An Investigation of Micro Credit as a Tool for Women's Empowerment, Poverty Alleviation and Employment Creation: A Case Study of Gikomba Market, Nairobi.

By:

Nereah A. Sedah

M.A. project submitted in partial fulfillment of the requirement for the Master of Arts degree (in Sociology) of the University of Nairobi

DECLARATION

This M.A project is my original work and has not been presented for a degree in another University.

NEREAH A. SEDAH

Signature: Sedah

Date: 26/9/05

This MA project has been submitted for examination with the approval of the University supervisors

1. Professor Mauri Yambo

Signature: Myambo

Date 26/9/2005

2. Mr Absalom Madiavale

Signature:

Date 26.09.2005

ABSTRACT

Micro credit plays a major role in many of the donors' development strategies as a way of addressing the problems faced by women and empowering women economically Women as micro and small scale entrepreneurs have increasingly become a key target group for micro-finance programmes. However, the knowledge available on the impact of credit on the women's personal lives is limited and controversial.

The aim of the study was to examine the role of micro credit as a tool for poverty alleviation and women's empowerment, with particular reference to Nairobi District The study has attempted to examine the extent to which micro credit has enhanced the poor women's existing socio-economic conditions, increased their bargaining power and investigating whether micro credit has actually changed the social equations in the households or communities in which they live. The study examined the effect of micro credit on personal lives and businesses of women entrepreneurs and its effect on poverty reduction and employment in an attempt to appraise the extent to which micro-credit programmes have contributed in achieving gender equality for economic and social growth.

The study was conducted at Gikomba market in Nairobi District. This study employed stratified and snowballing sampling methods to arrive at the respondents. The target population comprises businesswomen in Gikomba open-air market who have at one time accessed loan/credit from a micro finance institution to carry out business activities in Nairobi The main tool for data collection was the interview schedule which was supplemented with key informant interviews and documentary data.

Descriptive and inferential statistics were used to present and interpret the data Some of the descriptive statistics that were used in this study were the mean, frequencies and cross tabulations. The statistical tool used in this study was Pearson correlation co-efficient.

The study found that the respondents' age and business income were not associated. Majority of the respondents reported that micro credit was beneficial to their businesses.

The benefits of credit to the businesses of the respondents were reported as increased: number of customers, value of business assets, level of business income and the number of employees hired. The study found that micro credit is beneficial to personal lives of the respondents. Micro credit had a positive relationship with women's participation in household decision-making process, their ability to pay for healthcare services for the household, their financial contribution to household basic expenses and their financial support to other family members. However, micro credit was found to have no effect on the women's ability to purchase family assets and their social status.

Micro credit increases women's employment in micro enterprises. In addition, micro credit contributes to indirect employment. The study found that micro credit programmes do not have an impact on poverty reduction among women entrepreneurs in Gikomba market as income after credit was found not be associated with increased ability to pay for education costs, financial support to needy relatives and purchase of property. However, increased income after credit does have an impact on better housing and inverse relationship with improved nutrition

The study concludes that micro credit contributes to women's economic empowerment through increased level of business income. Micro credit enhances poorer women's existing socio-economic conditions and thereby altering the gender relations by increasing women's bargaining power. However, the impact of micro credit is limited by women's low access to education and skills limiting their ability to diversify into more lucrative activities, lack of control over household and productive resources, engagement in a narrow range of low-profit activities. Thus, there is need to address these limitations for micro credit to effectively contribute to poverty alleviation and women's empowerment. The study recommends that: (a) microfinance programmes need to respond to pre-existing social and cultural constraints such as low literacy levels among girls resulting in limited business management skills and low ability in identification of lucrative investment opportunities; (b) the full achievement of women's empowerment requires women to have control over productive resources for greater utilization of resources, and (c) women in the informal sector should be facilitated for training on financial and business management and technical skills.

TABLE OF CONTENTS

CHAPTER FIVE : HYPOTHESIS TESTING **45**

LIST OF TABLES

Chapter One: Introduction

1.1 Background

Micro credit plays a major role in many of the donors' gender and development strategies. This is in view of its direct relationship to both poverty alleviation and women For example, a World Bank report confirms that societies that discriminate on the basis of gender have greater poverty, slower economic growth, weaker governance, and a lower standard of living. (World Bank, 2001:1). Canadian International Development Agency (CIDA) recognizes in its gender policy, "Attention to gender equality is essential to sound development practice and at the heart of economic and social progress. Development results cannot be maximized and sustained without explicit attention to the different needs and interests of women and men" (CIDA, 1999: 5).

Research done by United Nations Development Programme (UNDP), and United Nations Development Fund for Women (UNIFEM) among others, indicates that gender inequalities in developing societies inhibit economic growth and development. For example, UNDP found a very strong correlation between its gender empowerment measure and gender related development indices and its Human Development Index. Overall, evidence is mounting that improved gender equality is a critical component of any development strategy. (World Bank, 2001). There has been a growth in the recognition of the importance of empowering all people by increasing their access to all factors of production, including credit. This has led to increased interest in micro credit in promoting growth with greater equity (UN 1997:3).

Women as micro and small scale entrepreneurs have increasingly become a key target group for micro-finance programmes. The rationale for supporting women's access to financial services is that women were poorer and more disadvantaged than men. The UNDP 1995 Human Development Report found that 70% of the 1.3 billion people living on less than $1 a day were women.

The interest in the informal sector in Kenya started as far back as the early 1970's after the seminal International Labour Organisation (ILO) report on employment was issued in Kenya in 1972 (ILO, 1972:5-6,MicroSave-Africa,1999a 2-3). This report for the first time identified the informal sector as a potentially important contributor to employment and economic growth in Kenya and other developing countries

In the 1970's the main organisations providing credit to the informal sector were church based organisations like the National Council of Churches of Kenya (NCCK) and other smaller church based NGOs. By 1980's other specialised organisations began operating including Kenya Rural Enterprise Programme (KREP) and Kenya Women's Finance Trust (KWFT) (KREP, 1998:3).

By the early 1990's, interest and knowledge about the microfinance industry had grown substantially and the approach to the industry began to become more focused and sustainability oriented. The most prominent institutions that emerged were KREP, KWFT, Pride Africa, NCCK and increasingly other institutions like Faulu and Care Kenya. Most of institutions are involved in microfinance as a part of their more general social welfare activities (MicroSave-Africa 1999a:3-4). The focus of these institutions has gradually changed from emphasis on the very poor to the micro-entrepreneurs as the demands by donors on these institutions to become financially sustainable have increased. All of these institutions continued to be reliant on donor funds with the exception of KREP, which has been licensed as a bank.

All micro-credit schemes started as poverty focused projects with the stated objective to assist "the poorest of the poor" to secure access to enterprise finance. The micro-credit institutions make available a lumpsum of money to the poor and not so poor who were endowed with entrepreneurial resources for starting and expanding businesses.

1.2 Problem Statement

The general situation of women in Kenya is that the majority of them are engaged in subsistence activities that bring meagre returns. Men own and control the use of land, including the income accruing from it (IDIS, 1998:39), while it is the women who spend most of the time working in the farms. Thus women's economic activities are limited by lack of control over productive resources, access to credit, training and markets (K-REP, 2002: 7-8).

The solution to women's problems has become closely associated with the promotion of women's empowerment, such as micro credit, political participation and reproductive health (BRIDGE, 1997: 9). Access to credit has been promoted as a way of addressing the problems faced by women and empowering women economically (UN, 1997:2; Nation, 2002:13). Micro credit has been used to provide women with independent sources of income, thereby reducing economic dependency of the women, giving women control over material resources, improving women's prestige and status in the eyes of the husband and the community and the overall household welfare (Sharma, 2001:1). Women as micro and small scale entrepreneurs have increasingly become a key target group for micro-finance programmes. However, the knowledge available on the impact of credit on the women's personal lives is limited and controversial. This is as a result of the nature of indicators used to assess impact by micro credit programmes and institutions.

Micro credit programmes use impact indicators such as the number of poor women who have received small loans (Sharma, 2001:1) and the number of women who have repaid the loans to measure the success/ impact of the programmes. In the case of women entrepreneurs, increase in number of employees, profits and business assets have been used. These types of indicators do not show impact on the personal lives of the women who received the small loans. For example, they do not assess whether credit has actually changed the social equations in the households or communities in which they live; and whether credit has enhanced poorer women's existing socio-economic conditions and thereby altered the gender relations by increasing women's bargaining power. There is a tendency for credit programmes (BRIDGE, 1997: 9) to assume the delivery of credit *per se* will ensure those women's control over resources and bargaining power is increased. Research studies (Goetz and Gupta, 1996: 45-63; Buckley, 1997:1081-1093; Rogaly, 1996:100-112; Bulow et al, 1995:10) conducted with the women who had received credit have shown that micro credit has not necessarily had the intended impact on women by promoting gender equality in control over productive resources, increasing the number of women participating in development and equal gender relations. The high repayment rates of loans by women cannot be taken as clear evidence that women have made effective loan investments, or that they have been empowered through the loan.

Micro credit programmes cover the costs of lending to the poorest by charging high rates of interest and thereby create a debt burden on the poor by exacerbating the very poverty conditions they were designed to address. Studies by Goetz and Gupta (1996: 45-63) and UN (1997:1) have shown that where women have set up enterprises, this has often led to small increases in access to income at the cost of heavier work loads and repayment pressures. Women have reproductive and productive roles and they work for long hours daily, credit therefore becomes an added burden due to pressure to make the repayments.

Impact studies on credit programmes have shown that apparently successful credit programmes targeting credit to women cannot be taken at face value without a more careful examination of the social context in which women live. Even where women do maintain control over their loans, to what extent can they be said to have been empowered? Automatic benefits to women's lives should therefore not be assumed.

There was need to conduct a study to investigate the effectiveness of credit programmes in economic empowerment of poor women by assessing the extent to which credit has enhanced the women's existing socio-economic conditions, increased their bargaining power and find out if credit has actually changed the social equations in the households or communities in which they live. The study was essential, as it would appraise micro-credit programmes in achieving gender equality for economic and social growth. Micro credit has the potential for achieving gender equality for economic and social progress (CIDA, 1999: 5). The study aims at identifying the factors, which contribute to creation of greater poverty, slower economic growth, and a lower standard of living and which therefore must be addressed to achieve sustainable solutions to poverty.

This is a very important area of study because women are heading more and more households. If such women do not have any source of income this contributes to increased poverty levels. Low status, isolation, dependence, and lack of mobility limit women's opportunities and ability to act in their own interest. Empowering women by enhancing their economic role in the society would have many consequences, one of which was increased household incomes. The ability of women to participate actively in income generating activities is greatly limited by their social and economic dependence on men.

Micro credit plays a major role in many of the donors' gender and development strategies. Providing access to micro-finance is considered a precondition for poverty alleviation, but also for women's empowerment. Women as micro and small scale entrepreneurs have increasingly become a key target group for micro-finance programmes. It was, therefore, important to conduct a study to assess the role of micro credit on poverty alleviation and women's empowerment. Such a study would provide valuable information on the appropriateness of micro credit as a gender and development strategy for poverty alleviation and women's empowerment.

1.3 Objectives of the Study

The broad objective of the study was to examine the role of micro credit as a tool for poverty alleviation and women's empowerment.

The following were the specific objectives of the study:

1. To assess the impact of micro credit on individual lives and businesses of the women entrepreneurs in Gikomba market;
2. To identify factors affecting the impact of micro credit among women entrepreneurs at Gikomba market;
3. To assess the impact of micro credit on employment and poverty alleviation

1.4 Scope and Limitations of the Study

The study was conducted at Gikomba open-air market in Nairobi District. The study focused on women empowerment through micro credit. However, women's empowerment has also been closely associated with other tools such as political participation and reproductive health. The study concentrated on women empowerment by examining the amount of business income after credit, participation in household decision-making process, ability to pay for healthcare services for the household, financial contribution to household basic expenses, financial support to other family members, value of family assets purchased and social status after credit. The study examined empowerment of women by focusing on women only as micro and small scale entrepreneurs. The focus of attention was businesswomen who had at one time accessed loan/credit from a micro finance institution for business activities.

It will not be possible to generalise from the findings to micro-finance parameters covering women entrepreneurs throughout in Kenya. The study used a sample that was representative only of micro and small scale women entrepreneurs in Gikomba market in Nairobi.

Chapter Two: Literature Review

The United Nations estimates that 1.3 billion people, almost a quarter of the world's population, live in extreme poverty. Of the 1.3 billion people living in poverty, some 70 percent are women showing that there was a wide gap in poverty levels, however, between men and women. This trend of higher poverty levels among women is especially evident in Africa and Southeast Asia (UNDP, 1995: 4). In an effort to address the wide gap in poverty levels between men and women, development agencies have promoted micro and small enterprise (MSE) development for women. However, lack of micro credit has been major obstacle for women because traditional credit has been denied to them, they have either been forced to borrow through black market money lenders at exorbitant interest rates, depend on loans from family members, or not borrow at all. Development agencies have promoted programmes that loan small amounts to women without collateral and thereby revolutionized banking for women by giving them access to credit and thus helping them to gain more economic security. Thus, MSE development focuses on addressing the gender issues which were a hindrance to women's small-scale business/micro-enterprise and thereby creating enabling environments for women's enterprise.

The research paper is guided by the liberal feminist paradigm of development. Micro credit has been promoted by the feminist empowerment paradigm through feminists such as Kabeer (1998:31; 2000:12-57) and Mayoux (1997: 23-55) to promote women's economic independence, growth and self employment. The feminist empowerment paradigm grew out of Marxist feminist/socialist debate and grassroots feminist organizational experience going back to the 1970s. The feminist literature on development can be said to have contributed to the intellectual environment in development agencies that facilitated micro credit lending (Rahman, 1986: 4). The development agencies have promoted micro and small enterprise (MSE) development for women through micro credit as a means of simultaneously stimulating economic growth, poverty reduction and empowerment. Development and government agencies are focusing attention on gender based poverty by implementing programs to try to alleviate the large number of women suffering in extreme poverty.

Feminists believe that the trend of higher poverty levels among women is as a result of the underlying system within cultures that favors men over women with regard to accessing financial resources. The feminist empowerment paradigm explains that women occupy an inferior position in society due to gender inequality which is responsible for women being poorer, amongst the poor people and that they experience poverty differently from men (dimensions of poverty), and that any trend or development has a different impact on women when compared to men resulting into feminization of poverty[1] (Cagatay, 1998:3).

