposit Taking Micro Finance Bill. In addition, full-fledged microfinance units have been established in the Ministry of Finance (the Treasury) and the Central Bank of Kenya to formulate policies and procedures to address the challenges facing microfinance institutions, especially in the rural areas, and to build a database to facilitate better regulation and monitoring of their operations.

### **2.3 Theories of micro finance.**

**2.3.1. Financial self-sustainability paradigm:** The most dominating paradigm is the financial self-sustainability paradigm, which is also called the financial systems approach or the sustainability approach. The approach has been dominant within several MFIs since the mid- nineties. Women are focused on in their programme, which is justified with efficiency arguments; women are better repayers and are an under-utilized resource for development. The paradigm assumes that micro-finance services alone stimulate women's enterprise development and thus economic empowerment, which in turn means women having greater control over their income, (Mayoux 1999).

**2.3.2. Poverty alleviation paradigm:** The poverty alleviation paradigm emphasizes addressing women's practical needs in the belief that addressing them will enable women to address the underlying inequalities. Its aim is poverty alleviation and institutionally sustainable community development. The leading idea of this approach is decreased vulnerability to income fluctuations and to crises, which should bring women greater wellbeing and a higher status within the household. The poverty alleviation approach is

part of an integrated community development programme focusing on poverty alleviation. Household wellbeing and women's empowerment are assumed to be inherently synergistic, (Hanna K.S 2003).

**2.3.3. Feminist empowerment paradigm:** underlies the gender policies of many NGOs and the perspectives of some of the consultants and researchers looking at gender impact of microfinance programmes, Johnson (1996). Micro-finance is promoted as an entry point in the context of a wider strategy for women's economic and socio-political empowerment. Micro-credit is supposed to lead to women's individual economic empowerment including control over income, changes in gender roles in production and increased control over productive resources. Microfinance and group participation in micro-credit programmes are seen as part of a strategy for wider social, political and legal empowerment. Gender subordination is considered "a complex, multi-dimensional and all-pervasive process, affecting all aspects of women's lives and embedded on many different mutually reinforcing levels, (Mayoux 1999).

## **2.4 Microfinance-Credit Lending Models**

Microfinance institutions are the oldest financial institutions in the world, but with time they have adapted to the changes, and have started using various credit lending models. Despite the lack of data on the sector, it is clear that a wide variety of implementation methods are employed by different MFIs. The Grameen Bank (2000a) as quoted in Musinga et al (2002) identified fourteen different microfinance models. Some of the popular Microfinance credits lending models adopted across the world are:



**2.4.1 Associations:** In this context, a target community forges together to form an association through which a variety of microfinance activities are initiated. The microfinance activities may also include savings. The associations may comprise of youth, women, or be formed around cultural, religious, or political issues. In some of the countries a legal body can also form an association. These legal associations have certain advantages, like collection of insurance, fees, tax breaks, and provide other protective measures.

**2.4.2 Bank Guarantees:** As the name implies, a bank guarantee is utilized when a loan from a commercial bank is needed. The guarantee can be set up externally through a donor/donation or a government agency, etc., or internally through using member savings. Bank guarantee loans can be extended to both individuals and a self-formed group. These loan funds may be used for insurance claims and loan recovery.

**2.4.3 Community banking:** This financing model considers the whole community as one unit and facilitates the establishment of semi-formal and formal institutes through which microfinance are administered. Usually NGOs and other similar organizations take it upon themselves to form such institutions, and also educate the community members in diverse financial activities.

**2.4.4 Co-operatives:** A co-operative is an independent association of people who come together voluntarily to meet their mutual economic, social and cultural aspirations and needs through an egalitarian controlled enterprise. Sometimes the cooperatives also include savings activities and member-financing as well.

**2.4.5 Credit Unions:** A credit union is a member-driven unique self-help financial institute comprising of members of a specific group like labor unions or a social fraternity who assent to save money and make loans to each other out of that fund at reasonable interest rates. A credit union membership is free to all, and it follows a democratic approach in electing the director as well as the committee representatives.

**2.4.6 Grameen:** The Grameen model entails that a bank unit be composed with a field manager and a set of bank staff covering a specified area, like 15 to 20 villages. The banking service starts by the manager and staff familiarizing themselves with the native people and explaining to them the intent, functions motives, and mode of operation. Finally, groups comprising of five future borrowers are formed, out of which only two people get the loan, and if within fifty weeks they return the principal plus interest, as per the banking rules, the others become eligible as well. This is done, so that there is a collective liability on the group, which serves as guarantee against the loan.

**2.4.7 Group:** This model is based on overcoming individual shortcomings by the aggregated accountability and security engendered by the formation of a group of these individuals. This collective approach also helps in educating and building awareness, collective negotiation powers, peer pressure etc.

**2.4.8 Individual:** This is the simplest and the oldest credit lending model where small loans are given straight to the borrower. In most cases such loans are accompanied by socio-economic services like education and skill development.

**2.4.9 Intermediaries:** As the name suggests this model is a 'go-between' organization operating between the lender and borrower. They play a critical role of creating credit cognizance like starting savings programs and thus raising the credibility of the borrowers to a sufficient level. These intermediaries can be NGOs, individuals, commercial banks etc.

**2.4.10 Non-Governmental Organizations:** NGOs are very active in the field of micro-credit, be it creating consciousness of the importance of micro-credit, or developing tools and resources to monitor and identify righteous practices. The NGOs have also created many opportunities to help people learn all about micro-credit practices and principles through organizing workshops, seminars, training programs etc.

**2.4.11 Peer Pressure:** This model uses moral obligation to create a link between borrowers and other project nominees to ensure participation and repayment in micro-credit programs.

**2.4.12 Rotating Savings and Credit Associations:** In this model a group of people join together and make periodic cyclical contributions to a common fund that is given to a member in a lump sum. After receiving the amount the member starts paying back by making regular contributions. Bidding or lottery makes the decision about whom the money should go to.

## **2.5 Empirical studies.**

Swain and Wallentin (2007) carried out a study to determine whether Microfinance does actually empower women. The results indicated the evidence for a general increase in women empowerment for the members over time. This however, did not imply that each and every woman who joined the program was empowered to the same degree or they all progressed at the same pace. Some of the women members might have been more empowered than other members within the program, prior to their participation in this programme. But on the average the members were empowered over this time period.

Ledgerwood (1999) identified the following objectives in development offered by Microfinance which include; to reduce poverty, to empower women or other disadvantaged, population groups, to create employment, to help existing businesses grow or diversify their activities, to encourage the development of the new businesses. There is however, much debate in the field of microfinance as to whether access to financial services benefit the "the poorest of the poor". It has been argued that while there are now many credit institutions serving the poor, there is less experience of successfully serving the very poor, the destitute, and the disabled.

Matovu (2006) carried out a research on "Microfinance and Poverty Alleviation - a case study of Uganda Finance Trust". The aim of the research was to explore the impact of microfinance intervention on rural women and the circumstances under which microfinance can help the poor out of their poverty situation. The first question asked in this study was: what impact does microfinance programmes have on the household



welfare? The findings were that majority of women clients had registered increased incomes, this can help them solve some problems of poverty like isolation, physical weaknesses and they can afford a good diet, can deal with vulnerability as they can save and now able to deal with crises, has the capacity to send their children to school and to pay for their health which is critical for their continued wellbeing and as a consequence break the poverty trap.

Kabeer (1998) further observed that although there have been a few studies that have asserted that women's participation in microfinance leads to an increase in domestic violence; most practitioners have reported the opposite experience. The concerns arise over a "backlash effect" that may occur as a result of women challenging gender norms and asserting their rights. Microfinance programs can strengthen women's economic autonomy and give them the means to pursue non-traditional activities. Despite the potential rise in domestic violence, evidence shows that microfinance strengthens and improves family relationships rather than destroying them. Poverty, scarcity, and feelings of helplessness take an undeniable toll on personal relationships. Women at Sinapi Aba Trust in Ghana attributed the increase in respect from their husband and the reduction in arguments to their economic contribution and a reduction in scarcity.

Strong (2008) in his research titled "Beyond Microfinance: Entrepreneurial Solutions to Poverty Alleviation" concluded that although microfinance has become extremely popular as an approach to poverty alleviation, there are still various controversies

associated with it. For instance, he argued that microfinance is primarily used for debt and consumption rather than real investment in revenue-generating businesses.

Dichter and Harper (2007) as cited in Strong (2008) in their research on the contribution of microfinance to economic growth concluded that not much contribution came from that angle. They observed that developed societies are wealthy because they are efficient. Dichter argued that microfinance is a stop-gap measure that does not accelerate the pace at which economies transition from rural to urban, from populations largely engaged in agriculture to populations largely engaged in manufacturing or IT careers.

Marek (2003) as cited in Matovu (2006), *Microfinance and Poverty Alleviation - a case study of Uganda finance trust*". In his research on how the social capital findings relate to micro- enterprise development and specifically to microfinance used Chambers (1983) literature to help him to put together the "poverty trap". Marek argues that poverty is a complex web of disempowering relationships, which don't work. Households trapped in this spider's web suffer from material poverty, vulnerability, powerlessness, physical weakness, isolation and spiritual poverty. Therefore, addressing the problem of material poverty through microfinance services is vital and critical, but it will not be enough for the poor households to escape from the poverty trap. Marek argues that it is not possible to neglect other aspects of human nature and the multi-sided nature of poverty.

Kishor (2000a) conducted a factor analysis of several variables that may impact empowerment in Egypt. Among the ten empowerment dimensions that resulted from the analysis, some were comparatively better correlated than others. Dimensions did not all bear equally on the survival of women's children (measured by child mortality and immunization); only "women's lifetime exposure to employment" and "family structure" (residence with in-laws, etc.) affected both child survival outcomes. Jejeebhoy (2000) likewise found that, in India, decision making, mobility, and access to resources were more closely related to each other than to child-related decision making, freedom from physical threat from husbands, and control over resources.

Hulme and Mosley (1996) carried out a study on poverty and savings. According to Hulme most institutions regard low-income households as "too poor to save". He suggested that in order to generate higher incomes, savings and more investment, there is need to inject capital in the form of microfinance. However capital is only one ingredient in the mix of factors necessary for a successful enterprise. Most importantly it requires entrepreneurial skills and efficient markets to reduce poverty.

Roth (1997) in his study on microfinance and successful enterprise was critical of the microfinance evangelists who create a vision of the rural poor as a collection of budding entrepreneurs, waiting for salvation from credit agencies, which on receipt of credit, will develop successful micro enterprises and leave poverty forever. Their promotional activity gives rise to worrying spectre of a return to a "blueprint", implicit in the new microfinance approach to development. To respond to a potential demand for a good or

service, a rural micro-entrepreneur may need access to one or more of the following: transport, communications, power, water, storage facilities, a legal system for enforcing contracts and settling disputes. Apart from infrastructure, micro entrepreneurs need access to information about market trends and skills to run their macro enterprises.

## HF

Roth (1997) cited Weber (1958) who argued that hard work, skills and enthusiasm are essential ingredients for an enterprise to be successful. Non-numerate people struggle to start enterprises by themselves as it is extremely difficult for them to keep track of the flows of income in their enterprise.

Copestake (2002) - According to Copestake, microfinance has a polarizing effect as there is discrimination in favour of richer clients, who benefit from better access to credit, and exclusion of poorer people. If one of the aims of microfinance is to assist the "poorest of the poor" the microfinance is not always the most appropriate intervention.

Kabeer (1998) in her paper titled 'Money Can't Buy Me Love' argued that many microfinance institutions focus their attention on women's use of the loan and ability to make decisions about her business as the most direct impact of their program. She found that most women do have a say in the utilization and management of their loans although occasionally men pressure MFIs to give their wives loans so that the husband can use it. They also found that a fair number of loans are ultimately invested in "male" activities like rickshaws, for which it is difficult to ascertain the level of control and influence the women may have. In her study of the Small Enterprise Development Program (SEDP) in

Bangladesh, Kabeer found that although empowerment and well-being benefits substantially increased when women controlled their loans and used them for their own income-generating activities, just the act of bringing financial resources to the household in the form of credit was enough to secure at least some benefits for the majority of women in her study.

Todd (1996) studied Grameen Bank's impact on long-term borrowers in Tangail, Bangladesh. She found that "the most successful families in their small sample were those husbands and wives working in partnership, where both were major economic actors. . . ." She also found that out of the 40 borrowers she interviewed, 10 had no control over their loans. "They were just taking the money and pipelining it to a husband, a son, a father-in-law, or some other male within the household—sometimes a male outside the household, which was an even more exploitative situation.

In an interview with the Microcredit Summit Campaign, Todd commented, "People are using this study . . . to argue that there is less benefit to opening microcredit opportunities to women than the "evangelists" say. . . . That is not the way I interpret this study. Thirty-nine percent having little or no control means that 61 percent have partial or full control. That is a lot better than the kind of powerlessness with which these women begin.

Mayoux (2001) argue that microfinance institutions cannot have more than a limited impact on women's empowerment unless there are changes in wider gender inequalities in the broader social and economic contexts in which they operate. In light of these

limitations, Mayoux recommends that MFIs intentionally address women's empowerment as part of their goals, objectives, operations, and product design. In addition to the issue of domestic violence previously discussed, other common concerns raised include the increased burden that microenterprise activities place on women's time, MFIs' reinforcing rather than challenging gender inequalities, and the possibility that children will be kept out of school to help in their mother's business.

Cheston and Kuhn (2001) argued that Microfinance has the *potential to have a powerful* impact on women's empowerment. Although microfinance is not always empowering for all women, most women do experience some degree of empowerment as a result. In some cases, access to credit may be the only input needed to start women on the road to empowerment. But power is deeply rooted in our social systems and values. It is unlikely that any one intervention such as the provision of credit or the provision of training will completely alter power and gender relations. Women often value the non-economic benefits of a group-lending program as much as or more than the credit. Some of the most valued benefits include expanded business and social networks, improved self-esteem, increased household decision-making power, and increased respect and prestige from both male and female relatives and community members.

Pitt and Khandker (1998) as cited in Zeller and Meyer (2002) estimated the margin of credit on a number of welfare indicators. Their study showed that household income increases by 18 taka for every 100 taka lent to woman. They also found net positive impacts of credit programs on both human and their physical assets; they found mixed

results when measuring the impact of credit programs on education. The education of boys increased irrespective of whether the borrower was male or female; but the education of girls have increased only when women borrowed.

Bennett (2002) developed a framework in which "empowerment" and "social inclusion" are closely related but separate concepts. Bennett (2002) describes empowerment as "the enhancement of assets and capabilities of diverse individuals and groups to engage, influence and hold accountable the institutions, which affect them." Social inclusion is defined as "the removal of institutional barriers and the enhancement of incentives to increase the access of diverse individuals and groups to assets and development opportunities." Bennett notes that both of these definitions are intended to be operational, and describe processes rather than end-points.

Narayan (2002) acknowledges that women's empowerment encompasses unique elements. First, women are not just one group among several disempowered subsets of society (the poor, ethnic minorities, etc.) - they are a crosscutting category of individuals overlapping with all these other groups. Second, the household and interfamilial relations are a central locus of women's disempowerment in a way that is not true for other disadvantaged groups. This means that efforts at empowering women must be especially cognizant of the implications of broader policy action at household level. Third, women's empowerment requires systemic transformation in not just any institutions, but fundamentally in those supporting patriarchal structures.

Hanna K. S (2003) concluded that empowerment, options, choice, control, and power are most often referred to as important to women's ability to make decisions and affect outcomes of importance to themselves and their families. The study also stresses the need for control over one's own life and over resources. Thus, there is frequent reference to some variant of the ability to "affect one's own well being," and "make strategic life choices." If a micro-finance programme is based on explicit empowerment strategies, it can empower women by giving them resources for developing their work and enterprises towards a means of liberty and self-fulfillment. The policies of developing micro-finance and the informal sector should have a gender perspective and the gender impact should be studied. Even though the informal sector has been a form of exploitation or a feature of an unsound economy, for individual poor women it provides opportunities and often their only source of income.

## **2.6 Summary**

The available evidence does point to a considerable potential of microfinance for empowerment, one way or another: women's demand for credit and savings facilities is high; savings propensity as well as the loan repayment rates equal or exceed those of men; many women, particularly in programmes targeting women entrepreneurs, decide on the loan use and invest in income-earning activities; some are able over a cycle of several loans to increase incomes which they themselves control. Overwhelming evidence indicates that women spend much of their income on household well-being, including daughter's education and their own health. Even where women do not directly control incomes, perceptions of their contribution to the household have changed.



Increased confidence through interaction with program staff and groups has improved their role in decision making within the household.

## **CHAPTER THREE**

### **3.0 RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The section comprises of the research design to be used, the population of the study, description of data collection and data analysis procedures. It also gives the data validity and reliability statement.

#### **3.2 Research design.**

The study will use survey research design. This entails collecting data from members of a population with respect to one or more variables. It is a self report study which requires collection of quantifiable information from the sample. It will help get views and opinions of respondents as pertains to the impact of microfinance services on women empowerment.

#### **3.3 Population**

The population of my study comprised of four microfinance Institutions in Mwingi district and hundred and fifty women clients of the microfinance institutions in the district.