The situation of women has been worsened by gender hindrances to women's small-scale business/micro-enterprise development. For example, swomen often lack (or had inadequate) rights to land and labour, produce lesser amount of produce using their land, and labour-power as they had lesser access to credit, inputs, extension services and training also referred to as gender-specific production failures (UNDP, 2000: 6). These gender hindrances are shaped by a variety of more systemic institutional factors of i) kinship structures and inheritance patterns, ii) distribution of power and access to decision making, iii) gender biases in legislation/international instruments and iv) gender differences in space to organise and claim rights (Murthy quoted in UN,1999:2).

The feminist movement has been on the forefront in advocating against the gender hindrances to women's small-scale micro-enterprise development by advocating for promotion and increase in their income-earning opportunities, their food security, and their access to social services since the burden of poverty falls disproportionately on them. The movement believes that "strengthening women's economic roles gives them more autonomy and more control over important decisions affecting them and their families, as well as contributing to their self-confidence and their ability to plan for the future" (Schuler and Hashemi, 1994: 73). The movement emphasises on making women visible as a constituency both participating in development and being affected by

[1] The concept of 'feminization of poverty' refers to a variety of ideas including either one or a combination of the following: women compared to men have a higher incidence of poverty; women's poverty is more severe than men's, and/ or, over time, the incidence of poverty among women is increasing compared to men (Cagatay, 1998:3).

development policies. This has led to increased promotion in micro credit in promoting growth with greater equity. Provision of capital to women is believed to be able to give women control over resources and thereby alter the gender relations by increasing women's bargaining power (UNDP, 2000: 6). There was increased recognition that economic growth alone was not a sufficient objective of development or adequate measure of success and those investments in human resources contribute to increasing incomes and reducing poverty.

The liberal feminists believed that it was possible to change women's situation by women getting more involved in the public sphere (paid work) whose rewards are money, power, status, freedom and opportunities for growth and self worth (Ritzer, 1998: 295). They argue that the 'backwardness' of developing countries can be attributed to women's limited access to education, technology, and other vital resources, and, hence, their negligible contribution to the economic progress of the community (Shehabuddin, 1990:23). It is believed that there is a very strong correlation between gender empowerment and the Human Development Index. A study by UNDP indicated that gender inequalities in developing societies inhibit economic growth and development (UNDP quoted in World Bank, 2001) and that there is need to empower both women and men by increasing their access to all the factors of production, including credit. This view has been espoused and promoted by the World Bank, the United Nations and international development organisations.

Feminization of poverty (the higher incidence of poverty among women as compared to men) was the rationale for supporting women's access to financial services and as a result women as micro and small entrepreneurs have increasingly become a key target group for micro-finance programmes. Providing access to micro-finance is considered a precondition for poverty alleviation, but also for women's empowerment. By giving women access to working capital, micro credit helps mobilize women's productive capacity to alleviate poverty and maximize economic output (UN, 1997:2). Micro credit was intended to give women resources over which they had control thereby by helping them achieve greater economic independence and security. It is widely assumed that micro-credit would have a positive impact on women's livelihood in i) leading to higher income that would help women to better perform their reproductive role as brokers of the health, nutritional, and educational status of other household members, ii) increasing women's employment in micro enterprises and in improving the productivity of women's income-generating activities, and iii) enhancing their self-confidence and status within the family as independent producers and providers of valuable cash resources to the household economy (ILO, 1998:5).

Studies have found that women's membership in micro credit programs and their subsequent greater economic contribution to the family income has helped wives to gain more leverage in family decisions. Women's Empowerment Project in Nepal, for example, showed 68% of women experienced an increase in their decision-making role in the areas of buying and selling property, sending their daughters to school, family planning and children's marriage (Ashe and Parrott, 2001: 8).

Micro credit was found to improve social status and gender relations in the home. Studies conducted among women clients of Sinapi Aba Trust, an Opportunity International microfinance institution (MFI) in Ghana, found that women's financial contributions helped them earn greater respect from their husbands and children and avoid family quarrels over money. It was also found that the women had increased respect from and better relationships with extended family and in-laws (Cheston Susy, 2004:4).

Studies in Asia have shown that micro lending has an influence on contraceptive use. Schuler, Syed and Riley (1996: 635-653) found that women in micro-credit programs are more likely than non-member women to use contraception, even when controlling for prior use. Furthermore, as membership duration and number of loans increase, contraceptive use also increases. This was as a result of increased mobility and economic security and contribution which are all attributed to micro-credit program membership. As women have more freedom to move from one place to another, they more easily access information, advice, and other types of assistance about family planning.

Economic security contributes to women's feelings of independence and self-esteem, which affect the ways women perceive fertility and the cultural pressure to have many children.

Micro credit has been found to reduce domestic violence. Working Women's Forum (2000: 22) found 41% of its members who had experienced domestic violence were able to stop it due to personal empowerment, and 29% were able to stop it through group action. This view is concurrent with that of Schuler, et al (1996: 635-653) who found that while there have been some reports of increased domestic violence, there was a reduced incidence of violence among women who were members of credit organizations than among the general population.

The Micro credit Summit Campaign reports that 14.2 million of the world's poorest women now have access to financial services—accounting for nearly 74% of the 19.3 million poorest served by micro credit. Despite MFIs relative prominence in the debates about poverty reduction and outreach in Kenya, MFIs' outreach remains tiny. By late 1998 Kenyan MFIs were providing services to around 73,000 clients. Assuming that all are active and poor, have an average household size of 6, then total population benefiting from MFIs is 438,000. Given that the National Poverty Eradication Action Plan (1999) estimated that there were 12.6 million poor people in Kenya in 1998 then, in the most optimistic scenario, some 3.5 percent of poor Kenyans are assisted by MFIs (MicroSave-Africa, 1999b: 3-10).

It should not be automatically assumed that micro credit is targeting the poor. A study of Juhudi Credit Scheme, a component of the Kenya Rural Enterprise Programme (K-REP) found that their client base was biased towards urban dwellers with existing businesses rather than those wishing to start a business. This meant that the very poor were still not reached with justification that it is difficult to target the very poor for the micro-finance institution to be sustainable (KREP, 1998: 5). The overriding concern with repayment rates puts further pressures on micro-credit institutions to exclude those likely to experience greatest problems i.e. the poorest (Mayoux, 1997: 3)

Empirical studies point out that positive gender effects cannot always be taken for granted. Many women, lacking skills and confidence, lean on their husbands to make use of their loans. A 1995 study in Bangladesh indicated that while 94 percent of Grameen Bank's borrowers are female, only 37 percent of them were able to exercise control over loan use. The others gave it to their husbands or other male relatives (Sharma, 2001: 3). The study shows that women's micro credit programmes may be merely using women as unpaid debt collectors mediating between development agencies and male family members, increasing their dependency on men and/or conflicts between women to fulfil repayment targets (Goetz and Gupta, 1996:45). Impact on empowerment cannot be inferred from take-up of financial services or repayment levels. Women may repay through taking loans elsewhere and getting into serious debt as loans may be controlled by men.

Participation in credit schemes can lead to indebtedness that is unmanageable, because, in Africa, women represent a large portion of the self-employed in the informal sector with low profitable income-earning activities in which to invest (KREP, 2002:10). In this situation, the profit from small businesses were not adequate to repay loans and therefore women may end up being even more dependant that they were before.

In some cases, micro credit programmes that target the poorest exacerbate the very poverty conditions they were designed to address. Some lenders attempt to cover the costs of lending to the poorest by charging usuriously high rates of interest, while forgoing the costly - but crucial - services necessary to improve the productive capacity of the poorest borrowers. A study found that transactions costs which K-REP transfers to groups, to reduce its own costs and which allowed it to administer small loans to a number of relatively poor and dispersed clients was quite high and therefore imposes an undue burden to the poor clients (KREP, 1998:3). The "efficiency" approach to lending is especially detrimental where there is a weak market for the products micro entrepreneurs can produce and sell. The donor-driven emphasis on financial efficiency therefore undermines the potential of credit as a poverty-alleviation tool. Micro credit cannot be the only solution for poverty, especially when it comes with high interest rates which create a debt burden on the poor.

In some cases women's increased autonomy has been temporary and led to withdrawal of male support. In some programmes there were increasing fears that women's small increases in income were leading to a decrease in male contribution to certain types of household expenditure. (Mayoux, 1997: 2)

Most of MFIs lack information necessary to conduct impact studies on their clients. In a study of Juhudi Credit Scheme, a component of the Kenya Rural Enterprise Programme (K-REP), due to the absence of a baseline data on clients' socio-economic status on becoming K-REP members, and the fact that the project was not systematically monitored. It was difficult to quantify the extent of the impact of K-REP's lending, on higher micro-enterprise profits and household incomes in the absence of a baseline data on clients' socio-economic status (KREP, 1998:3). The same problem was experienced in Micro-save study involving five MFIs namely KREP, KWFT, PRIDE, NCCK and WEDCO_as it was also found that more baseline data needed on initial socio-economic status of clients to allow tracking of benefit flows (MicroSave-Africa, 1999b:3-10).

Microcredit can create considerable opportunities for people to utilize 'lumps' of money so that they can improve incomes and reduce vulnerability. But not all micro credit produces favourable results, especially for poor people working in low-return activities in saturated markets that were poorly developed and where environmental and economic shocks were common (Hulme, 1997:1). Positive impact on non-participants cannot be assumed, even where women participants were able to benefit. Women micro-entrepreneurs were frequently in competition with each other and the poorest micro-entrepreneurs may be disadvantaged if programmes do not include them.

Studies have detected negative impacts on women's income and employment showing that where women have set up enterprises this has often led to small increases in access to income at the cost of heavier work loads and repayment pressure. It was found that there was an increase in women's workloads as they expand their businesses and participate in microfinance meetings (Kabeer, 1998: 31). In addition, women may employ daughters and daughters-in-law as unpaid family labourers increasing their workload (ILO, 1998:6-7). Some women have reported ill health and exhaustion

There were cases of dropouts in MFIs as a proportion of poor borrowers encounter great difficulties in repaying loans because of circumstances beyond their control (sickness, flood drought, theft and so on), lack of skills and knowledge or taking bad decisions). A study of Juhudi Credit Scheme found that there was a rather high level of group drop-out and default in some of their branches (KREP, 1998:2-3). MicroSave-Africa in a study of five MFIs namely KREP, KWFT, PRIDE, NCCK and WEDCO found that there was a high level of loan defaults among the six MFIs in Karatina in Mathira Division of Nyeri District and has been exacerbated by the poor economic conditions of the late 1990s (MicroSave-Africa, 1999b: 3-10).

There have been cases where MFIs have forced clients to take a loan or leave the MFI. Whereas most banking services aimed at individuals find that demand for savings accounts is much greater than for loan accounts the microfinance industry tries to force every saver also to be a borrower for example the Kenya Women's Finance Trust, clients who wish to stop taking loans and only wish to make savings were 'balanced out' (i.e. have to leave the MFI) (Hulme, 1997:1). The micro credit is offered by either "credit institution" or "savings and credit institution" and as a result the credit only institutions force every saver also to be a borrower. This is often because of product design through which MFI institutional viability is dependent on expanding the loan portfolio while savings products were not designed to cover costs.

Micro-credit can have positive impacts. However, this is not always the case. Empowerment is a process of change by which individuals and groups with little or no power gain the power and ability to make choices that affect their lives. The ability of a woman to transform her life through access to financial services depends on many factors—some of them linked to her individual situation and abilities, and others dependent upon her environment and the status of women as a group (Kabeer, 1998: 31). The limitations to empowerment, including limits to the level and kinds of change in women's social status; decision-making power limited to making small purchases or other smaller decisions; clients' husbands withdrawing their support from the household, and women hiding their savings or even their businesses from their husbands because they fear that would happen

Most of the completed research on empowerment effects of micro credit comes from Bangladesh, where the campaign to use micro credit as a vehicle for women's empowerment has been most aggressively pursued. However, policymakers must be careful not to generalize findings from Bangladesh to other socio cultural settings rather they need to take cognizance of pre-existing social and cultural constraints. In Bangladesh, women's credit groups have been particularly successful in strengthening social capital and providing traditionally secluded women a non-intimidating and socially acceptable platform from which to learn and conduct business outside the house. They have also provided a critical launching pad for women to increase and exchange knowledge and assert themselves as visible and important partners in the community. Success in other socio cultural settings would require making equivalent adaptations (Sharma, 2001: 2).

In Africa, due to the strong patriarchal systems that still reign and the other constraints faced by female micro entrepreneurs, micro-credit has enabled women to sustain their families. However, it has not translated into improved self-confidence, status and bargaining power within the household. In Asia, micro-credit has enabled women to participate more effectively in political and community life (Daily Nation, 2002:13).

Study Hypotheses

From the above review of theory and literature, the following two hypotheses were formulated.

Hypothesis 1: Micro credit does not have a uniform impact on individual lives and businesses of the women entrepreneurs in Gikomba market

For some of the women entrepreneurs it had a positive impact while for others it had a negative impact. The study verified that indeed women entrepreneurs have had significantly different types of experience (positive or negative) with micro credit. In testing this hypothesis, the researcher sought to identify the constraints which some of the women entrepreneurs have not been able to overcome, and which may help to explain the negative impact of micro credit on their lives and businesses.

Likewise, the researcher identified the factors which facilitate the effectiveness of micro credit as a tool for poverty reduction and employment creation among some women, giving control to them over productive resources, increasing their bargaining power and socio-economic status empowerment of women.

Hypothesis 2: The more effective the micro credit programme, the greater its impact on poverty reduction and employment creation.

In the course of conducting the study, the hypothesis stated above allowed the researcher to assess the level of effectiveness of the micro credit programme by investigating its impact on poverty and employment.

Chapter Three: Research Methods

3.1 Research design

The research was conducted using qualitative and quantitative research methods The research design was descriptive but a combination of quantitative and qualitative research methods were undertaken because they complement each other

The questionnaire was used to collect quantitative data to measure the impact of micro credit on the personal lives and businesses of women entrepreneurs in Gikomba market. The qualitative approach of the study was employed to collect data on what could be done to enhance the effectiveness of micro credit programmes and which therefore must be addressed to achieve sustainable solutions to poverty.

During the research, additional research tools were used to supplement the main instruments of data collection. These include literature review, field notes and unstructured and informal interviews with the respondents in the study area.