#### **3.4 Sample selection.**

The four microfinance institutions in Mwingi district will be studied. A list of hundred and fifty women clients was obtained from the local offices of the microfinance institutions operating in the area. From this list 30 women who had benefited from the

microfinance services and 30 women who had applied for microfinance but have not yet benefited were selected using systematic sampling technique.

### **3.5 Data collection procedure.**

The study used both secondary and primary data. The data was obtained by use of a structured questionnaire. The questionnaire contained closed and open ended questions to solicit for information from the respondents. The secondary data was obtained to clarify variables related to the study. The questionnaire was pre-tested on a representative number of respondents for validity and reliability before they were rolled over to other respondents.

### **3.6 Data analysis.**

The data was analyzed through the use of regression model. Computer application package SPSS version 18 was used. The regression model used was as follows.  $Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4$ .

Where Y= Women empowerment

X1=asset accumulation

X2 = increased decision role

X3= Health

X4=education levels

### **3.7 Data validity and reliability**

The validity of the data will be limited to the questionnaire's ability to collect the desired information from the respondents and the extent to which the population and the sample

studied can be generalized to other population settings. Reliability of the data will depend on the consistency and accuracy of the questionnaire being used; the questionnaire must give similar results for same individuals at different times. To ensure validity and reliability of the data, the questionnaire will be pre-tested on a representative sample of the respondents before being rolled over to the other respondents.

## CHAPTER FOUR

### 4.0 DATA ANALYSIS AND PRESENTATION OF THE FINDINGS

#### 4.1 Introduction

This chapter presents data analysis and presentations of findings, the Chapter is organised as follows: 4.2 will be regression of Y on X1, 4.3 regression of Y on X2, 4.4 regression of Y on X3 and 4.5 will be regression of Y on X4 as represented by regression model  $Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4$ . Where Y= Women empowerment, X1=asset accumulation, X2 = increased decision role, X3= Health and X4=education levels. 4.6 Will provide a discussion of the findings.

The model was first subjected to F test to establish whether the variables were jointly significant. T tests were further computed for the individual variables' coefficients to determine their significance in the model.

#### 4.2 Data presentation

##### 4.2.1 Background information of the respondents.

Background information of the respondents is summarized and presented in presented in Table 4.1 below.

**Table 4.1: Background Information**

Characteristic	Optional responses	Frequency	Percentage
Age bracket	Below 25 years	0	0
	26-35 years	17	28.3
	46-55 years	37	61.7
	Over 56 years	6	10.0
	<b>Total</b>	<b>60</b>	<b>100</b>
Highest level of education attained	None	3	5.0
	Primary	33	55.0
	Secondary	10	16.7

	College	13	21.7
	University	1	1.7
	<b>Total</b>	<b>60</b>	<b>100</b>
Marital status	Married	51	85.0
	Single parent	7	11.7
	Divorced	2	3.3
	<b>Total</b>	<b>60</b>	<b>100</b>
No of children	1-5 Children	47	78.3
	6-10 Children	13	21.7
	<b>Total</b>	<b>60</b>	<b>100</b>

#### 4.2.2 Outcome on loan application from microfinance institutions

The outcomes on loan applications are shown in the table below

**Table 4.2: Outcome on loan application**

Responses	Frequency	Percentage
Yes and already benefited	30	50.0
Yes but not yet awarded	30	50.0
<b>Total</b>	<b>60</b>	<b>100</b>

#### 4.2.3: Source of start up capital

The sources of start up capital is summarised in the table below

**Table 4.3 Source of business start up capital**

Capital sources	Frequency	Percentage
Microfinance	27	45.0
Own Investment	20	33.3
Salary	9	15.0
From the farm	3	5.0
No Response	1	1.7
<b>Total</b>	<b>60</b>	<b>100</b>

#### 4.2.4: list of assets accumulated

The various assets accumulated by respondents are analysed as per table 4.5 below

**Table 4.4: Size/Number of Assets**

Type of asset	Size/Number	Frequency	Percentage
Rental houses	At least 1	18	30.0
	1 -2	9	15.0
	2 - 3	4	5.0
	none	29	48.3
Goats	Less than 5	22	36.7
	5-10	24	36.7
	11 and above	14	23.3

Cows	Less than 5	24	36.7
	5-10	22	36.7
	11 and above	14	23.3
Chickens	Less than 5	16	26.7
	5-10	21	31.7
	11 and above	23	38.3
Land in Acres	Less than 10	49	73.3
	10-20	8	13.4
	20-50	2	3.3
	50 and above	1	1.7
<b>N=60</b>			

#### 4.2.5 Value of accumulated assets

The value of accumulated assets in Kenya shillings is tabulated in table 4.7 below.

**Table 4.5: Value of accumulated assets (Kshs)**

Type of asset	Value	Frequency	Percentage
Rental houses	Less than 100,000	1	1.7
	100,000-200,000	2	3.3
	200,000-300,000	18	30.0
	400,000 and above	3	5.0
	None	36	60.0
Goats	Less than 20,000	26	43.3
	20,000-40,000	25	41.7
	40,000-60,000	4	6.7
	60,000-80,000	2	3.3
	80,000 and above	3	3.3
Cows	Less than 40,000	15	25.0
	40,000-80,000	17	28.3
	80,000-120,000	17	28.3
	120,000-160,000	4	6.7
	160,000 and above	4	6.7
	None	3	5.0
Chickens	Less than 6,000	48	80.0
	6,000-12,000	5	8.3
	12,000-18,000	3	5.0
	18,000-24,000	2	3.3
	24,000 and above	2	3.3
Land in Acres	Less than 100,000	24	40.0
	100,000-200,000	22	36.7
	200,000-300,000	4	6.7

### 4.3 Regression of Y on XI

#### 4.3.1 Value of rental houses

The regression analysis gave the results as shown in table 4.6 below:

**Table 4.6 Value of rental houses and empowerment**

Model Description		
Model Name	MOD 13	
Dependent Variable	1	Have you ever benefited from micro finance ?1=yes ,2=No
Equation	1	Linear
Independent Variable	q23.1.3	
Constant	Included	
Variable Whose Values Label Observations in Plots	Unspecified	
Variable Processing Summary		
	Variables	
	Dependent	Independent
	Have you ever benefited from micro finance ?1=yes ,2=No	Value of rental houses
Number of Positive Values	60	9
Number of Zeros	0	0
Number of Negative Values	0	0
Number of Missing Values	User-Missing	0
	System-Missing	0
		51

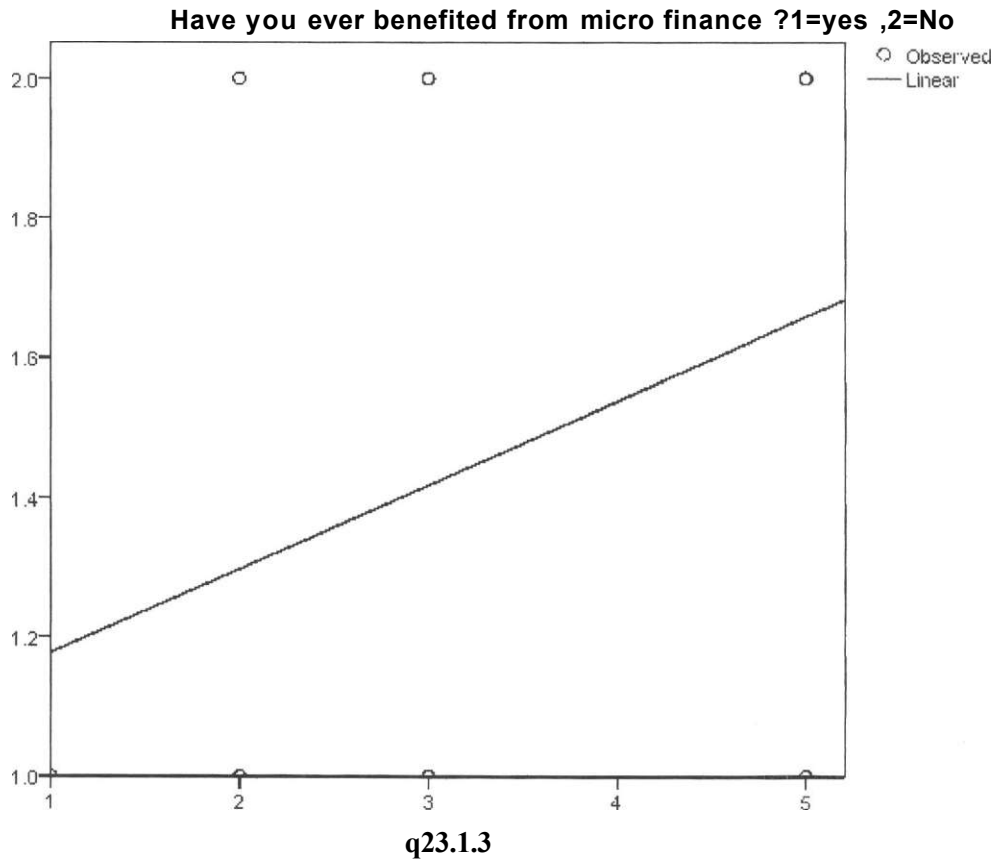
Model Summary					
R	R Square	Adjusted R Square	Std. Error of the Estimate		
0.338	0.114	-0.012	0.530		
ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Regression	0.254	1	0.254	0.903	0.374
Residual	1.968	7	0.281		
Total	2.222	8			
Coefficients					
	Unstandardized Coefficients		Standardized Coefficients	t	Sig-
	B	Std. Error	Beta		



Value of rental houses	0.120	0.127	0.338	0.950	0.374
(Constant)	1.057	0.444		2.378	0.049

The results can be represented graphically as shown in figure 4.1 below

**Figure 4.1: Value of rental houses and empowerment**



The regression analyses show a direct relationship between women empowerment through microfinance services and the value of rental houses accumulated where rental houses are used as a measure of asset accumulation.

### 4.3.2 Value of goats

The regression analysis gave the results as shown in Table 4.7 below

**Table 4.7 value of goats and empowerment**

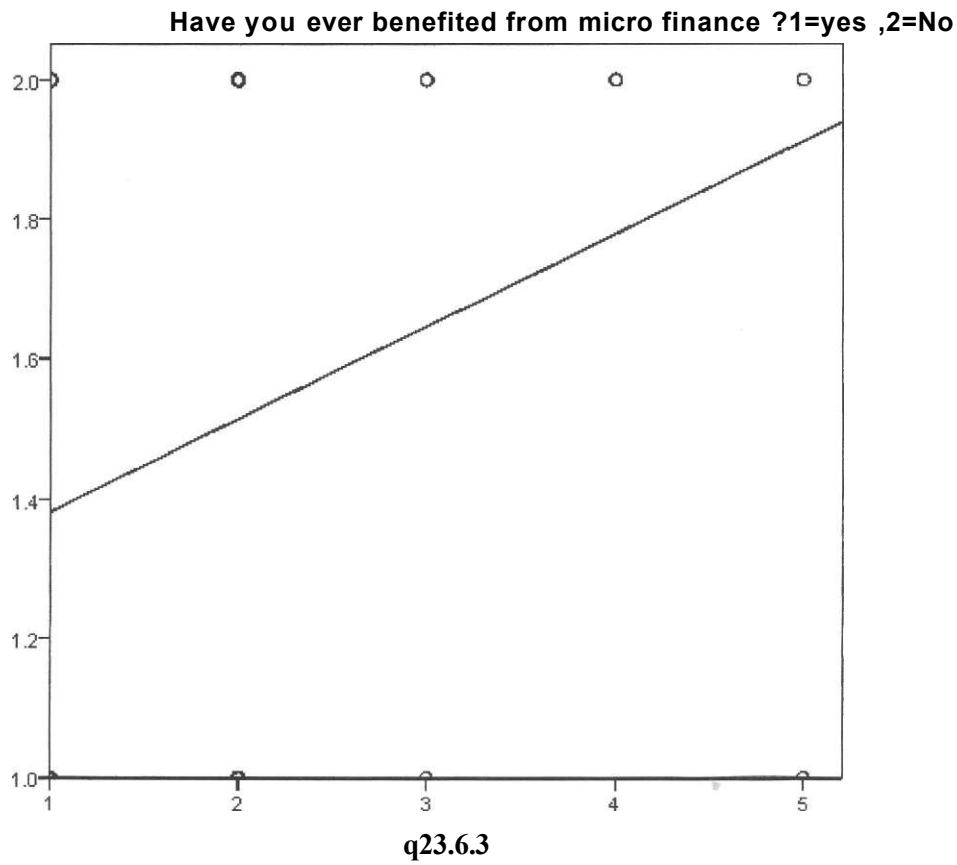
Model Description		
Model Name	MOD 17	
Dependent Variable	1	Have you ever benefited from micro finance ?1=yes ,2=No
Equation	1	Linear
Independent Variable	Value of goats	
Constant	Included	
Variable Whose Values Label Observations in Plots	Unspecified	

Variable Processing Summary					
		Variables			
		Dependent			Independent
		Have you ever benefited from micro finance ?1=yes ,2=No			Value of goats
Number of Positive Values		60		57	
Number of Zeros		0		0	
Number of Negative Values		0		0	
Number of Missing Values	User-Missing	0		0	
	System-Missing	0		3	
Model Summary					
R		R Square	Adjusted R Square	Std. Error of the Estimate	
0.253		0.064	0.047	0.492	
ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Regression	0.915	1	0.915	3.773	0.057
Residual	13.331	55	0.242		
Total	14.246	56			
Coefficients					
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
q23.6.3	0.132	0.068	0.253	1.942	0.057

Variable Processing Summary				
	Variables			
	Dependent			Indepen dent
	Have you ever benefited from micro finance ? 1=yes,2=No			Value of goats
Number of Positive Values		60		57
Number of Zeros		0		0
Number of Negative Values		0		0
Number of Missing	User-Missing	0		0
(Constant)	1.250	0.140	8.905	0.000

The results above can be presented graphically in the figure 4.2 below

**Figure 4.2: value of goats and empowerment**



The regression analyses show a direct relationship between women empowerment through microfinance services and the value of goats accumulated where the goats are used as a measure of assets accumulation.

### 4.3.3 Value of Cows

Regression analysis on value of goats gave results as per table 4.8 below

**Table 4.8 Value of Cows and empowerment**

Model Description			
Model Name	MOD 18		
Dependent Variable	1	Have you ever benefited from micro finance ?1=yes ,2=No	
Equation	1	Linear	
Independent Variable	Value of cows		
Constant	Included		
Variable Whose Values Label Observations in Plots	Unspecified		
Variable Processing Summary			
		Variables	
		Dependent	Independent
		Have you ever benefited from micro finance ?1=yes ,2=No	Value of cows
Number of Positive Values		60	57
Number of Zeros		0	0
Number of Negative Values		0	0
Number of Missing Values	User-Missing	0	0
	System-Missing	0	3
Model Summary			
R	R Square	Adjusted R Square	Std. Error of the Estimate
0.097	0.009	-0.009	0.507

### ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	0.135	1	0.135	0.526	0.471
Residual	14.111	55	0.257		
Total	14.246	56			

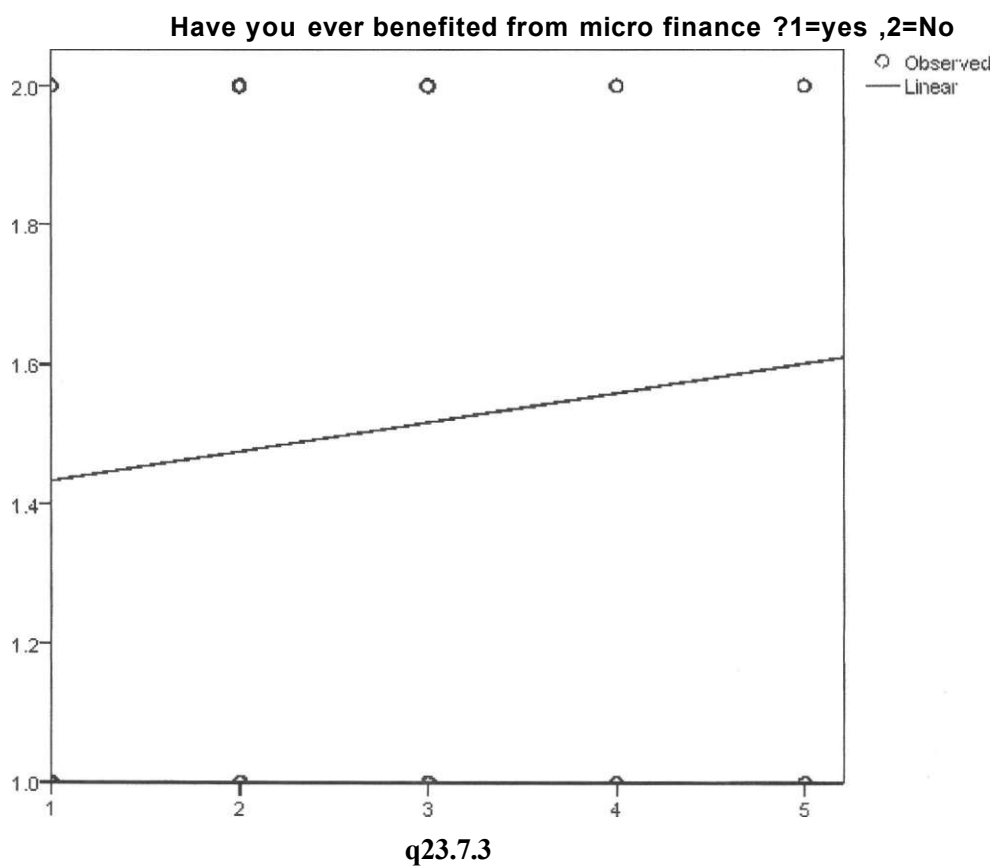
The independent variable is Value of cows

Coefficients					
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		

q23.7.3	0.042	0.058	0.097	0.725	0.471
(Constant)	1.390	0.154		9.004	0.000

The results can be presented graphically as shown by figure 4.3 below

**Figure 4.3: value of cows and empowerment**



The regression analyses show a direct relationship between women empowerment through microfinance services and the value of cows accumulated, where the number of cows is used as a measure of assets accumulation.