3.2 Population and Sample Size

The target population comprised businesswomen in Gikomba open-air market The study was conducted in Gikomba market in Nairobi District. The District was chosen as the site for the research due to the fact that it is where a relatively large number of micro credit institutions are based compared to other Districts in Kenya. The other reasons for the choice of this site was the fact that Gikomba open air market presents a large sample frame from where a representative sample size was drawn. The subject of the study was relevant to the target area in that the area reflects diversified and integrated socio-economic and cross-cultural backgrounds, and had a large representative pool of target respondents.

The study targeted 35 respondents out of all the businesswomen in Gikomba market who have at one time accessed loan/credit. In addition, three key informants who were micro finance personnel were also interviewed

3.3 Sampling

Sampling is taking any portion of a population and considering it as a representation of that population. In every scientific social research like this one, it is important to take a sample that is representative of the entire population. The study was conducted in Gikomba market in Nairobi District.

Due to the large population of businesswomen at Gikomba, the study used stratified sampling procedure to cover the entire market. The market was stratified into five clusters depending on the compass directions.

Namely:

i) Eastern

ii) Western

iii) Southern

iv) Northern

v) Central

In each of clusters, the study used unstructured and informal interviews with business women for identification of the first respondents who had at one time accessed loan/credit from a micro finance institution for business activities, after which the snowballing sampling method was used to identify 6 other respondents per cluster.

By following the procedures described above, the study succeeded in drawing a representative sample. This study acknowledges the use of multi stage cluster sampling as the most scientific method of arriving at convincing results due to limitations in funds, time and personnel and because the parent population for the study was quite large.

3.4 Data collection

The following methods were used in data collection

3.4.1 Interview Schedule

The main tool for data collection was a structured interview schedule. The schedule contained both open and closed-ended questions in which case, the open ended questions gave the respondents a chance to express themselves fully whereas the closed-ended ones simplified the process of recording down the responses (see attachment). The interview schedule was used to collect socio-economic data on the general situation of the household livelihoods as far as the effect of the loans is concerned.

3.4.2 Direct Observation

The study employed simple observational techniques where necessary. For example, some of the respondents did not keep records on business assets; therefore the researcher observed the business assets and enquired their cost.

3.4.3 Key Informant/Expert interview

To triangulate information on the dynamics surrounding effect of micro credit lending among women, it was important to collect valuable information from the personnel in the micro finance institutions such as micro finance programme managers and micro finance field staff.

3.4.4 Secondary Data

This study has made use of literature derived from relevant texts, research reports and other pertinent documents relating to micro finance, management documents touching on business development and micro finance. These provided the basic models and perspectives deployed for analyses and development of instruments for the study.

3.5 Experiences from the Field

The study started on July 8, 2004 and ended on August 27, 2004. The study was conducted by the researcher only. The field work was carried out in Gikomba open-air market. A total of 35 business women who had at one time accessed loan/credit from a micro finance institution for business activities were interviewed. The study assumed that the majority of the respondents were semi-illiterate, as a result the interview schedule was translated to Kiswahili which all the respondents were familiar with.

The first respondents in each of the five stratified clusters of the market were receptive to the interview only after the researcher took time to explain the objectives of the study and the opportunity the study offered them to give their views on microfinance services. The other respondents identified by the interviewed respondents were most receptive to the interview as the researcher was introduced by someone the respondent was familiar with.

The study found that the microfinance programmes used group lending technique, which was very useful for the research design as the potential respondents were familiar to one another as members of different lending groups of the micro finance programmes or were at one time clients. This made the use of snowballing method for identification of other respondents much easier.

The main problem encountered during the study was the time taken to conduct an interview, as most of the respondents were either working alone or customers required their personal attention. Respondents frequently interrupted the interview to attend to customers. In addition, the process of translating responses from Kiswahili to English made the interviewing process take longer than was expected. As a result, the time schedule of the study was adjusted and thus the study took more time than had been initially anticipated

The respondents lacked documentation concerning business sales (number of customers) and business and family assets. This made it difficult to get accurate information on the number of customers, the value of business and family assets. An attempt was however made to assess the value of different business and family assets and to find out the average number of customers per day for calculating the approximate number per week. Therefore, what the respondents gave should be taken only as estimates.

There was non-response to some of the questions due to memory lapses. The researcher rephrased questions and also used probing questions to address the problem, for example, to approximate the month when credit was disbursed. Probing questions were asked on whether the micro credit was taken when business was a high or low season and another question was asked to find out the month(s) of high and low business season as the seasons varied from business to business.

The study found that some of the respondents considered questions on personal factors limiting positive experience with micro credit to be personal and sensitive as it involved acknowledging their weaknesses. As a result, it was not possible for the study to exhaustively identify the personal factors and so the responses to question should be treated with caution.

The study also found that a few of the respondents used part of the micro credit for non business related expenses such as, payment of school fees, purchase of furniture etc. In such cases, the study was able to only assess the effect of a portion of the micro credit on the business which was modest. The study expected the total impact of micro credit on these businesses to be greater than what was reported.

3.6 Data Analysis

The data collected from the interview schedules was cleaned. A coding scheme was prepared on basis of response categories that emerge from collected data. The data was coded and analyzed using the Statistical Package for Social Scientists (SPSS) computer data analysis software version 11.0 and thereafter a report on findings compiled. Both descriptive and inferential statistics were used to present and interpret the data.

3.6.1 Descriptive Statistics

The study used descriptive statistics to condense the data into manageable proportions with an aim of determining the basic distributional characteristics of each of the variable that have been used in the subsequent statistical analysis.

The following were the descriptive statistics used in this study:

Column Graphs: They were used in the study to compare values across categories such as distribution of respondents according to age and the distribution of number of micro credit (s) received by each respondent

Percentages: They were used in the study to standardise size by calculating the number of cases that would be present in a given category if the total number of cases were 100, for example, calculating the distribution of the amount of credit received by respondents, and for calculating the number of respondents who had positive and negative experience with micro credit.

Frequency Distributions: They were used in the study to make a tabular arrangement of data by categories together with the category frequencies. The data has been distributed into categories in order to determine the number of individuals belonging to each frequency category such as, the number of repayments completed by respondents, the level of business income before the 1st credit, the number of customers before and after credit, business factors contributing to negative effects of micro credit and factors in personal life contributing to negative effects of micro credit.

3.6.2 Inferential Statistics

Such statistics deal with the method of drawing conclusion or making decisions about population on the basis of samples. The following were the inferential statistical tools which were used in this study:

Cross tabulation: It was used in the study to tabulate frequency distribution of different variables for analysis to determine whether the variables are statistically independent or dependent. Cross tabulations provided for a variety of tests and measures of association, such as, between business income before credit compared to income after credit to determine the impact of micro credit on poverty, factors in personal life and business income, number of customers per week before compared to after credit, number of employees before and after credit, amount of business capital before and after credit, level of participation in decision-making process in the household before credit compared to after credit, value of family assets purchased before credit compared to after credit and social status before credit compared to after credit. In addition, cross tabulation was used for analysing the relationship between two given variables while controlling the third one, such as, the number of credit received compared to repayments completed and repayments in arrears.

Pearson's correlation co-efficient: It was a measure of association used in the study to show the strength of the relationship between two variables. It is useful in calculating the percentage of variance that occurs in the dependent variable due to a change in the independent variable. The correlation co-efficient (r) indicates whether the relationship is positive or negative. Pearson's correlation co-efficient also indicates whether a relationship is weak or strong. In this study, it was used to measure the association between the level of business income before and after credit and the number of employees hired before and after credit.

3.7 Operational Definition of Variables

Hypothesis	*Type of Variable*	*Variable Name*	*Variable Indicator or Measure*
Hypothesis 1	Dependent	▪ Impact on individual business ▪ Impact on individual lives of women entrepreneurs	**Benefits to business** ▪ Increased number of customers ▪ Increased number of employees ▪ Increased volume/size of business ▪ Increased business assets ▪ Increased business profit **Benefits to personal life** ▪ Increased participation in decision-making process in the household ▪ Increased ability to pay for healthcare services for the household ▪ Increased financial contribution to household basic expenses ▪ Increased number of family assets purchased by women entrepreneurs ▪ Increased financial support to other family members ▪ Improved status through increased participation in community groups
	Independent	▪ Micro credit	▪ Amount of credit taken at a specific time ▪ No. of credit/loans taken (when & total amount)
Hypothesis 2	Dependent	▪ Poverty reduction ▪ Employment creation	**Poverty reduction** ▪ Improved level of nutrition for households of women entrepreneurs ▪ Increased ability of women entrepreneurs to meet the /contribute to education costs for their children ▪ Improved housing for women entrepreneurs ▪ Increased financial support to needy relatives ▪ Purchase of property / contribution to purchase of property **Employment creation** ▪ Increased number of employees employed by women entrepreneurs ▪ Increase in number of suppliers for the business
	Independent	▪ Effectiveness of Micro credit	▪ No. of women taking credit at a given time period ▪ No. of women repaying credit at a given time period ▪ No. of loan defaulters over time ▪ No. of repeated loan-taking at given intervals ▪ Increase in number of loan-takers over time ▪ Increase in amounts of loan-taken over time

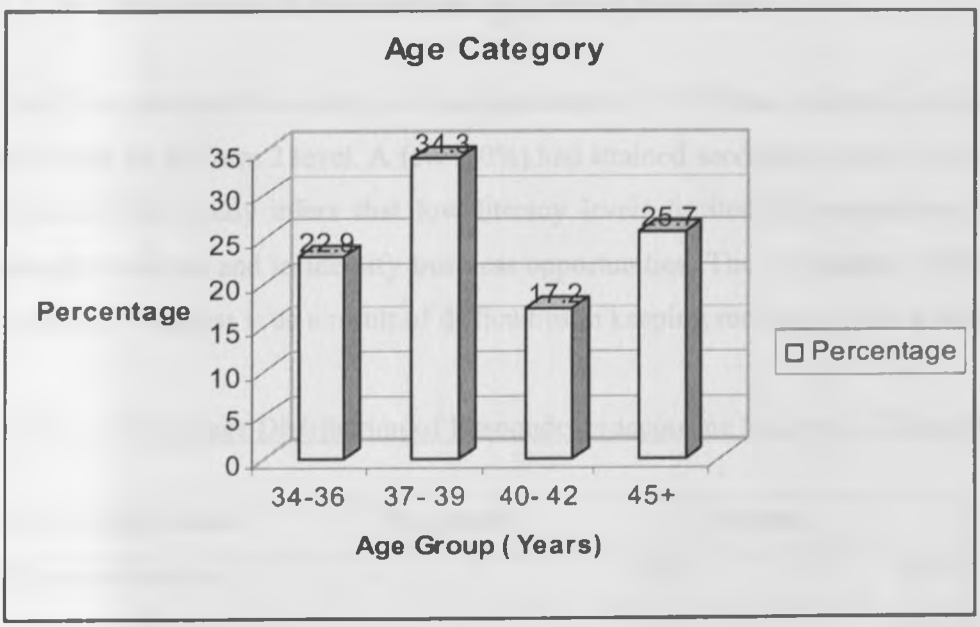
Chapter Four: Presentation and Analysis of Selected Distributions

4.0 Background Characteristics

4.1 Age Differentials

The respondents were found to be generally middle aged. Table 1 shows that the majority (57.2%) of the respondents belonged to 34-39 years age bracket. The predominance of middle aged respondents in the sample might be explained by the fact that most of the respondents were semi-illiterate and unskilled, and were therefore unable to obtain employment elsewhere.

Table 1: The Distribution of Respondents by Age



Source: Survey Data

4.2 Number of Years of Formal Schooling Completed

Most of the respondents (80%) had 11 years or less of formal schooling completed and they had not completed secondary school education. This shows that the respondents had low levels of education. The study confirms findings by McCormick and Pedersen (1996) that there is low literacy level among small scale entrepreneurs.

Table 2: Years of Formal Schooling Completed

Number of years of formal schooling completed	Frequency	Percentage
5	3	8.6
7	7	20
9	5	14.3
10	8	22.9
11	5	14.3
13	7	20
Total	35	100

Source: Survey Data

4.3 The Distribution of Respondents by Level of Education

Table 3 shows that the majority of the respondents (57.2%) had attained secondary school education up to Form 2 level. A few (20%) had attained secondary school education up to A-Level. This study infers that low literacy levels limited the respondents' ability to manage business and to identify business opportunities. The respondents' limited ability to manage business is as a result of difficulties in keeping records and book keeping.

Table 3: Percentage Distribution of Respondents according to Level of Education

Level of Education	Frequency	Percent
Primary education	10	28.6
Secondary (Form1)	5	14.3
Secondary (Form 2-3)	13	37.1
Secondary (Form 5-6)	7	20
Total	35	100

Source: Survey Data

4.4 Marital Status

More than half of the respondents (54.3 %) were married and only 22.9 % were single, while the rest were widowed, separated or divorced (see table 5). In this study, 45.7% of the respondents reported being heads of their households and therefore are the decision makers over the utilisation of their resources. In the African cultures, married women are not heads of household as their husbands (men) are regarded as the patriarchal family authority figures. The study infers that at least some of the respondents who were married had shared control over their resources including their businesses.

Table 4: Percentage Distribution of Respondents according to their Marital Status

Marital Status	Frequency	Percent
Married	19	54.3
Divorced/separated	4	11.4
Widowed	4	11.4
Single	8	22.9
Total	**35**	**100.0**

Source: Survey Data

4.5 Number of Micro Credit (s) Obtained

Table 5: Percentage Distribution of Respondents according to the Number of credit Obtained

No of credit received	Frequency	Percent
One	35	100.0
Two	29	82.9
Three	15	42.9
Four	5	14.3
Five	5	14.3

Source: Survey Data

Table 5 shows that all (100%) had received one micro credit. The table also shows that the majority of the respondents (82.9%) had obtained two micro credits. The highest number of credit received by the respondents was five. The study found that micro credit institutions were an important source of business capital for women entrepreneurs. The study finding contradicts a study conducted among informal sector women entrepreneurs in Nairobi in 1998 which found that the majority of the respondents had not used any credit facilities at the start of their businesses because they had received the needed support from husbands and family members, while a few had their own capital (Njeru and Njoka 1998:30).

4.6 The Year Micro Credit (s) was Disbursed

Table 6: Year Micro Credit was Disbursed

Year credit was disbursed	Number of Credits Disbursed					Average No of Credits Disbursed per Year
Year Credit was Disbursed	**1st Credit**	**2nd Credit**	**3rd Credit**	**4th Credit**	**5th Credit**	
1996	5(14.3%)	-	-	-	-	5
1997	4 (11.4%)	5 (17.2%)	-	-	-	4.5
1998	9 (25.7%)	1(3.4%)	5 (33.3%)	5 (100 %)	-	5
1999	-	9 (31%)	-	-	5 (100%)	7
2000	7 (20%)	3 (10.3%)	-	-	-	5
2001	3 (8.6%)	3 (10.3%)	5 (33.3%)	-	-	3.67
2002	7 (20%)	-	1 (6.7%)	-	-	2.67
2003	-	6(20.6%)	-	-	-	6
2004	-	2(6.9%)	4 (26.7%)	-	-	2
Total	**35(100.0)**	**29(100.0)**	**15(100.0)**	**5(100.0)**	**5(100.0)**	

Source: Survey Data

Table 6 shows that the highest number of credits (20) was obtained in the year 1998, while the lowest number (5) was obtained in 1996. Only 5 respondents had obtained 5 micro credits with the 1st credit obtained between 1998 and 1999. A study (Njeru and

Njoka 1998:30) reported that some of the entrepreneurs looked at credit institutions as exploiters, due to the high interest charged on loans and therefore *"ate women's money"*. In addition, studies by MicroSave-Africa (1999a: 20) and Njeru and Njoka (1998:30) showed that although MFIs are present in many urban areas, there is still a lot of ignorance about MFI programmes and services. In one large slum area served by several MFIs, random interviews with several businesses on a 2 km stretch revealed that almost none of respondents were aware or knew about MFIs operating in the area.

4.7 Amounts of Micro Credit Disbursed

Table 7: Distribution of Number of Credit Disbursed and Lowest and Highest Amount of Credit Received

No of Micro credit received	No of Respondents Involved	Lowest Amount in Kshs.	Highest Amount in Kshs.	Overall Mean (Per Respondent) Kshs.	Overall Median Kshs.	Overall Mode Kshs.
1st credit	35	5,000	39,000	17,742.8	15,000	10,000
2nd credit	29	5,000	30,000	15,896.5	15,000	10,000
3rd credit	15	5,000	100,000	22,066.6	20,000	20,000
4th credit	5	10,000	50,000	23,400	15,000	10,000
5th credit	5	10,000	30,000	17,000	15,000	10,000

Source: Survey Data

The lowest amount of credit was Kshs. 5,000, while the highest amount was Kshs. 100,000. The average amount of credit disbursed per respondent was Kshs.17,743, Kshs.15,896, Kshs.22,067, Kshs.23,400 and Kshs.17,000 for the 1st, 2nd, 3rd, 4th and 5th credit respectively. The minimum amounts for the 4th and 5th micro credit was Kshs. 10,000 compared to Kshs. 5000 of 1st, 2nd and 3rd micro credits. The study found that this was as a result of respondents' eligibility to higher amounts of credit after prompt repayment of previous credit according to rules and procedures of credit organisations (MicroSave-Africa, 1999a: 18). The respondents who received 4th and 5th credits were eligible for more credit than they had received before. Thus, they received credit of a minimum of Kshs. 10,000.

4.8 Micro Credit Repayments

Table 8: Distribution of Number of Credit Received and Repayments Completed and Repayments in Arrears

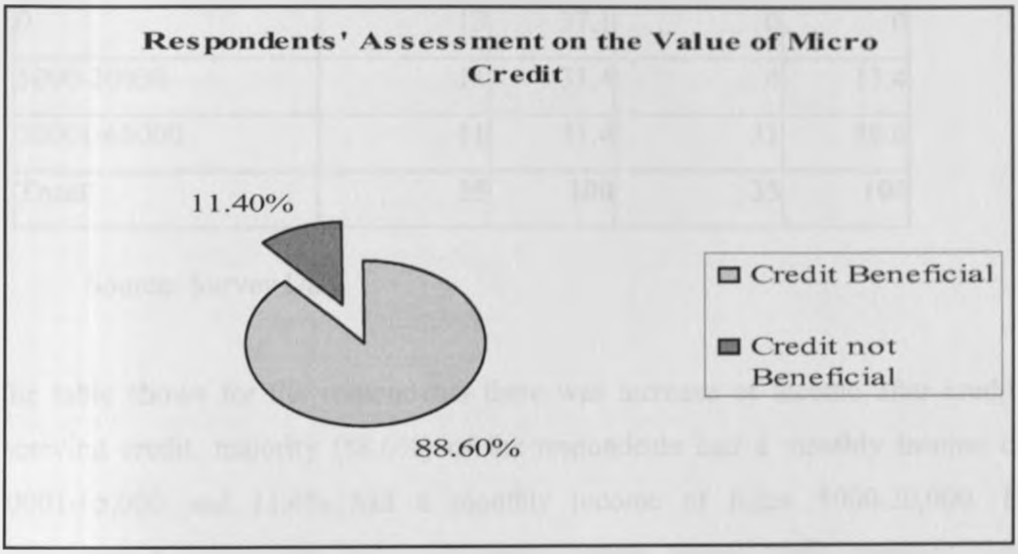
		Repayments completed		**No of repayments in arrears**		
No of credit received	Total No of credits disbursed (Frequency)	Frequency	Percentage	Frequency	Percentage	Amount (Kshs) in arrears
1st credit	35	35	100.0	-	-	-
2nd credit	29	26	89.7	3	10.3	54,000
3rd credit	15	15	100.0	-	-	-
4th credit	5	2	40	3	60	50,000
5th credit	5	5	100.0	-	-	-

Source: Survey Data

Table 8 shows that there was no pattern of repayments from 1st to 5th credit as the 1st, 3rd and 4th credits were fully repaid, while the 2nd and 4th credits were in arrears. For the 4th credit only 40% of the respondents had completed their repayments, while the majority (60%) of them were in arrears. In addition, for the 2nd credit, the majority (89.7%) had completed their repayments with 10.3% of the respondents in repayment arrears. The study finding that women had exemplary repayment rates is supported by other studies by MicroSave-Africa (1999a: 20); KREP (1998:2-3); Mayoux (1997: 3) and International Food Policy Research Institute (IFPRI) study in Sharma (2001:1).

4.9 Respondents' Assessment of the Value of Micro Credit to their Businesses and Personal Lives

Table 9: Respondents Assessment on Value of Micro Credit



Source: Survey Data

Table 9 shows that the majority (88.6 %) of the respondents reported that micro credit was beneficial to their businesses and personal lives, while 11.4 % of them reported that micro credit was not beneficial. The study finding that micro credit is beneficial to majority of women entrepreneurs is supported by other studies (Goetz and Gupta, 1996: 45-63; Syed, Schuler and Riley, 1996: 635-653; Working Women's Forum, 2000:22; Kabeer, 1998:31;Ashe and Parrott, 2001:8; Buckley, 1997:1081-1093; and Rogaly, 1996:100-112).

4.10 Level of business Income Before and After Micro Credit

Table 10 shows that before receiving credit, majority (62.9%) of the respondents were already operating businesses, with 31.4 % of them having a monthly income of Kshs 5000-20,000 and 31.4% having a monthly income of Kshs 20001-65,000 before credit. The average income per month before credit for those who were already in business was Kshs. 21692.3. A total of 37.1 % of the respondents obtained their 1st micro credit for capital for starting businesses.

Table 10: Level of Business Income Before and After Receiving Micro Credit

Business Income per Month in Kshs.	**Before Credit**		**After Credit**	
	Frequency	**Percent**	**Frequency**	**Percent**
0	13	37.1	0	0
5000-20000	11	31.4	4	11.4
20001-65000	11	31.4	31	88.6
Total	**35**	**100**	**35**	**100**

Source: Survey Data

The table shows for the respondents there was increase of income after credit. After receiving credit, majority (88.6%) of the respondents had a monthly income of Kshs 20001-65,000 and 11.4% had a monthly income of Kshs. 5000-20,000. For the respondents (37.1%) who had no business income before credit, received a monthly income level of between Kshs 5000-65,000 after credit.

4.11 The Effect of the Respondents' Age on Business Income after Credit

A woman entrepreneur's age is an indicator of her level of education and the amount of physical strength and thus plays an important role in determining the size of micro and small scale businesses. Table 11 shows the correlation between the respondents' income and their age. The Pearson correlation coefficient value of 0.001 with p value of 0.994 shows there was no significant relationship between the respondents' income and their age.

Table 11: Correlation Between Level of Business Income After Credit and the Respondents' Age

Correlations

		Age	Level of Business Income per Month after Credit
Age	Pearson Correlation	1.000	.001
	Sig. (2-tailed)	.	.994
	N	35	35
Level of Business Income per Month after Credit	Pearson Correlation	.001	1.000
	Sig. (2-tailed)	.994	.
	N	35	35

Source: Survey Data

Pearson correlation coefficient (r) = 0.001

p = 0.994

4.12 The Effect of the Amount of Credit on Business Income After Credit

Table 12 shows that for the respondents with a monthly income of between Kshs. 30001 and 50000, 70.0% reported receiving micro credit of over Kshs 25000, 69.2% received between Kshs. 5000 to 10000 and 50.0% received between Kshs. 15000 to 20000. For the respondents with a monthly income of between Kshs. 10000 and 30000, 41.7% reported receiving micro credit of between Kshs. 15000 to 20000, 20.0% received between Kshs. 15000 to 20000 and 15.4% received over Kshs 25000. Amongst those with a monthly income of over Kshs. 50001, 15.4% received micro credit between Kshs. 5000 to 10000, 10.0% received over Kshs 25000 and 8.3% received between Kshs. 15000 to 20000.

Table 12: Level of Business Income after Credit according to Amount of Credit

	Level of Business Income per Month after Credit			
Amount of Credit In Kshs	10000-30000	30001-50000	+50001	
5000-10000	2(15.4%)	9(69.2%)	2(15.4%)	13(100%)
15000-20000	5(41.7%)	6(50.0%)	1(8.3%)	12(100%)
+25000	2(20.0%)	7(70.0%)	1(10.0%)	10(100%)
Total	**9(25.7%)**	**22(62.9%)**	**4(11.4%)**	**35(100%)**

Source: Survey Data

Table 13 shows the correlation between the amount of credit and the level pf business income after credit. The Pearson correlation coefficient value of 0.036 with p value of 0.838 shows there was no significant relationship between the amount of credit and the level of business income after credit.

Table 13: Correlation Between Amount of Credit and the Level of Business Income after Credit

Correlations

		Amount disbursed	Level of Business Income per Month after Credit
Amount disbursed	Pearson Correlation	1.000	.036
	Sig. (2-tailed)	.	.838
	N	35	35
Level of Business Income per Month after Credit	Pearson Correlation	.036	1.000
	Sig. (2-tailed)	.838	.
	N	35	35

Source: Survey Data

Pearson correlation coefficient (r) = 0.036

p = 0.838

4.13 Factors in Personal Life Contributing to Success of Business

Table 14 shows the factors in personal life that reported by respondents as contributing to the favourable experience they had with micro credit. The table reveals that out of 36.9% respondents who reported self drive for success, 17.9% were married, while 19% of them were divorced/ separated, widowed or single. For 35.7% of the respondents who reported decision making, 16.7% were married, while 19% of them were divorced/ separated, widowed or single. For 13.1% who reported high bargaining skills, 7.1% were married, 6% of them were divorced/ separated, widowed or single. For 10.7% who reported marketing skills, 9.5% of them married, while 1.2% were divorced/ separated, widowed or single. All the respondents (3.6%) who reported proper pricing were married.

The study finding that the respondents (35.7%) had decision-making power over business resources contradicts study findings in Bangladesh and Pakistan where there was a high prevalence of male appropriation of loans. Some of the microfinance programmes were seen as merely using women as unpaid debt collectors mediating between development agencies and male family members, and thereby increasing their dependency on men (Goetz and Gupta, 1996: 45-63; Mayoux, 2002:37).

Table 14: Factors in Personal Life Contributing to Success of Business

Factors in personal life	**Married**	**Divorced/ separated**	**Widowed**	**Single**	**Number of Responses**	**Percentage of Responses**
Decision making over business resources	14	4	4	8	30	**35.7**
High Bargaining Skills	6	4	1	000	11	**13.1**
Self Drive for Success	15	4	4	8	31	**36.9**
Other -marketing	8	1	000	000	9	**10.7**
Other -pricing	3	000	000	000	3	**3.6**
Total	**46**	**13**	**9**	**16**	**84**	**100.0**

Source: Survey Data

4.14 Business Factors Contributing to the Negative Effects of Micro Credit

A few of the respondents (11.4%) reported having a negative experience with micro credit. These respondents identified the following as the factors in business that contributed to their unfavourable experience with micro credit (see table15):

Table 15: Business Factors that Contributed to the Negative Effects of Micro Credit

Business factors	**Number of Responses**	**Percentage**
High competition	3	15.0
Few customers /low demand	3	15.0
Use of capital for domestic use	4	20.0
Low business profit	3	15.0
Fewer employees than business required	3	15.0
Other i)Lengthy and time consuming meetings	3	15.0
ii) Inadequate supervision	1	5.0
Total	**20**	**100**

Source: Survey Data

Note: The respondents had more than one business factor that contributed to the negative the effects of micro credit. n= 4

Table 15 shows that all the respondents who did not benefit from micro credit reported use of business capital for domestic (20%) as the business factors that contributed to the unfavourable experience with micro credit. High competition, few customers, low business profit and fewer employees than business required were reported by 15 % of the respondents. The other factors specified by the respondents were; lengthy and time consuming meetings (15%) and inadequate supervision (5%). Hulme (1997:1) confirms the finding that a few of the respondents (15%) had low business profit.

4.15 Factors in Women's Personal Life Contributing to Negative Effects of Micro Credit

The respondents (11.4%) who reported having a negative experience with micro credit identified the factors in their personal life that contributed to the negative experience with micro credit as follows (see table 16):

Table 16: Factors in Personal Life Contributing to Negative Effects of Micro Credit

Factors in personal life	Number of Responses	Percentage
Lack of control over resources	4	30.8
Low bargaining power with husband	4	30.8
Low self esteem	1	7.7
Other (Specify) i) Sickness	2	15.4
ii) Investment in business with high competition	1	7.7
iii) Time taken for family responsibilities	1	7.7
Total	**13**	**100**

Source: Survey Data

The respondents had more than one factor contributing to negative effect of credit. n= 4

Table 16 shows that all the respondents who did not benefit from micro credit reported lack of control over resources and low bargaining power with husband (30.8%) as the factors in their personal life that contributed to the negative experience with micro credit Low self esteem was reported by 7.7 % of the respondents. The other factors specified by the respondents were; sickness (15.4%), investment in business with high competition (7.7%) and time taken for family responsibilities (7.7%). A K-REP study (2002: 15) confirms that finding that a few women had negative self image and low confidence. The study finding that respondents have low bargaining power with their husband was supported by UNDP (2000: 6) and BRIDGE (1997: 9).