#### 4.3.4 Value of chicken

Regression analysis gave the results as presented in Table 4.9 below

**Table 4.9 Value of Chickens and empowerment**

Model Description			
Model Name	MOD 19		
Dependent Variable	1	Have you ever benefited from micro finance ?1=yes ,2=No	
Equation	1	Linear	
Independent Variable	Value of chickens		
Constant	Included		
Variable Whose Values Label Observations in Plots	Unspecified		
Variable Processing Summary			
		Variables	
		Dependent	Independent
		Have you ever benefited from micro finance ?1=yes ,2=No	Value of chickens
Number of Positive Values		60	58
Number of Zeros		0	0
Number of Negative Values		0	0
Number of Missing Values	User-Missing	0	0
	System-Missing	0	2

Model Summary			
R	R Square	Adjusted R Square	Std. Error of the Estimate
0.123	0.015	-0.002	0.505

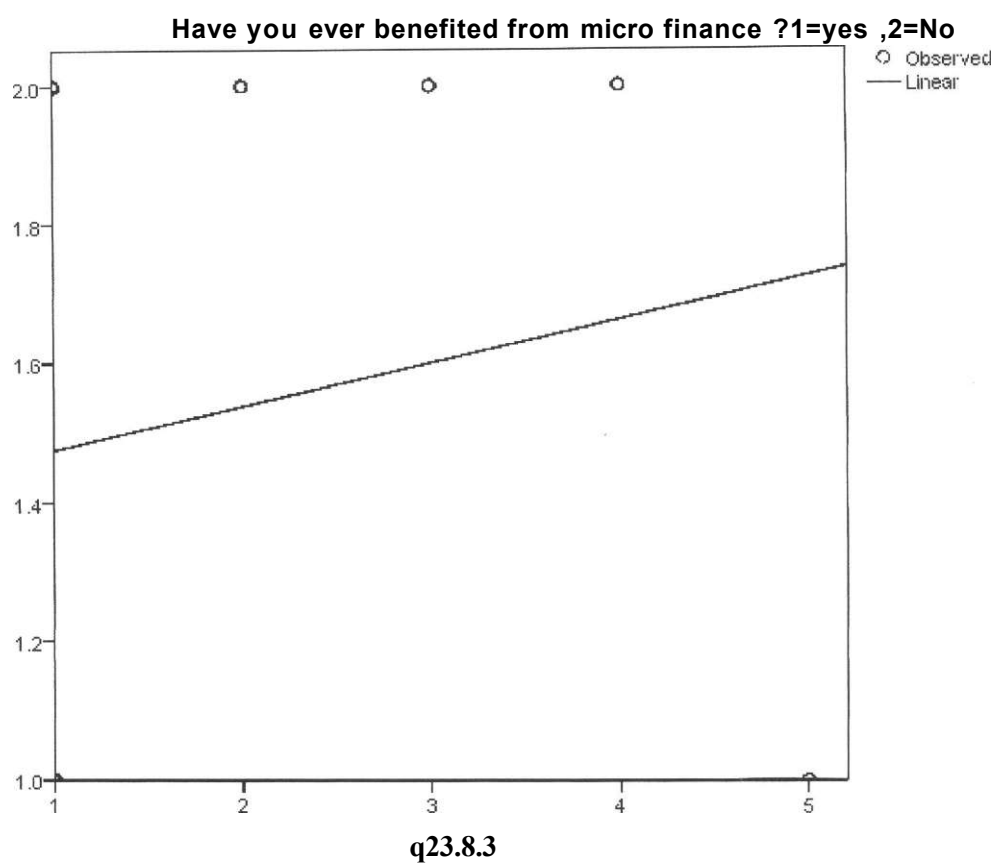
ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Regression	0.219	1	0.219	0.860	0.358
Residual	14.281	56	0.255		
Total	14.500	57			

The independent variable is Value of chickens

Coefficients					
	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
q23.8.3	0.063	0.068	0.123	0.927	0.358
(Constant)	1.413	0.115		12.249	0.000

The results can be presented graphically as shown in the figure 4.4 below

**Figure 4.4: value of chicken and empowerment**



The regression analyses show a direct relationship between women empowerment through microfinance services and the value of chickens accumulated, where chickens are used as a measure of asset accumulation by women.

#### 4.3.5 Value of Land

Regression analysis gave the results as presented in table 4.10 below

**Table 4.10 Value of land and empowerment**

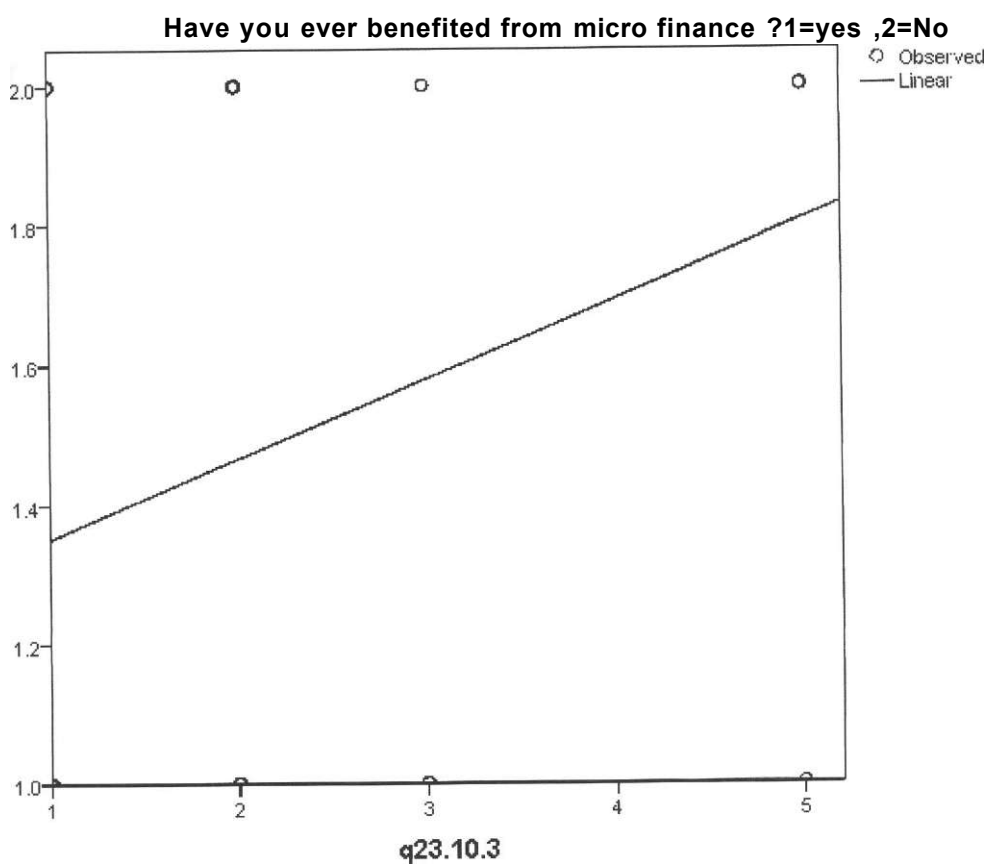
		Model Description
Model Name		MOD 21
Dependent Variable	1	Have you ever benefited from micro finance ?1=yes ,2=No
Equation	1	Linear

Independent Variable	Value of land				
Constant	Included				
Variable Whose Values Label Observations in Plots	Unspecified				
<b>Variable Processing Summary</b>					
		Variables			
		Dependent		Independent	
		Have you ever benefited from micro finance ?1=yes ,2=No		Value of land	
Number of Positive Values		60		55	
Number of Zeros		0		0	
Number of Negative Values		0		0	
Number of Missing Values	User-Missing	0		0	
	System-Missing	0		5	
<b>Model Summary</b>					
R		R Square		Adjusted R Square	
0.263		0.0667		0.052	
					Std. Error of the Estimate
					0.489
<b>ANOVA</b>					
	Sum of Squares	df	Mean Square	F	Sig.
Regression	0.943	1	0.943	3.939	0.052
Residual	12.693	53	0.239		
Total	13.636	54			
<b>Coefficients</b>					
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Value of land	0.114	0.057	0.263	1.985	0.052
(Constant)	1.237	0.128		9.662	0.000

The results can be presented graphically as shown in figure 4.5 below



Figure 4.5: value of Land and empowerment



The regression analyses show a direct relationship between women empowerment through microfinance services and the value of land. Land is used as a measure of asset accumulation.