4.16 Negative Effects of Micro Credit Repayments on the Business

Micro credit repayments were found to have a negative effect on the business for some of the respondents. Table 17 shows the negative impact of micro credit repayments on businesses as identified by the respondents. The table shows that 22.2 % of the respondents identified reduced stock of goods, low ability to provide services and low profit from the business as the negative impact of micro credit repayments on their businesses. The other factors specified by the respondents were; business assets were taken over by MFI to recover loans (16.7%) and lengthy and time consuming meetings (16.7%). The study finding that a few of women's businesses had low profit is supported by the findings of other studies (Buckley, 1996: 271-331; Mayoux, 2002: 6). The low profits were as a result of some of the women using loans for duplicating already existing activities which are traditionally open to women such as food processing, petty trade and handicrafts.

The study also found from both key informants and the respondents that the MFIs took over business assets after credit repayments delayed for more than 90 days. The respondents identified time taken in meetings with credit officers to discuss delayed credit repayments as taking too much time away from business resulting in further loss of business income as they close their business to attend the meetings.

Table 17: Negative Effects of Micro Credit on Business

Negative effects on business	Frequency of Responses	Percentage
Reduced stock of goods	4	22.2
Low ability to provide services	4	22.2
Low profit from the business	4	22.2
Other (Specify)		
i) Business assets were taken over by MFI to recover loans	3	16.7
ii) Lengthy and time consuming meetings	3	16.7
Total	**18**	**100**

Source: Survey Data

Note: The respondents had more than one negative effect of credit on business. n= 4

4.17 Negative Effect of Micro Credit on Women's Personal Life

Table 18 shows that the respondents identified the negative effects of micro credit on their personal lives as conflict with spouse (33.3%), inadequate time for family responsibilities (33.3%), total financial dependency on the husbands (16.7%), low business income which was all used for credit repayments (8.3%) and inability to pay for medical expenses due to credit repayments (8.3%).

Table 18: Negative Effect of Micro Credit on Women's Personal Life

Negative effect on personal life	**Frequency of Responses**	**Percentage**
Conflict with spouse	4	33.3
Inadequate time for family responsibilities	4	33.3
Other		
i) Low business income which was all used for credit repayments	1	8.3
ii) Total financial dependency on the husbands	2	16.7
iii) Inability to pay for medical expenses due to credit repayments	1	8.3
Total	**12**	**100**

Source: Survey Data

Note: The respondents had more than one negative effect of credit on business. n= 4

The study found that pressure put on respondents for credit repayments made some of them (33.3%) have inadequate time for family responsibilities. This view is confirmed by other studies (Njeru and Njoka 1998: 25; Mayoux, 2002: 6) that in the absence of changes in men's role and responsibility in the household, women have greater workloads combining both production and reproductive tasks with adverse impacts on their health and that of their children as they become the victims as they carried the "bill" of women's overwork. The study also found that there was increased conflict between the respondents (33.3%) who had difficulties repaying loans and their spouses. This view is supported by findings by Mayoux, (2002:6) that tensions between couples are particularly acute when there is insufficient money to meet loan repayments and in some cases leads to domestic violence, which may result in divorce and destitution.

Although the study finding shows that micro credit negatively impacted the personal lives of 11.4% of all the respondents interviewed, due to business losses, the study found that micro credit has been beneficial to the personal lives of the majority of the respondents.

4.18 Comments on what credit organisations need to do to make credit more beneficial to the women entrepreneurs

Table 19: Comments on what credit organisations need to do to make credit more beneficial to the lives of women entrepreneurs

Comments	Frequency	Percentage
Moral support for women to start businesses	30	85.7
Reducing the delay in disbursement of credit	27	77.1
Training women in business	19	54.3
Flexible interest rates	19	54.3
Disbursing exact amount requested for	17	48.6
Increasing the minimum loan amounts	7	20.0
Extending the repayment period	3	8.6

Source: Survey Data

Note: The respondents made more comment than one on what credit organisations need to do to make credit more beneficial to the women entrepreneurs leading to over 100% frequency count. n = 35

Table 19 shows that the respondents identified moral support for women to start businesses (85.7%), reducing the delay in disbursement of credit (77.1%), training women in business (54.3%), flexible interest rates (54.3%) and disbursing exact amount requested for (48.6%) as what credit organisations need to do to make credit more beneficial to the lives of women entrepreneurs.

The finding that credit organisations delay the disbursement of credit is supported by the findings by (Mayoux, 2002:5) that badly run credit programmes were particularly damaging to women because of unpredictable delays which meant that loans could not invested with optimum effect. This raised serious questions about appropriate product design.

The finding on interest rates is confirmed by other studies (UN, 1997:1; Goetz and Gupta, 1996: 45-63) which show that micro credit programmes cover the costs of lending to the poorest by charging high rates of interest, and that micro-finance interest rates, are higher than some other sources of credit from friends and relatives (Njeru and Njoka; 1998:30) who may now be less willing to lend.

4.19 Perception on the need for business training

There was a major need for business training among all the respondents as they all responded affirmative on the issue as to whether they needed any kind of business training.

4.20 Type of business training required

Table 20 shows the type of business training required by the respondents. The respondents (91.4%) reported that they required training on marketing to increase their business sales. The other training needs specified by the respondents were book keeping (57.1%), general business (37.1%), skills development (20.0%) and business technical (2.9%). In the course of conducting the study, it was observed that most of the respondents did not keep proper records of their businesses especially records such as total value of business assets.

Those engaging in businesses such as tailoring and food production had inadequate skills as they were trained on the job by semi-skilled personnel. This has resulted in low quality products with low demand.

Table 20: Type of business training required

Type of business training required	Frequency of Respondents mentioning respective requirements	Percentage
General Business	13	37.1
Marketing	32	91.4
Book Keeping	20	57.1
Skills Development	7	20.0
Business Technical	1	2.9

Source: Survey Data

The respondents made more comment than one on the type of business training they required leading to over 100% frequency count. n = 35

4.21 Summary of Chapter 4

In this chapter, the study presented and discussed the relationships that exist between the key demographic and socio economic factors and the independent variable (micro credit). The respondents were found to be middle aged. The respondents had low levels of education. Almost half of the respondents were heads of their households. Most of the respondents had obtained at least two micro credits.

The majority of the respondents had not used credit to start business. Only 37.1 % of the respondents obtained their 1st micro credit for capital for starting businesses. The average income per month before credit for those who were already in business was Kshs. 21692.3. There was an increase of income after credit for majority of the respondents. There was no significant relationship between the amount of credit and the amount of income.

The majority of the respondents reported that micro credit was beneficial to their businesses and personal lives. The micro credit repayments were found to have negative effect on the business which the respondents identified as reduced stock of goods, low ability to provide services, low profit from the business, business assets were taken over by MFI to recover loans and lengthy and time consuming meetings.

There was no significant relationship between the respondents' income and their age. The amount of credit and the level of business income after credit were not related. The respondents identified self drive, decision making power over business resources, marketing, and proper pricing as the factors in their personal life which has led to success of the business. The factors in business that mediated the unfavourable experience with micro credit were identified by the respondents as high competition, few customers, low business profit and fewer employees than business required, lengthy and time consuming meetings and inadequate supervision.

The factors in personal life that contributed to the negative experience with micro credit were identified by the respondents as lack of control over resources, low bargaining power with husband, low self esteem, sickness, investment in business with high competition and time taken for family responsibilities.

Chapter Five: Hypothesis Testing

In the preceding chapter, the study presented and discussed the relationships that exist between the key demographic and socio economic factors and the independent variable (micro credit). In this chapter, the study tests two hypotheses.

5.1 Findings involving Hypothesis 1

As we saw earlier, hypothesis 1 states as follows:

H_1: Micro credit does not have a uniform impact on individual lives and businesses of the women entrepreneurs in Gikomba market

H_0: Micro credit has a uniform impact on individual lives and businesses of the women entrepreneurs in Gikomba market

5.1.1 Effects of Micro Credit on Women's Businesses

5.1.1.1 The Effect of Micro credit on the Number of Customers

Table 21 shows that before receiving credit, 45.7% of the respondents had 1-20 customers per week, 20% had 41-60 customers, 11. 4% had 21- 40% while 2.9% had over 60 customers per week. After credit, 37.1% of the respondents had over 60 customers per week, 25.7% had 21- 40 customers, 20% had 41-60 customers and 17.1% had 1-20 customers per week. The respondents who obtained credit for starting businesses (31.3%) also had adequate number of customers for a profitable business. The study infers that micro credit had enabled 31.3% of the respondents to enter the bracket of income earners. This suggests that access to capital through MFIs is crucial for women's engagement in income generating activities.

Table 21: Number of Customers per Week Before and After Credit

Number of customers per week	Before Credit		After Credit	
	Frequency	Percentage	Frequency	Percentage
0	7	20.0	0	0
1-20	16	45.7	6	17.1
21-40	4	11.4	9	25.7
41-60	7	20.0	7	20.0
Over 60	1	2.9	13	37.1
Total	**35**	**100**	**35**	**100**

Source: Survey Data

Table 22 shows the correlation between the number of customers before and after micro credit. The Pearson correlation coefficient value of 0.632 with p value of 0.000 shows there was a positive relationship between the number of customers and micro credit. Thus, the number of customers increased after micro credit.

Table 22: Correlation Between the Number of Customers per Week Before and After 1st Credit

Correlations

		Number of customers before credit	Number of customers after credit
Number of customers before credit	Pearson Correlation	1.000	.632**
	Sig. (2-tailed)	.	.000
	N	35	35
Number of customers after credit	Pearson Correlation	.632**	1.000
	Sig. (2-tailed)	.000	.
	N	35	35

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Survey Data

Pearson correlation coefficient (r) = 0.632

p = 0.000

5.1.1.2 The Effect of Micro credit on Amount of Business Cash

Table 23 reveals that before credit, 25.7 % of the respondents had no cash for the business both in their bank accounts and in hand since they took credit for starting businesses, 57.1% had business cash ranging between Kshs.1000 – Kshs. 20000 while 5.7% had business cash ranging between Kshs.20001 – Kshs. 40000. After receiving credit, majority (68.5%) of the respondents had business cash of between Kshs.1000 – Kshs. 20000, 17.1% had over 40000, while 14.3% had between Kshs.20001- Kshs.40000.

Table 23: Amount of Business Cash Before and After credit

	Before Credit		**After Credit**	
Amount of business Cash in Kshs.	Frequency	Percentage	Frequency	Percentage
0	9	25.7	0	0
1000-20000	20	57.1	24	68.5
20001-40000	2	5.7	5	14.3
Over 40000	4	11.4	6	17.1
Total	35	100	35	100

Source: Survey Data

Table 24 shows the correlation between the amount of business cash before and after micro credit. The Pearson correlation coefficient value of 0.789 with p value of 0.000 shows there was a strong positive relationship between the amount of business cash and micro credit and therefore the amount of business cash increased after micro credit.

Table 24: Correlation Between the Amount of Business Cash Before and After credit

Correlations

		Amount of business cash before credit	Amount of business cash after credit
Amount of business cash before credit	Pearson Correlation	1.000	.789**
	Sig. (2-tailed)	.	.000
	N	35	35
Amount of business cash after credit	Pearson Correlation	.789**	1.000
	Sig. (2-tailed)	.000	.
	N	35	35

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Survey Data

Pearson correlation coefficient (r) = 0.789

p = 0.000

5.1.1.3 The Effect of Micro credit on the Value of Business Equipment/ Assets

Table 25 shows that before receiving credit, majority (54.3%) of the respondents had invested in business assets valued between Kshs.1000 – Kshs. 10000, 5.7% had assets valued between Kshs. 10001-20000 and 8.6% had business assets valued at over 20001. A total of 31.4 % of the respondents had no business assets before credit. The table shows there was an increase in the value of business assets after receiving credit. After credit, 40% of the respondents had business assets valued between Kshs.1000 – Kshs. 10000, 37.1% had assets valued between Kshs. 10001-20000 and 22.9% had business assets.

The table also shows that 31.4 % of the respondents who had no business assets had invested in business assets with a minimum value between Kshs. 1000-10000.

Table 25: Value of Business Assets Before and After Micro Credit

Value of business equipment/ assets in Kshs.	Before Credit		After Credit	
	Frequency	Percentage	Frequency	Percentage
0	11	31.4	0	0
1000-10000	19	54.3	14	40
10001-20000	2	5.7	13	37.1
20001+	3	8.6	8	22.9
Total	**35**	**100**	**35**	**100**

Source: Survey Data

Table 26 shows the correlation between the value of business assets before and after credit. The Pearson correlation coefficient value of 0.871 with p value of 0.000 shows, that there was a strong positive relationship between the value of business assets and micro credit.

Table 26: Correlation Between the Value of Business Assets Before and After Micro Credit

Correlations

		Value of business equipmen t/assets before credit	Value of business equipment/ assets after credit
Value of business equipment/assets before credit	Pearson Correlation	1.000	.871**
	Sig. (2-tailed)		.000
	N	35	35
Value of business equipment/assets after credit	Pearson Correlation	.871**	1.000
	Sig. (2-tailed)	.000	
	N	35	35

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Survey Data

Pearson correlation coefficient (r) = 0.871

p = 0.000

5.1.1.4 The Effect of Micro Credit on the Level of Business Income

The table 27 shows for the respondents there was increase of income after credit. After receiving credit, majority (88.6%) of the respondents had a monthly income of Kshs 20001-65,000 and 11.4% had a monthly income of Kshs. 5000-20,000. For the respondents (37.1%) who had no business income before credit, received a monthly income level of between Kshs 5000-65,000 after credit.

Table 27: Level of Business Income Before and After Receiving Micro Credit

Business Income per Month in Kshs.	**Before Credit**		**After Credit**	
	Frequency	**Percent**	**Frequency**	**Percent**
0	13	37.1	0	0
5000-20000	11	31.4	4	11.4
20001-65000	11	31.4	31	88.6
Total	**35**	**100**	**35**	**100**

Source: Survey Data

Table 28 shows the correlation between the level of business income before and after credit. The Pearson correlation coefficient value of 0.583 with p value of 0.000 shows a positive relationship between the level of income and micro credit. Thus, the level of income increased after micro credit.