**4.4 Regression of Y on X2 where X2 represents the increased decision role in the family**

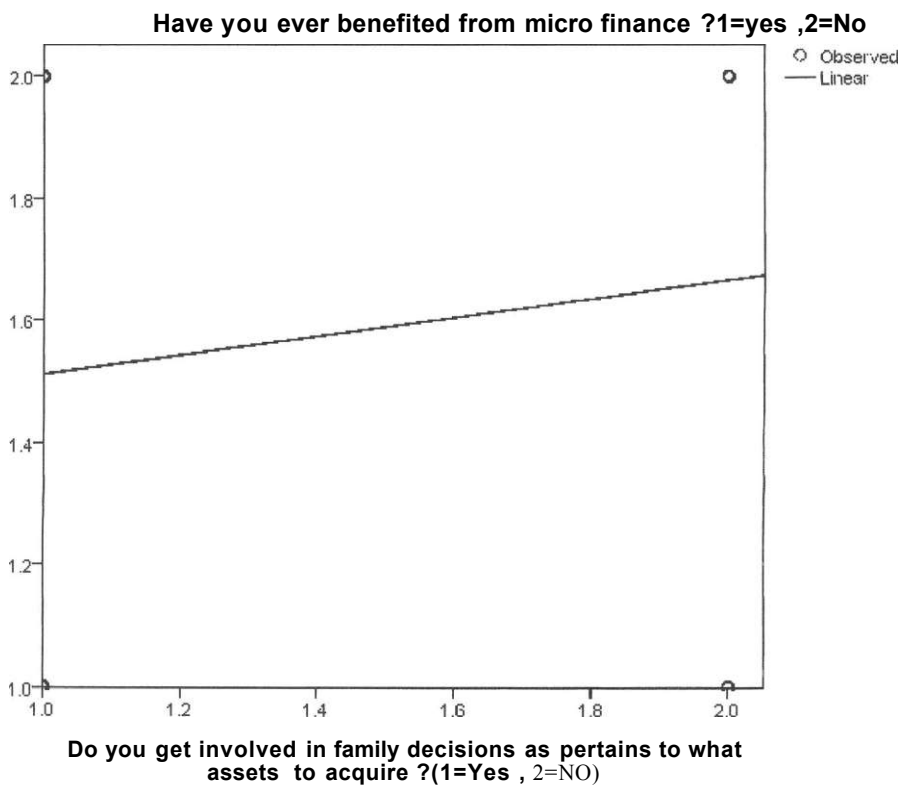
**Table 4.11 Decision roles and empowerment**

<b>Model Description</b>						
Model Name		MOD 5				
Dependent Variable	1	Have you ever benefited from micro finance ? 1 =yes ,2=No				
Equation	1	Linear				
Independent Variable		Do you get involved in family decisions as pertains to what assets to acquire ?(1=Yes , 2=No)				
Constant		Included				
Variable Whose Values Label Observations in Plots		Unspecified				
<b>Variable Processing Summary</b>						
		Variables				
		Dependent		Independent		
		Have you ever benefited from micro finance ?1=yes ,2=No		Do you get involved in family decisions as pertains to what assets to acquire ?(1=Yes, 2=No)		
Number of Positive Values		60		52		
Number of Zeros		0		0		
Number of Negative Values		0		0		
Number of Missing Values	User-Missing	0		0		
	System-Missing	0		8		
<b>Model Summary</b>						
R	R Square	Adjusted R Square		Std. Error of the Estimate		
0.118	0.014	-0.006		0.505		
<b>ANOVA</b>						
	Sum of Squares	df	Mean Square	F	Sig.	
Regression	0.179	1	0.179	0.702	0.406	
Residual	12.744	50	0.255			
Total	12.923	51				
<b>Coefficients</b>						
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		

Do you get involved in family decisions as pertains to what assets to acquire ?(1=Yes , 2=No)	0.155	0.185	0.118	0.838	0.406
(Constant)	1.357	0.228		5.947	0.000

The results can be presented graphically as shown in figure 4.6 below

**Figure 4.6: Decision roles and empowerment**



The regression analyses show a direct relationship between women empowerment through microfinance services and involvement in family decision making. The women who benefited from micro finance services were increasingly getting involved in family decision making.

#### 4.5 Regression of Y on X3 where X3 represents the health

The results of the regression of value of health is tabulated as per table 4.12 below

**Table 4.12 Health and empowerment**

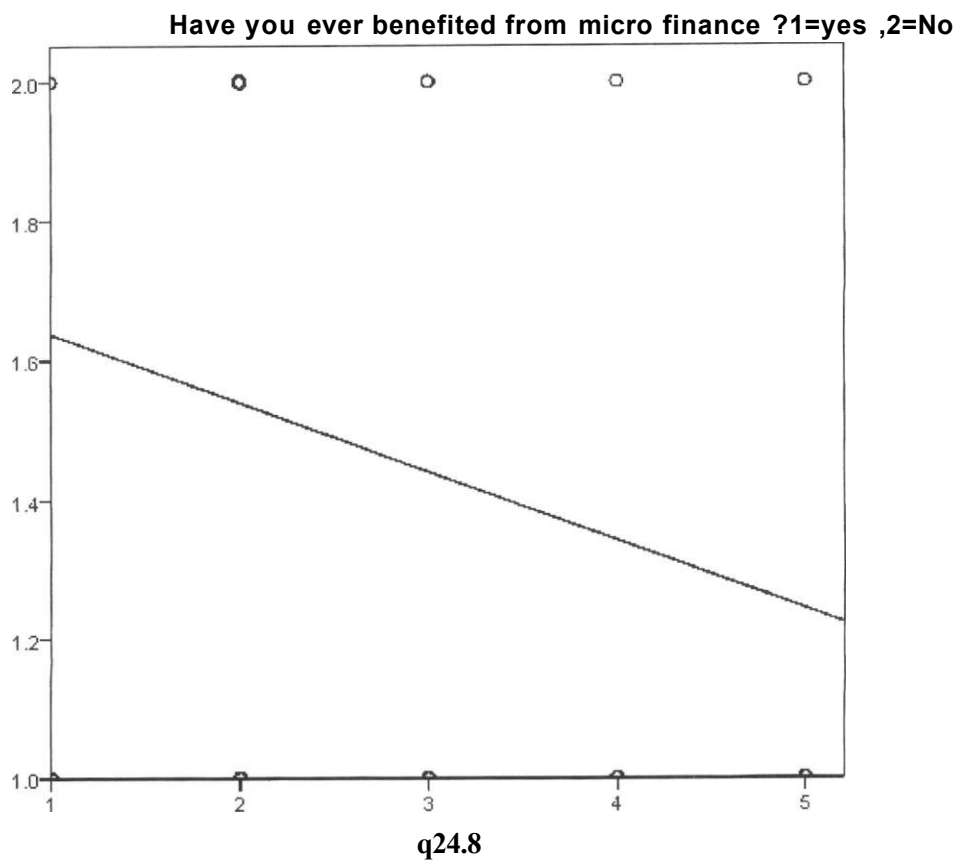
Model Description					
Model Name	MOD 9				
Dependent Variable	1	Have you ever benefited from micro finance ?1=yes ,2=No			
Equation	1	Linear			
Independent Variable	q24.8				
Constant	Included				
Variable Whose Values Label Observations in Plots	Unspecified				
Variable Processing Summary					
		Variables			
		Dependent			Independent
		Have you ever benefited from micro finance ?1=yes ,2=No			Monthly medical expenses
Number of Positive Values		60			58
Number of Zeros		0			0
Number of Negative Values		0			0
Number of Missing Values	User-Missing	0			0
	System-Missing	0			2
Model Summary					
R	R Square	Adjusted R Square		Std. Error of the Estimate	
0.210	0.044	0.027		0.497	
	Sum of Squares	df	Mean Square	F	Sig.
Regression	0.641	1	0.641	2.591	0.113
Residual	13.859	56	0.247		
Total	14.500	57			

The independent variable is: Monthly medical expenses

Coefficients					
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Monthly medical expenses	-0.099	0.061	-0.210	-1.610	0.113
(Constant)	1.736	0.161		10.802	0.000

These results can be presented graphically as shown in figure 4.7 below

**Figure 4.7: Health and empowerment**



The findings show an inverse relationship between accessibility to microfinance services by women and the amount they spent on medical services. Taking the assumption that monthly expenditure on medical expenses reflects the need for health services, findings indicate that the families of women who were empowered through accessibility to microfinance services lived healthier lives and hence spent less on medical services as opposed to those who did not access microfinance services.