Table 28: Correlation Between the Level of Business Income Before and After Micro Credit

Correlations

		Level of Business Income per Month before Credit	Level of Business Income per Month after Credit
Level of Business Income per Month before Credit	Pearson Correlation	1.000	.583**
	Sig. (2-tailed)	.	.000
	N	35	35
Level of Business Income per Month after Credit	Pearson Correlation	.583**	1.000
	Sig. (2-tailed)	.000	.
	N	35	35

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Survey Data

Pearson correlation coefficient (r) = 0.583

p = 0.000

The study found that micro credit is generally beneficial to the businesses of the respondents. The benefits of credit to the businesses of the respondents were reported as increased: number of customers, the amount of business cash, value of business assets and the level of business income.

5.1.2 Effects of Micro credit on Women's Personal life

5.1.2.1 The Effect of Micro Credit on the Ability to Pay for Healthcare Services for the Household

The level of the wellbeing of a household can be measured by the ability to pay for healthcare for members of the household. Thus, the ability to pay for healthcare services is an indicator of a well taken-care of household. Micro credit has the potential of increasing business income and thus also increases the ability of women entrepreneurs to pay for health care services for their households. Table 29 shows that the majority (88.6%) of the respondents, before receiving credit, rated their ability to pay for healthcare services for the household as "a little"; while 11.4% (who did not benefit from micro credit) rated their ability to pay for health care as "not at all". In contrast, 71.4% of the respondents rated their ability to pay for healthcare services for the household as "a lot", after receiving credit.

Table 29: Ability to Pay for Healthcare Services for the Household Before and After Micro Credit

Ability to pay for healthcare	**Before credit**	**After credit**
Not at all	4(11.4%)	4(11.4%)
A little	31(88.6%)	0(0.0%)
Moderate	0	6(17.1%)
A lot	0	25(71.4%)
Total	35(100%)	35(100%)

Source: Survey Data

Table 30 shows that the correlation between the ability to pay for healthcare services for the household before and after credit. The Pearson correlation coefficient value of 0.956 with p value of 0.000 shows there was a very strong positive relationship between the ability to pay for healthcare services for the household and micro credit. Thus, the ability to pay for healthcare services for the household increased after micro credit

Table 30: Correlation Between the Ability to Pay for Healthcare Services for the Household Before and After Micro Credit

Correlations

		Ability to pay before credit	Ability to pay after credit
Ability to pay before credit	Pearson Correlation	1.000	.956**
	Sig. (2-tailed)	.	.000
	N	35	35
Ability to pay after credit	Pearson Correlation	.956**	1.000
	Sig. (2-tailed)	.000	.
	N	35	35

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Survey Data

Pearson correlation coefficient (r) = 0.956
p = 0.000

5.1.2.2 The Effect of Micro Credit on the Level of Financial Contribution to Basic Household Expenses

Table 31 shows that the majority of the respondents (82.9%) rated their level of financial contribution to household basic expenses as "a little" before receiving credit compared to 45.7% and 42.9% who after receiving credit rated their level of financial contribution as moderately and a lot respectively.

Table 31: Level of Financial Contribution to Household Basic Expenses Before and After Micro Credit

Level of financial contribution	Before credit	After credit
Not at all	4(11.4%)	4(11.4%)
A little	29(82.9%)	0
Moderate	2 (5.7%)	16(45.7%)
A lot	0	15(42.9%)
Total	35(100%)	35(100%)

Source: Survey Data

Table 32 shows the correlation between the level of financial contribution to household basic expenses before and after credit. The Pearson correlation coefficient value of 0.835 with p value of 0.000 shows a strong positive relationship between the level of financial contribution to household basic expenses and micro credit. This finding is supported by Ashe and Parrott (2001: 8) which found that women's participation in micro credit programs resulted in greater economic contribution to their families' income.

Table 32: Correlation Between the Level of Financial Contribution to Household Basic Expenses Before and After Micro Credit

Correlations

		Level of financial contribution before credit	Level of financial contribution after credit
Level of financial contribution before credit	Pearson Correlation	1.000	.835**
	Sig. (2-tailed)	.	.000
	N	35	35
Level of financial contribution after credit	Pearson Correlation	.835**	1.000
	Sig. (2-tailed)	.000	.
	N	35	35

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Survey Data

Pearson correlation coefficient (r) = 0.835

p = 0.000

5.1.2.3 The Effect of Micro Credit on the Value of Family Assets Purchased

Table 33 shows that before receiving credit, the respondents ranged from those who reported having made no purchase of family assets to those who rated themselves as having purchased family assets valued up to Kshs. 20000. After receiving credit, majority (62.9%) of the respondents reported having purchased family assets valued at over 20,000.

Table 33: Value of Family Assets Purchased Before and After Micro Credit

Value of family assets in Kshs.	**Before credit**	**After credit**
0-20000	35(100%)	13(37.1%)
+20000	0	22 (62.9%)
Total	35(100%)	35(100%)

Source: Survey Data

Table 34 shows the correlation between value of family assets purchased before and after credit. The Pearson correlation coefficient value of -0.130 with p value of 0.458 shows that micro credit and the ability to purchase family assets were not related.

Table 34: Correlation Between the Value of Family Assets Purchased Before and After Micro Credit

Correlations

		Value of family assets purchased before credit	Value of family assets purchased after credit
Value of family assets purchased before credit	Pearson Correlation	1.000	-.130
	Sig. (2-tailed)	.	.458
	N	35	35
Value of family assets purchased after credit	Pearson Correlation	-.130	1.000
	Sig. (2-tailed)	.458	.
	N	35	35

Source: Survey Data

Pearson correlation coefficient (r) = -0.130

p = 0.458

5.1.2.4 The Effect of Micro Credit on the Level of Financial Support to Other Family Members

Table 35 shows majority of the respondents (71.4%) rated their level of financial support to other family members before receiving credit as "a little" compared to majority (74.3%) after receiving credit rated their level of financial support as a lot.

Table 35: Level of Financial Support to Other Family Members Before and After Micro Credit

Level of financial support to other family members	**Before credit**	**After credit**
Not at all	7(20.0%)	4(11.4%)
A little	25(71.4%)	3(8.6%)
Moderate	3(8.6%)	2(5.7%)
A lot	0	26(74.3%)
Total	35(100%)	35(100%)

Source: Survey Data

Table 36 shows the correlation between level of financial support to other family members before and after credit. The Pearson correlation coefficient value of 0.866 with p value of 0.000 shows a strong positive relationship between micro credit and the level of financial support to other family members.

Table 36: Correlation Between the Level of Financial Support to Other Family Members Before and After Micro Credit

Correlations

		Financial support to others before credit	Financial support to others after credit
Financial support to others before credit	Pearson Correlation	1.000	.866**
	Sig. (2-tailed)	.	.000
	N	35	35
Financial support to others after credit	Pearson Correlation	.866**	1.000
	Sig. (2-tailed)	.000	.
	N	35	35

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Survey Data

Pearson correlation coefficient (r) = 0.866

p = 0.000

5.1.2.5 The Effect of Micro Credit on Social Status

Table 37 shows that before receiving credit, all the respondents (100%) rated their social status as low compared to 31.4% who after credit rated their social status as high.

Table 37: Social Status Before and After Micro Credit

Social status	**Before credit**	**After credit**
Low	35(100%)	24(68.4%)
High	0	11(31.4%)
Total	35(100%)	35(100%)

Source: Survey Data

Table 38 shows the correlation social status before and after credit. The Pearson correlation coefficient value of -0.115 with p value of 0.512 shows that micro credit and social status were not related.

Table 38: Correlation Between the Level of Business Income per Month after Credit and Social Status after Micro Credit

Correlations

		Level of Business Income per Month after Credit	Social status After credit
Level of Business Income per Month after Credit	Pearson Correlation	1.000	-.115
	Sig. (2-tailed)	.	.512
	N	35	35
Social status After credit	Pearson Correlation	-.115	1.000
	Sig. (2-tailed)	.512	.
	N	35	35

Source: Survey Data

Pearson correlation coefficient (r) = -0.115

p = 0.512

5.1.2.6 Other – Employment of House girls

The other benefit of credit specified by the respondents was employment of house girls. The respondents rated themselves as not being in a position to employ house girls before receiving credit. However, one respondent reported having employed house girls after receiving credit.

5.1.2.7 The Effect of Micro Credit on the Level of Participation in Decision-making Process in the Household

Table 39 shows that majority of the respondents (71.4%) rated their level of participation in the decision-making in their households as "a lot" after receiving credit.

Table 39: Level of Participation in Decision-making Process in the Household Before and After Credit

Level of Participation	Before credit	After credit
Not at all	15(42.9%)	-
A little	6(17.1%)	4(11.4%)
Moderate	14(40.0%)	6(17.1%)
A lot	-	25(71.4%)
Total	35(100%)	35(100%)

Source: Survey Data

Table 40 shows the correlation between the level of respondents' participation in the decision-making process in their households before and after credit. The Pearson correlation coefficient value of 0.432 with p value of 0.009 shows a moderate positive relationship between micro credit and the level of respondents' participation in the decision-making processes in their households. The study finding supports a study in Nepal by Ashe and Parrott, (2001: 8) which found that women's membership in micro credit programs and their subsequent greater economic contribution to the family income has helped married women to gain more leverage in family decisions.

Table 40: Correlation Between the Level of Respondents' Participation in the Decision-making Process in their households Before and After credit

Correlations

		Level of participation before credit	Level of participation after credit
Level of participation before credit	Pearson Correlation	1.000	.432**
	Sig. (2-tailed)	.	.009
	N	35	35
Level of participation after credit	Pearson Correlation	.432**	1.000
	Sig. (2-tailed)	.009	.
	N	35	35

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Survey Data

Pearson correlation coefficient (r) = 0.432

p = 0.009

The study found that micro credit is beneficial to personal lives of the respondents. Micro credit had a positive relationship with participation in household decision-making process, ability to pay for healthcare services for the household, financial contribution to household basic expenses and financial support to other family members. However, micro credit was found to have no effect on the ability to purchase family assets and social status.

5.2 Findings involving Hypothesis 2

In the preceding section, the impact of the independent variable (micro credit) on dependent variables (individual lives and businesses) has been presented and discussed. In this section, we test hypothesis 2 which was stated as follows:

H_1: The more effective the micro credit programme, the greater its impact on poverty reduction and employment creation

Ho: Micro credit programmes have no impact on poverty reduction and employment creation

5.2.1 Effectiveness of micro credit on poverty reduction

5.2.1.1 The Effect of Micro Credit on Household Income

The majority (88.6%) of respondents reported increased income for their households after receiving micro credit. The respondents reported that increased income was manifested in their households as increased ability of the households to meet their household expenses (88.6%) and savings (37%).

5.3 Indicators of Increased Household Income

The study assigned the respondents with the following as indicators of increased household income: Improved nutrition, increased ability to pay for education costs, improved housing, increased financial support to needy relatives, acquiring of property and any other indicator specified by the respondents.

5.3.1 The Effect of Income After Credit on Nutrition

Table 41 shows that the majority (88.6%) of respondents reported improved nutrition after receiving credit. The majority (96.2%) of the respondents with a monthly income of over Kshs. 30001 reported improved nutrition. Amongst those with a monthly income of Kshs.10000 and 30000, 66.7% reported improved nutrition.

Table 41: Impact of Income on Nutrition After Credit

Impact on Nutrition After Credit			
Monthly Income After Credit in Kshs.	**None**	**Improved**	Total
10000-30000	3(33.3%)	6(66.7%)	9(100%)
30001+	1(3.8%)	25(96.2%)	26(100%)
Total	4(11.4%)	31(88.6%)	35(100%)

Source: Survey Data

Table 42 shows the correlation between the level of business income after credit and improved nutrition. The Pearson correlation coefficient value of -0.373 with p value of 0.027 shows a significant inverse relationship between micro credit and improved nutrition. The finding differs from ILO (1998:5) which found that higher income helps women to improve nutrition for their households.

Table 42: Correlation Between the Level of Business Income after Credit and Improved Nutrition

Correlations

		Level of Business Income per Month after Credit	Improved Nutrition
Level of Business Income per Month after Credit	Pearson Correlation	1.000	-.373*
	Sig. (2-tailed)	.	.027
	N	35	35
Improved Nutrition	Pearson Correlation	-.373*	1.000
	Sig. (2-tailed)	.027	.
	N	35	35

*. Correlation is significant at the 0.05 level (2-tailed).

Source: Survey Data

Pearson correlation coefficient (r) = -0.373

p = 0.027

5.3.2 The Effect of Income After Credit on the Ability to Pay for Education Costs

Table 43 shows that the majority (88.6%) of respondents reported increased ability to pay for education costs after receiving credit. All (100%) the respondents with a monthly income of over Kshs. 30001 reported increased ability to pay for education costs. Amongst those with a monthly income of between Kshs. 10000 and 30000, 55.6% reported increased ability to pay for education costs. ILO (1998:5) confirms study findings.

Table 43: Impact of Income on the Ability to Pay for Education Costs After Credit

Monthly Income After Credit in Kshs.	Impact on Ability to Pay for Education Costs After Credit		
	None	**Improved**	Total
10000-30000	4(44.4%)	5(55.6%)	9(100%)
30001+	0	26(100%)	26(100%)
Total	4(11.4%)	31(88.6%)	35(100%)

Source: Survey Data

Table 44 shows the correlation between the level of business income after credit and increased ability to pay for education costs. The Pearson correlation coefficient value of 0.115 with p value of 0.512 shows that micro credit and increased ability to pay for education costs were not related.

Table 44: Correlation Between the Level of Business Income after Credit and Increased Ability to Pay for Education Costs

Correlations

		Level of Business Income per Month after Credit	Increased Abillity to Pay for Education
Level of Business Income per Month after Credit	Pearson Correlation	1.000	.115
	Sig. (2-tailed)	.	.512
	N	35	35
Increased Abillity to Pay for Education	Pearson Correlation	.115	1.000
	Sig. (2-tailed)	.512	.
	N	35	35

Source: Survey Data

Pearson correlation coefficient (r) = 0.115

p = 0.512

5.3.3 The Effect of Income After Credit on Housing

Table 45 shows that the majority (88.6%) of respondents reported better housing after credit. The majority (92.3%) of the respondents with a monthly income of over Kshs. 30001 reported better housing. Amongst those with a monthly income of between Kshs. 10000 and 30000, 77.8% reported better housing.

Table 45: Impact of Income after Credit on Housing

	Impact on Housing After Credit		
Monthly Income After Credit in Kshs.	**None**	**Improved**	Total
10000-30000	2(22.2%)	7(77.8%)	9(100%)
30001+	2(7.7%)	24(92.3%)	26(100%)
Total	4(11.4%)	31(88.6%)	35(100%)

Source: Survey Data

Table 46 shows the correlation between the level of business income after credit and better housing. The Pearson correlation coefficient value of 0.373 with p value of 0.027 shows a positive relationship between micro credit and better housing.

Table 46: Correlation Between the Level of Business Income after Credit and Improved Housing After Credit

Correlations

		Level of Business Income per Month after Credit	Better Housing
Level of Business Income per Month after Credit	Pearson Correlation	1.000	.373*
	Sig. (2-tailed)	.	.027
	N	35	35
Better Housing	Pearson Correlation	.373*	1.000
	Sig. (2-tailed)	.027	.
	N	35	35

*. Correlation is significant at the 0.05 level (2-tailed).

Source: Survey Data

Pearson correlation coefficient (r) = 0.373

p = 0.027

5.3.4 The Effect of Income After Credit on Financial Support to Needy Relatives

Table 47 shows that the majority (65.7%) of respondents reported giving financial support to needy relatives after credit. The majority (69.2%) of the respondents with a monthly income of over Kshs. 30001 reported not giving financial support to needy relatives. Amongst those with a monthly income of between Kshs. 10000 and 30000, 55.6% reported financial support to needy relatives.

Table 47: Impact of Income after Credit on Financial Support to Needy Relatives

Impact on Financial Support to Needy Relatives After Credit			
Monthly Income After Credit in Kshs.	**None**	**Improved**	Total
10000-30000	4(44.4%)	5(55.6%)	9(100%)
30001+	8(30.8%)	18(69.2%)	26(100%)
Total	12(34.3%)	23(65.7%)	35(100%)

Source: Survey Data

Table 48 shows the correlation between the level of business income after credit and increased financial support to needy relatives. The Pearson correlation coefficient value of 0.113 with p value of 0.517 shows that micro credit and increased financial support to needy relatives were not related.

Table 48: Correlation Between the Level of Business Income after Credit and Financial Support to Needy Relatives

Correlations

		Level of Business Income per Month after Credit	Increased Financial Support to Relatives
Level of Business Income per Month after Credit	Pearson Correlation	1.000	.113
	Sig. (2-tailed)	.	.517
	N	35	35
Increased Financial Support to Relatives	Pearson Correlation	.113	1.000
	Sig. (2-tailed)	.517	.
	N	35	35

Source: Survey Data

Pearson correlation coefficient (r) = 0.113

p = 0.517

5.3.5 The Effect of Income After Credit on Purchase of Property

Table 49 shows that the majority (71.4%) of respondents reported not purchasing property after receiving credit. The majority (73.1%) of the respondents with a monthly income of over Kshs. 30001 reported not purchasing property. Amongst those with a monthly income of between Kshs. 10000 and 30000, 66.7% reported not purchasing property.

Table 49: Impact of Income after Credit on Purchase of Property

Impact on Property After Credit			
Monthly Income After Credit in Kshs.	**None**	**Improved**	Total
10000-30000	6(66.7%)	3(33.3%)	9(100%)
30001+	19(73.1%)	7(26.9%)	26(100%)
Total	25(71.4%)	10(28.6%)	35(100%)

Table 50 shows the correlation between the level of business income after credit and purchase of property. The Pearson correlation coefficient value of 0.126 with p value of 0.470 shows that micro credit and purchase of property were not related.

Table 50: Correlation Between the Level of Business Income after Credit and Purchase of Property

Correlations

		Level of Business Income per Month after Credit	Purchase of Property
Level of Business Income per Month after Credit	Pearson Correlation	1.000	.126
	Sig. (2-tailed)	.	.470
	N	35	35
Purchase of Property	Pearson Correlation	.126	1.000
	Sig. (2-tailed)	.470	.
	N	35	35

Source: Survey Data

Pearson correlation coefficient (r) = 0.126

p = 0.470

The study concludes that increased income after credit does have an impact on better housing and inverse relationship with improved nutrition. However, increased income after credit does not have an impact on increased ability to pay for education costs, financial support to needy relatives and purchase of property. Thus, the study accepts the null hypothesis that micro credit programmes have no impact on poverty reduction among women entrepreneurs in Gikomba market.

5.4 *The Effect of Micro Credit on Direct Employment*

Table 51 shows that before receiving micro credit, 48.6% of the respondents had no employees, 25.7% had 1 employee, 17.1% had 2 employees while 8.6% had over 3 employees. After credit, 60% of the respondents had hired at least one employee compared to 51.4 before credit. The table reveals that despite receiving credit, 40% of the respondents still worked alone even after receiving credit. The businesses owned by these respondents (40%) were run by the owners alone and therefore had a high risk of failure especially when the owners fall sick, when credit group meetings take too long and when owners take time off for women's role such as child care and care giving to sick family members. According to K-REP (1995) and Njeru and Njoka (1998), the main cause of business failure for women entrepreneurs' working alone was the fact that their time was divided between the enterprise and their domestic duties.

Table 51: Number of Employees Before and After Micro Credit

	Before Credit		**After Credit**	
Number of employees	Frequency	Percentage	Frequency	Percentage
0	17	48.6	14	40.0
1	9	25.7	9	25.7
2	6	17.1	8	22.9
3+	3	8.6	4	11.4
Total	35	100	35	100

Source: Survey Data

Table 52 shows the correlation between the number of employees before and after credit. The Pearson correlation coefficient value of 0.875 with p value of 0.000 shows a significant positive relationship between the number of employees and micro credit. The study concludes that micro credit has the effect on direct employment. This finding concurs with ILO (1998:5) which found that micro credit increases women's employment in micro enterprises.

Table 52: Correlation Between the Number of Employees Before and After Micro Credit

Correlations

		Number of employees before credit	Number of employess after credit
Number of employees before credit	Pearson Correlation	1.000	.875**
	Sig. (2-tailed)	.	.000
	N	35	35
Number of employess after credit	Pearson Correlation	.875**	1.000
	Sig. (2-tailed)	.000	.
	N	35	35

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Survey Data

Pearson correlation coefficient (r) = 0.875

p = 0.000

5.5 The Effect of Micro Credit on the Volume of Business with Suppliers

Table 53 shows that after credit, all (100%) the respondents with a monthly income of over Kshs. 60000 reported over 120 customers. For the respondents with a monthly income of between Kshs. 10000 and 30000, 66.7% had 0-60 customers per week, 22.2% had 60-120 customers per week and 11.1% had over 120 customers. Amongst those with a monthly income of over Kshs. 30000, 61.5% had 0-60 customers per week, 30.8% had 60-120 customers per week and 7.7% had over 120 customers.

Table 53: Impact of Income after Credit on the number of customers after credit

	Impact on the Number of Customer per Week after Credit			
Monthly Income After Credit in Kshs.	0-60	60-120	>120	**Total**
10000-30000	6(66.7%)	2(22.2%)	1(11.1%)	9(100%)
30001+	16(61.5%)	8(30.8%)	2(7.7%)	26(100%)
Total	22 (62.8%)	10 (28.6%)	3(8.6%)	35(100%)

Source: Survey Data

Table 54 shows the correlation between the number of customers after credit and level of business income after credit. The Pearson correlation coefficient value of 0.455 with p value of 0.006 shows there was a significant relationship between the number of customers after credit and level of business income after credit. Thus, micro credit increases the volume of business with the suppliers resulting in indirect employment.

Table 54: Correlation Between the Number of Customers and the Level of Business Income after Credit

Correlations

		Number of customers after credit	Level of Business Income per Month after Credit
Number of customers after credit	Pearson Correlation	1.000	.455**
	Sig. (2-tailed)	.	.006
	N	35	35
Level of Business Income per Month after Credit	Pearson Correlation	.455**	1.000
	Sig. (2-tailed)	.006	.
	N	35	35

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Survey Data

Pearson correlation coefficient (r) = 0.455

p = 0.006

5.6 Summary of Chapter 5

In this chapter, a detailed statistical analysis of the research findings has been presented. The findings show that micro credit had a strong effect on the businesses owned by women in Gikomba Market. Micro credit was found to be associated with the number of customers, the value of business assets, the level of business income and the number of employees. The study found that micro credit had a significant effect on the personal lives of women entrepreneurs. Micro credit had a positive relationship with participation in household decision-making process, ability to pay for healthcare services for the household, financial contribution to household basic expenses and financial support to other family members. However, micro credit was found to have no effect on the ability to purchase family assets and social status.

The findings show that increased income after credit had an impact on better housing and inverse relationship with improved nutrition. However, increased income after credit does not have an impact on increased ability to pay for education costs, financial support to needy relatives and purchase of property. Micro credit had an effect on direct employment. Micro credit increases the volume of business with the suppliers resulting in indirect employment.

Chapter Six: Summary, Conclusions and Recommendations

This chapter presents a summary of the research findings, conclusions and recommendations.

6.1 Summary of the Research Findings

The study examined the impact of the independent variable (micro credit) on dependent variables (individual lives and businesses, poverty reduction and employment creation). The description of the data has revealed that the majority (57.2%) of the respondents interviewed were middle aged. The respondents (80%) had low levels of education. Almost half of the respondents were heads of their households.

All (100%) had received one micro credit. Most (82.9%) of the respondents had obtained at least two micro credits. The highest number of credit received by the respondents was five. Majority (62.9%) of the respondents were already operating businesses, with 31.4 % of them having a monthly income of Kshs 5000-20,000 and 31.4% having a monthly income of Kshs 20001-65,000 before credit. The average income per month before credit for those who were already in business was Kshs. 21692.3. A total of 37.1 % of the respondents obtained their 1st micro credit for capital for starting businesses. The study found that micro credit institutions were an important source of business capital for women entrepreneurs. Majority of respondents (71.4%) reported a monthly income of over Kshs. 30,000 after credit and 28.6% of the respondents reported a monthly income of between Kshs. 10000-30000.

The age of the respondent and business income were found not to be associated as shown by Pearson correlation coefficient value of 0.001 with p value of 0.994 (see table 11). The amount of business income was not related to the amount of credit. The Pearson correlation coefficient value of 0.036 with p value of 0.838 showed there was no significant relationship between the amount of credit and the amount of income (see table 13).

The majority (88.6 %) of the respondents reported that micro credit was beneficial to their businesses and personal lives, while 11.4 % of them reported that micro credit as not beneficial.

The findings show that micro credit had a strong effect on the businesses owned by women in Gikomba Market. There was a significant relationship between the number of customers and micro credit according to the Pearson correlation coefficient value of 0.632 with p value of 0.000. (see table 22). There was a strong relationship between the amount of business cash and micro credit according to Pearson correlation coefficient value of 0.789 with p value of 0.000. (see table 24). Micro credit and the value of business assets were related. The Pearson correlation coefficient value was 0.871 with p value of 0.000. (see table 26). There was a significant relationship between the level of business income before and after credit according to the Pearson correlation coefficient value of 0.583 with p value of 0.000 (see table 28).

A total of 22.2 % of the respondents identified reduced stock of goods, low ability to provide services and low profit from the business as the negative impact of micro credit repayments on their businesses. The other factors specified by the respondents were; business assets were taken over by MFI to recover loans (16.7%) and lengthy and time consuming meetings (16.7%).reduced stock of goods (11.4%), low ability to provide services (11.4%) and low profit from the business (11.4%), business assets were taken over by MFI to recover loans (8.6%) and lengthy and time consuming meetings (8.6%).

The majority (71.4%) of the respondents rated their ability to pay for healthcare services for the household as "a lot", after receiving credit. There was a significant relationship between the ability to pay for healthcare services for the household before and after credit. The Pearson correlation coefficient value was 0.956 with p value of 0.000. (table 30).

The majority of the respondents (82.9%) rated their level of financial contribution to household basic expenses as "a little" before receiving credit compared to 45.7% and

42.9% who after receiving credit rated their level of financial contribution as moderately and a lot respectively. The Pearson correlation coefficient value of 0.835 with p value of 0.000 showed that the level of financial contribution to household basic expenses and micro credit were related. (see table 32).

After receiving credit, majority (62.9%) of the respondents reported having purchased family assets valued at over 20,000, with a maximum of over Kshs. 100,000. The Pearson correlation coefficient value of -0.130 with p value of 0.458 showed that there was no significant relationship between micro credit and the ability to purchase family assets. (see table 34).

The majority of the respondents (71.4%) rated their level of financial support to other family members before receiving credit as "a little" compared to majority (74.3%) after receiving credit rated their level of financial support as a lot. The Pearson correlation coefficient value of 0.866 with p value of 0.000 shows a significant positive relationship between micro credit and the level of financial support to other family members. (table 36).

Before receiving credit, all the respondents (100%) rated their social status as low compared to 31.4% who after credit rated their social status as high. The Pearson correlation coefficient value of -0.115 with p value of 0.512 shows that micro credit and social status were not related. (table 38). The study found that micro credit had no significant impact on self and societal image of women.

The majority of the respondents (71.4%) rated their level of participation in the decision-making in their households as "a lot" after receiving credit. The Pearson correlation coefficient value of 0.432 with p value of 0.009 shows there was a significant relationship between micro credit and the level of respondents' participation in the decision-making processes in their households. (table 40).

The study found that micro credit is beneficial to personal lives of the respondents. Micro credit had a positive relationship with participation in household decision-making process, ability to pay for healthcare services for the household, financial contribution to household basic expenses and financial support to other family members. However, micro credit was found to have no effect on the ability to purchase family assets and social status.

The majority (88.6%) of respondents reported increased income for their households after receiving micro credit. The respondents reported that increased income was manifested in their households as increased ability of the households to meet their household expenses (88.6%) and savings (37%).

The majority (88.6%) of respondents reported improved nutrition after receiving credit. All (100%) the respondents with a monthly income of over Kshs. 60000 reported improved nutrition after receiving credit. Amongst those with a monthly income of between Kshs.30001 and 60000, improved nutrition was reported by 96.0%. Amongst those with a monthly income of Kshs.10000 and 30000, 66.7% reported improved nutrition. There was a significant inverse relationship between micro credit and improved nutrition. The Pearson correlation coefficient value was -0.373 with p value of 0.027 shows a. (table 42).

The majority (88.6%) of respondents reported increased ability to pay for education costs after receiving credit. All (100%) the respondents with a monthly income of over Kshs. 60000 and between Kshs.30001 and 60000 reported increased ability to pay for education costs. Amongst those with a monthly income of between Kshs. 10000 and 30000, 55.6% reported increased ability to pay for education costs. Micro credit and increased ability to pay for education costs were found not to be related. The Pearson correlation coefficient value was 0.115 with p value of 0.512 shows that. (table 44).