#### 4.6 Regression of Y on X4 where X4 represents the Education

The regression results are presented in table 4.13 below

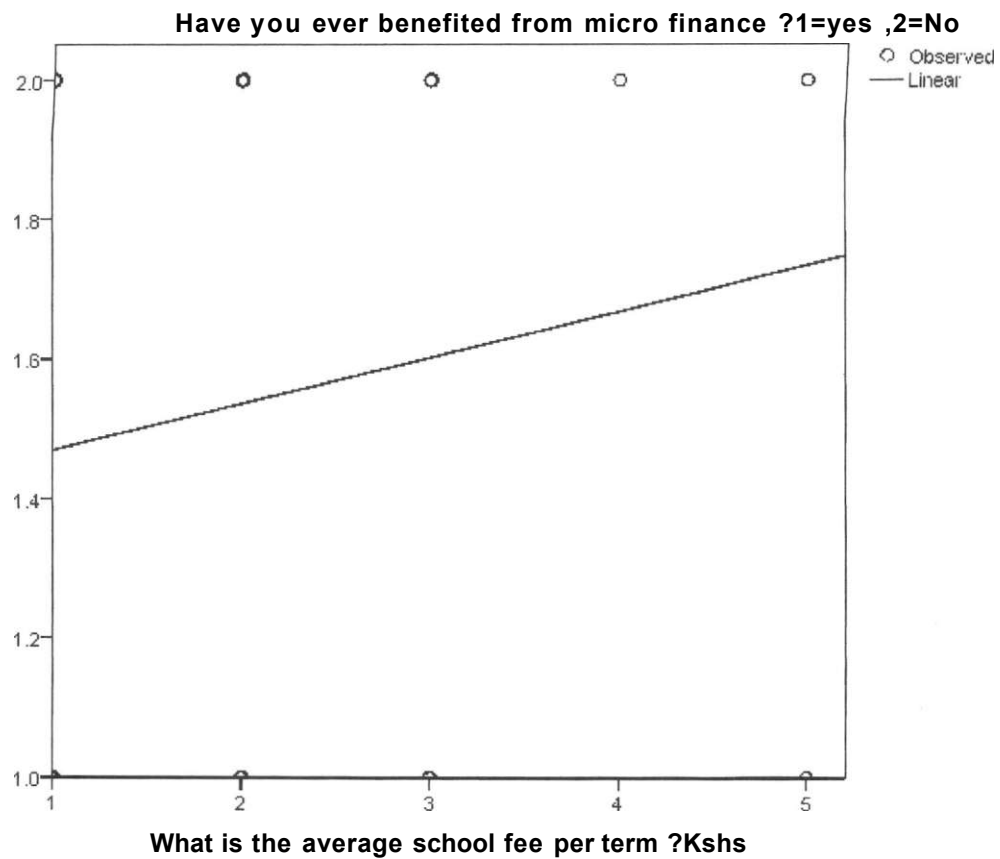
**Table 4.13 education and empowerment**

<b>Model Description</b>						
Model Name	MOD 4					
Dependent Variable	1	Have you ever benefited from micro finance ?1=yes ,2=No				
Equation	1	Linear				
Independent Variable	What is the average school fee per term ?Kshs					
Constant	Included					
Variable Whose Values Label Observations in Plots	Unspecified					
<b>Variable Processing Summary</b>						
		Variables				
		Dependent		Independent		
		Have you ever benefited from micro finance ?1=yes ,2=No		What is the average school fee per term ?Kshs		
Number of Positive Values		60		56		
Number of Zeros		0		0		
Number of Negative Values		0		0		
Number of Missing Values	User-Missing	0		0		
	System-Missing	0		4		
<b>Model Summary</b>						
R	R Square	Adjusted R Square	Std. Error of the Estimate			
0.133	0.018	0.000	0.504			
<b>ANOVA</b>						
	Sum of Squares	df	Mean Square	F	Sig.	
Regression	0.249	1	0.249	0.980	0.327	
Residual	13.733	54	0.254			
Total	13.982	55				
<b>Coefficients</b>						
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		

What is the average school fee per term ?Kshs	0.066	0.067	0.133	0.990	0.327
(Constant)	1.403	0.134		10.480	0.000

The results can be presented graphically as shown in figure 4.8 below

**Figure 4.8: Children education and empowerment**



Taking the assumption that the amount spent on children's education reflects the quality of education received, the regression analysis shows a direct relationship between women's empowerment through microfinance services and the quality of education their children received.

#### **4.7 Summary and interpretation of findings.**

Most of the women respondent indicated that the source of start up capital for their businesses came from microfinance loans as opposed to those who had applied but had not yet succeeded who had no businesses of their own but were anticipating starting their own businesses once the credits were approved. This clearly shows that microfinance services had a positive impact on the lives of women in terms of income generation.

The women who accessed microfinance services such as loans were able to start up income generating activities such as retail shops, second hand clothes businesses, hotel businesses, selling of fruits and vegetables. These income generating activities enabled the women accumulate assets inform of houses, animals and even land.

Most of the women who had benefited from the microfinance services indicated that they relied on microfinance loans to expand their businesses; they argument was that microfinance credit has really helped them expand their existing businesses which translated to more income.

The analyses show a direct relationship between women empowerment through microfinance services and the value of rental houses accumulated where rental houses are used as a measure of asset accumulation. Women who accessed microfinance credits were able to build or buy houses, most of the women lived and operated their businesses in their own built houses with extra spaces being let which generated extra income for them.



There is direct relationship between women empowerment through microfinance services and the value of animals owned by women such as goats, cows, and chickens. These animals are deemed as part of the assets women have acquired. The number of animals is an investment the women have, in most cases the profits earned by women from their businesses was used in buying animals, these animals in most cases were sold to meet some financial obligations like payment of school fees for their children and even paying medical bills for the family members.

There is direct relationship between women empowerment through microfinance services and the value of land. Land is a valuable investment where women invested in it for future development or for speculative purposes where they would sell it once the prices have gone up. Despite the traditional believe that women are not supposed to own land, it was found that most women would plough their business profits to acquisition of land. This in effect enhances women's position in the society where buy most women respondents said that a woman who owned a piece of land was highly respected.

There is direct relationship between women empowerment through microfinance services and involvement in family decision making. The women who benefited from micro finance services were increasingly getting involved in family decision making. Most women said that due to their ability to provide for their families as a result of their financial success necessitated by microfinance, their spouses and other family members consulted them in most of the family decisions in regard to finances and other decisions

touching on family matters. Very few women reported to have been mistreated because of their success.

The findings show an inverse relationship between accessibility to microfinance services by women and the amount they spent on medical services. Taking the assumption that monthly expenditure on medical expenses reflects the need for health services, findings indicate that the families of women who were empowered through accessibility to microfinance services lived healthier lives and hence spent less on medical services as opposed to those who did not access microfinance services. This can be attributed to the fact that the families had balanced diet and therefore less prone to diseases.

Taking the assumption that the amount spent on children's education reflects the quality of education received, the analysis shows a direct relationship between women's empowerment through microfinance services and the quality of education their children received. Most of the women responded that they usually pay school fees from their businesses.

## **CHAPTER FIVE**

### **5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Summary**

The study sought to find the impact of microfinance on women empowerment. This information will be useful to microfinance institutions, policy-makers, regulators and development partners to understand the impact of microfinance on women empowerment and enable them understand which areas need improvement to serve women better.

The main objective of the study was to find out the impact of microfinance services on women empowerment a case of Mwingi district. The specific objectives were; To find out if microfinance services leads to increased wealth accumulation by women, to find out if microfinance services to women leads to good health for the family, to find out if microfinance services to women leads to better education for the children and to find out if microfinance increases women decision role in the family.

Data was collected from a population of three hundred microfinance women clients in Mwingi district. A sample of sixty women was taken using systematic sampling techniques with thirty women having benefited from microfinance services and thirty having applied for microfinance services but not yet benefited. Questionnaires were issued to the sixty sampled women who filled and returned. The response rate was good as the sixty questionnaires were received back.

Regression analysis was used to analyse the questionnaires. The results from the analyses indicated that microfinance services had a direct correlation with asset accumulation, children education, family health and decisions roles of women. Assuming these parameters are measures of empowerment, then access to microfinance services by women can be said to empower them.

In summary women's access to savings and credit services from microfinance institutions empowers them economically through increased income. Financial sustainability and feminist empowerment paradigms emphasize women's own income-generating activities which gives them a greater role in decision-making. When women control decisions regarding credit and savings, they will optimize their own and the household's welfare as a whole.

## **5.2 Conclusions**

The study established that microfinance services empowers women especially those who have taken credit with the microfinance institutions even though those who have not benefited but have applied for microfinance services are optimistic that once they are successful, their lives will change, this is based on what they are able to observe from those women who have benefited.

Microfinance services can be used as a key strategy to empower women, where finances from the microfinance institutions are used for setting up or expansion of businesses with potential impacts including increased income levels and control over income through

enhanced decision roles. Economic independence of women leads to increased social and political roles enhancing women contribution to house hold income and family welfare as a whole. This is line with the argument of Mayoux (1999), where she stated that microfinance programmes were being promoted as a key strategy for addressing both poverty alleviation and women empowerment.

Microfinance services has also led to the expansion of freedom of choice and action by women, from the study women have been seen to accumulate more assets, negotiate with, influence and control the assets at the individual and household levels. This has impacted positively on women in terms of more wealth, children education, better family health and enhanced decision roles. In the World Bank (2002), it was stated that microfinance services empowers women through the expansion of assets, enhanced decision roles, better health and children education.

### **5.3 Policy recommendations**

There is a need for much greater clarity in the underlying vision of microfinance programmes. This clarity entails a definition of empowerment which goes much further than either women access to microfinance access or household-level poverty alleviation.

Providing an adequate and non-discriminatory regulatory framework for microfinance needs to be seen as a human rights issue, rather than the end aim of gender policy itself. Poverty alleviation as measured by increased income is not sufficient for women's empowerment because intra-household inequalities mean that women do not necessarily benefit from increases in household income, even where they are major contributors.

On the other hand, although women's empowerment is an essential component of poverty elimination, 'women' cannot be treated as an undifferentiated category. Specific strategies may be needed for the poorest and most disadvantaged women. Importantly, addressing gender inequalities in power *and resources requires a holistic view, integrating* productive and reproductive work and addressing practical as well as strategic needs and interests.

Translating this empowerment vision into practical policies requires firstly mainstreaming empowerment concerns throughout all aspects of programme implementation and decision making as well as effective women-targeted initiatives. As integral part of this empowerment vision women should be seen actively participating in women empowerment programme decision *making*.

#### **5.4 Limitations**

The first limitation to the study can be attributed to the focus of the study. The study was restrained to women in Mwingi district only; therefore the study lacks diversity as the *factors affecting women in Mwingi district may be different from* other regions of the country *ant world as a whole and therefore generalizing the findings may give the wrong* conclusions.

The second limitation is that of the time taken to collect the data, the period of data collection was very short actually one month, the fact is that conditions will always

change with time and the findings in one period may differ if the same was done after for a longer period of time, this may be as a result of changes in economic conditions.

Lastly, there is limitation of exposure of the respondents, most of the respondents were from the same locality and very few had travelled out of the region, and therefore they faced the same economic conditions which could make their answers to the questionnaires more or less the same.

### **5.5 Suggestions for further studies**

The field of women empowerment is wide and researches done on the same are very few the information very scanty from previous researches especially in Kenya, for this to be achieved more researches need to be done on the credit lending models commonly used by the Microfinance Institutions when dealing with women, this will provide information on the most effective credit model to use.

Another area which needs to be studied is if women participation in microfinance leads to increase in domestic violence in Kenya. This will give information whether Men respect their spouses who succeed as a result of Microfinance services.

Lastly, I suggest a study to be done on the success of women businesses and availability of microfinance credit. This will give an insight of whether women businesses survive for long when microfinance credit is available or not.

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## APPENDIX I

### IMPACT OF MICROFINANCE SERVICES ON WOMEN EMPOWERMENT: A CASE STUDY OF MWINGI DISTRICT

#### Questionnaire for Microfinance Institutions Women Clients

To be filled up by the respondent(s)

##### A. Respondent Details

1. Name:
2. Contact address: P.O Box.....Mobile.....Email Address
3. Age bracket in years (1=below 25 2=26-35 3= 46-55 4= over 56)
4. What is the highest level of education attained by the respondent? (1=None 2= Primary 3=Secondary 4=College 5=University)
5. Marital status of the respondent? (Married=1 Single parent=2 divorced=3)
6. How many children do you have?

##### B. Business and Financing

7. What type of business do you operate?(1=Retail Shop 2=Food business 3=Boutique shop 4=Other specify.....)
8. What was the source of your start up capital for the business? (Microfinance loan=1 other source=2)
9. What is your stock? Kshs
10. Are you in full time business? (Yes=1 No=2)
11. How many people have you employed? (1=1-3 persons 2=4-5 persons 3=6-10 persons 4= over 10 persons)
12. How do you maintain OR expand your business? (1=Business profits 2=Loans 3= Other specify.....)
13. If loan in (12) above, where do you get the loan? (1=MFI 2=Commercial Bank 3= Other sources specify.....)

14. If it was through MFI is a (1=Loan 2=Other MFI services)
15. If the source was other MFI services Specify
16. How much did you borrow? Kshs
17. How often do you repay your loan? (Daily=1 Weekly=2 Monthly=3 Other=4).
18. How much do you repay in a month? Kshs
19. Have you ever defaulted in repaying your loan? (Yes=1 No=2)
20. What was the reason for your default?
21. How often do you save? (Daily=1 Weekly=2 Monthly=3 other=4)
22. How much is your savings in a month? Kshs.

**C: ASSET ACCUMULATION**

23. What property do you own?

<b>Property</b>	<b>Size/Number</b>	<b>Mode of Acquisition</b>	<b>Value in Kshs.</b>
i) Rental houses			
ii) Bicycle			
iii) Car			
iv) Goats			
v) Cows			
vi) Chicken			
vii) Land in Acres			
<b>TOTAL VALUE</b>			

Codes for mode of acquisition: 1=own-inherited, 2=own-bought, 3=Gift, 4=other (specify).

**D. Household expenditures**

24. In a normal Month how much do you spend on the following

<b>Item</b>	<b>Expenditure</b>
Milk	
Sugar	

Maize	
Bread	
Meat	
Transport	
Fuel	
Medical expenses	
Clothing	
School fees	
Rent living quarters	
Rent business premises	
<b>Total Expenditure</b>	

25. Do you have a medical scheme for your family? (Yes=1 No=2)
26. If yes, what is the annual premium? Kshs
27. How do you raise the medical premiums? (1=from the business 2=other specify.....)
28. Do you live in your own house OR rented? (Own=1 rented=2)
29. If you live in your own house, how did you acquire it? ( Bought=1 Build=2 Other=3)
30. How did you finance the purchase OR building of the house? (Loan=1 Own savings=2 other=3)
31. If others please specify
32. If you live in a rented house, how much is the monthly rent? Kshs
33. How do you raise the money to pay your rent? (1=Business 2=salary 3=Other)
34. If others please specify
35. What school are children attending? (Public=1 Private=2)
36. What is the average school fee per term? Kshs
37. How do you raise school fees for your children? (1=Business 2=salary 3=other)
38. If other in 37 please specify
39. Do you have difficulties in paying your children school fees? (Yes=1 No=2)



40 If yes please give reasons

**E. Microfinance Issues**

41. In the last six months have you sought for a loan from a microfinance institution in order to finance either household expense or any income generating activity? (Yes=1 No=2) (If no move to 43)

42. What was the out come? (Given=1 not given=2)

43. If not given, why were you denied loan?

44. If you have sought no credit why not? (Never felt the need to get loan=1 Afraid of going in to debt=2 other specify=3)

45. Since you started getting microfinance services, how has your family been treating you?

46. Do you get involved in family decisions as pertains to what assets to acquire? (Yes=1 No=2)

47. Has your income changed since you started getting microfinance? (Yes=1 No=2)

48. Have you ever participated in any elective position in your area? (Yes=1 No=2)

49. If yes which one?

50. And what was the outcome?

51. Do you associate the outcome in (48) to your success brought about by microfinance? (Yes=1 No=2).....If yes give reasons.

52. What is your opinion about microfinance as far as welfare enhancement is concerned?

Thank you very much for your time and the valuable information that you provided about yourself.