The majority (88.6%) of respondents reported better housing after credit. All (100%) the respondents with a monthly income of over Kshs. 60000 reported better housing. Amongst those with a monthly income of between Kshs.30001 and 60000, 92.0% reported better housing and for those of with a monthly income of between Kshs. 10000 and 30000, 77.8% reported better housing. There was a significant relationship between the level of business income after credit and better housing. The Pearson correlation coefficient value was 0.373 with p value of 0.027. (table 46).

The majority (65.7%) of respondents reported giving financial support to needy relatives after credit. All (100%) the respondents with a monthly income of over Kshs. 60000 reported not giving financial support to needy relatives. Amongst those with a monthly income of between Kshs.30001 and 60000, 72.0% reported financial support to needy relatives and for those of with a monthly income of between Kshs. 10000 and 30000, 55.6% reported financial support to needy relatives. Micro credit and increased financial support to needy relatives were found not to be related. The Pearson correlation coefficient value was of 0.113 with p value of 0.517. (table 48).

The majority (71.4%) of respondents reported not purchasing property after receiving credit. All (100%) the respondents with a monthly income of over Kshs. 60000 reported not purchasing property. Amongst those with a monthly income of between Kshs.30001 and 60000, 72.0% reported not purchasing property and for those of with a monthly income of between Kshs. 10000 and 30000, 66.7% reported not purchasing property. Micro credit and purchase of property were found not to be related. The Pearson correlation coefficient value was 0.126 with p value of 0.470. (table 50).

The study concludes that increased income after credit does have an impact on better housing and inverse relationship with improved nutrition. However, increased income after credit does not have an impact on increased ability to pay for education costs, financial support to needy relatives and purchase of property.

All (100%) the respondents with a monthly income of over Kshs. 60000 reported over 120 customers. For the respondents with a monthly income of between Kshs. 10000 and 30000, 66.7% had 0-60 customers per week, 22.2% had 60-120 customers per week and 11.1% had over 120 customers. Amongst those with a monthly income of between Kshs. 30000 and 60000, 64.0% had 0-60 customers per week, 32.0% had 60-120 customers per week and 4.0% had over 120 customers. There was a significant relationship between the number of employees and micro credit. The Pearson correlation coefficient value was 0.875 with p value of 0.000. (see table 52). There was a significant relationship between the number of customers after credit and level of business income after credit. The Pearson correlation coefficient value was 0.455 with p value of 0.006 shows. (see table 54). The study concludes that micro credit has an impact on direct and indirect employment. The study found that the increased size of business resulted in increased business with suppliers and thus provided indirect employment.

6.2 Conclusions

Micro credit contributes to economic empowerment of micro and small scale business women in Gikomba market. Business income gives women increased recognition of their economic role resulting in increased control over their own income and assets. Micro credit enhances poorer women's existing socio-economic conditions and thereby altering the gender relations by increasing women's bargaining power.

Micro credit had a positive effect on personal lives of women entrepreneurs in Gikomba. Micro credit increases: women's participation in household decision-making process, their ability to pay for healthcare services for the household, their financial contribution to household basic expenses and their financial support to other family members. However, micro credit was found to have no effect on the ability to purchase family assets and social status. The impact of micro credit on the women's personal lives is limited by lack of control over household and productive resources and low levels of education.

Micro credit had a limited impact on poverty reduction among women entrepreneurs in Gikomba market in terms of improved nutrition, better housing, increased ability to pay for education costs, financial support to needy relatives and purchase of property.

Micro credit increases women's employment in micro enterprises. In addition, micro credit contributes to indirect employment. The increased size of business resulted in increased business with suppliers and thus provided indirect employment

Micro credit alone cannot empower all women, because women are not disempowered because they are poor, and as a result they lack credit, but by gender discrimination in access to education and skills limiting their ability to diversify into more lucrative activities, lack of control over household and productive resources, engagement in a narrow range of low-profit activities, lack of access to markets, and lack of networks.

6.3 Recommendations

Micro and small scale business women in Gikomba market were found to have low levels of education resulting in limited business management skills and low ability in identification of lucrative investment opportunities. The low levels of education were as a result of pre-existing social and cultural impediments. Thus, microfinance programmes need to address the pre-existing social and cultural impediments through investment in women's education and promotion of their access to productive resources in order to promote economic growth, redress the imbalances produced by the discriminatory and marginalization policies, and achieve higher standards of living for women.

Market research was found to be crucial the realization of the desired effects of micro credit. Market research is required for identification of micro enterprises in which women stand to gain good financial returns for economic empowerment to be realised. The micro and small scale business women in Gikomba market need training to facilitate their entry into higher-return, higher-growth and in some cases, "non-traditional" activities.

The study found that there was a major need for business training among all the respondents. The women in the informal sector need to be supported for training on financial and business management; and technical skills. It is important for the women in the informal sector to have skills training to facilitate their entry into more modern product markets.

The study found that 11.4% of the respondents had a negative experience with micro credit. The business women attributed the negative experience to lack of control over resources and low bargaining power which limited their ability to fully utilise the resources for financial contribution to their households and communities. The full achievement of women's empowerment requires women to have control over productive resources for greater utilization of resources. The study also found that there were factors which facilitated women's empowerment through micro credit. These factors need to be promoted as best practices for adoption by micro finance programmes.

The study found that there were pre-existing social and cultural impediments to entrepreneurship among business women in Gikomba market. It would be important to address these impediments for the empowerment for a greater number of women. Therefore, there is need for further social research to investigate the cultural and attitudinal barriers to women's entrepreneurship.

This study found that micro credit programmes have the potential to economically empower of poor women by enhancing the women's existing socio-economic conditions, increasing their bargaining power and changing the social equations in the households or communities in which they live. However, the impact of micro credit is limited by women's low access to education and skills limiting their ability to diversify into more lucrative activities, lack of control over household and productive resources, engagement in a narrow range of low-profit activities. It is therefore, imperative for these limitations to be addressed for micro credit as a gender and development strategy to have the intended impact on women's empowerment and poverty alleviation.

References

Amadiume, Ifi (2000) *Daughters of the Goddess, Daughters of Imperialism*, London: Zed Books

Arce, Alberto, Magdalena Villarreal and Pieter de Vries (1994) 'The social construction of rural development: discourse, practices and power' in D.Booth (ed) *Rethinking social development. Theory, research and practice* Harlow, Essex: Addison Wesley Longman

Appfel-Marglin, Frederique. and Suzanne.L Simon (1994) 'Feminist Orientalism and Development' in W.Harcourt (ed) *Feminist Perspectives on sustainable development* London: Zed Books

Ashe, Jeffrey and Parrott, Lisa (2001) Impact Evaluation of PACT's Women's Empowerment Program in Nepal: A Savings and Literacy Led Alternative to Financial Institution Building, Cambridge, MA: Brandeis University

Baden, Sally and Goetz Anne. M (1998) "Who needs [sex] when you can have [gender]? Conflicting discourses on gender at Beijing", in: Cecilie Jackson and Ruth Pearson (eds): *Feminist Visions of Development*, London: Routledge

Blalock Hubert M Jr (1982) Conceptualization and Measurement in Social Sciences. Newbury Park. Calif: Sage

Boserup, Ester. (1980) *Women's Role in Economic Development* New York: St. Martin's Press

(BRIDGE) Briefings on Development and Gender (1997) "*Gender and Empowerment: Definitions, approaches and implications for policy*" Swedish international Development Report No. 40

Bruce, J and Dwyer, D eds (1988) A Home Divided Stanford University Press, Stanford.

Buckley, G. (1996) *'Financing the Jua Kali Sector in Kenya*: The KREP Juhudi scheme and Kenya Industrial Estates Informal Sector Programme' in Hulme and Mosley eds 1996

Buckley, Graeme (1997) 'Microfinance in Africa: is it either the problem or the solution?', *World Development* 25(7), 1081-1094.

Bulow, Dorthe von, Damball, Esther and Maro, Rose (1995) *Supporting Women Groups in Tanzania through Credit: Is this a Strategy for Empowerment,* CDR working Papers, Copenhagen: Centre for Development Research

Canadian International Development Agency (CIDA) (1999). "*CIDA's Policy on Gender Equality*" Canada. 4 – 5

Cagatay, Nilufer (1998) 'Gender *and Poverty'*, Social Development and Poverty Elimination Division Working Paper 5, New York: UNDP

Carley, Michael (1981) *Social Measurement and Social Indicators* Boston: Allen & Unwin

Chant, Sylvia (1997) "*Women-Headed Households: Poorest of the Poor? Perspectives from Mexico, Costa Rica and the Philippines*." IDS Bulletin 28(3): 39.

Chen, Martha.A. (1983) *A Quiet Revolution. Women in Transition in Rural Bangladesh.* Cambridge, Mass.: Schenkman

England, Paula. (1997) '*Conceptualising women's empowerment*' Paper presented at the seminar on female empowerment and demographic processes, Lund: Lund University

Goetz, Anne M. and Gupta, R. Sen (1996) "Who Takes the Credit? Gender, Power and Control over Loan Use in Rural Credit Programmes in Bangladesh", *World Development:* Vol 24 (No. 1): 45-63

Hadjipateras, A (1996) 'Gender Research - Final report' ACORD, London.

Hannan, Carolyn (2000) *Promoting Equality between Women and Men in Bilateral Development Cooperation; Concepts, goals, rationales and institutional arrangements,* Lund: Lund University.

Hulme, David (1997) "*Is Microdebt Good for Poor People? A Note on the Dark Side of MicroFinance*" http://www.microsaveafrica.com/get_file.asp?download_id=455

IDS (1998) *Small-scale enterprise in Nairobi: The Social- Cultural Factors influencing Investment Patterns among Informal Sector Women Entrepreneurs*, University of Nairobi, Working Paper No 532

ILO (1972) "*Employment, Incomes and Equity, a strategy for increasing Productive Employment in Kenya*" Geneva: ILO

ILO (1998) "*Women in the informal sector and their access to microfinance*" Paper prepared for the Inter-Parliamentary Union (IPU) Annual Conference, Windhoek, Namibia, 2-11 April 1998

Jackson, Cecile. (1996) 'Rescuing gender from the poverty trap' *World Development* Vol. 24 No. 3: 489-504.

Kabeer, Naila (1998) *'Money Can't Buy Me Love'? Re-evaluation Gender, Credit and Empowerment in Rural Bangladesh*. IDS Discussion Paper 363. Brighton: Institute of Development Studies, University of Sussex, 1998) 31.

Kabeer, Naila (1999) *The Conditions and Consequences of Choice, Reflections on the measurement of women's empowerment*, Discussion Paper, DP 108, Geneva :United Nations Research Institute for Social Development (UNRISD)

Kabeer, Naila (2000) "Gender Issues in Development Practices: Two Perspectives from a Development Coopeeration Agency" in *Discussing Women's Empowerment– Theory and Practice*; Sida studies no. 3, Novum Grafiska AB, Stockholm 2001:Sida

KREP (1998) *An Evaluation of DFID Support to the Kenya Rural Enterprise Programme's Juhudi Credit Scheme* (Evaluation Report EV605), Evaluation Summary (sector: Mining, Manufacturers, Trade and Finance) December 1998

KREP (2002) *Improving the living standards of Women through microfinance: FSA experience*, December. Nairobi: KREP

MacIsaac, Norman (1997) The Role Of Microcredit in Poverty Reduction and Promoting Gender Equity - A Discussion Paper *For: Strategic Policy and Planning Division, Asia Branch, South Asia Partnership Canada , CIDA*

Marx, M, Losse, K and Chikami, M (1997) '*Micro-Credit in Zimbabwe: Business not Charity: The Credit Programme of Self-Help Development Foundation*' KonradAdenauer Foundation, Harare.

Mayoux, Linda (1997) "*The Magic Ingredient? Microfinance & Women's Empowerment*". A Briefing Paper prepared for the *Micro Credit Summit*, Washington, February

Mayoux, Linda (1997) 'Microfinance and Women's Empowerment: Approaches, Evidence and Ways Forward', Open University Discussion Paper, UK: Milton Keynes

Mayoux, Linda (1999b) '*Building on social capital: Women's Empowerment and Sustainability: Supporting Co-operative Strategies in West African Micro-finance Programmes'* paper presented to DSA Conference 'NGOs in a Global Future' Birmingham, UK.

Mayoux, Linda (2002) "Women's Empowerment or Feminization of Debt? Towards A New Agenda in African Micro-Finance" *Discussion Paper For A One World Action Conference* Sponsored By The UK Department For International Development

Mayoux, Linda and Duursma eds (1998) 'Sustainable Micro-Finance programmes for Women's Empowerment: Strategies and Models: A Training, Co-Learning and Discussion Worskhop for Southern Africa: Report of Workshop 9th-11th March, Harare. The Open University, Milton Keynes

McCormick, Dorothy and Pedersen, P.O eds (1996) *Small Enterprises: Flexibility and Networking in an African Context*. Nairobi; Longhorn Ltd

Miles, Angela. (1996) *Integrative Feminisms: building global visions 1960s-1990s,* New York/ London : Routledge

Mohanty, Chandra.T. (1991) 'Under western eyes: feminist scholarship and colonial discourses' in C.T. Mohanty, A. Russo and L. Torres (eds) *Third World women and the politics of feminism* Bloomington and Indianapolis: Indiana University Press

MicroSave-Africa (1999)*a "Dropouts Amongst Kenyan MicroFinance Institutions*", Research by David Hulme, John Kashangaki and Harry Mugwanga, Kampala, Uganda: Centre for Microfinance

MicroSave-Africa (1999)b "*Use And Impact Of Savings Services For Poor People In Kenya*", Nairobi: Research by David Hulme, and Harry Mugwanga

Montgomery, Richard (1996) 'Disciplining or protecting the poor? Avoiding the social costs of peer pressure in micro-credit schemes', *Journal of International Development* 8(2), 289-305.

Njeru, Enos .N and Njoka John .M (1998) *'Small Scale Enterprise in Nairobi: The*

Socio-cultural Factors influencing Investment Patterns among Informal Sector Women Entrepreneurs'. IDS Working Paper 532, Nairobi, Institute of Development Studies, University of Nairobi

Rahman, Rushidan.I., (1986)'*Impact of Grameen Bank on the situation of poor rural women'*, in *Grameen Evaluation Project.* BIDS Working Paper No. 1, Dhaka, Bangladesh Institute of Development Studies.

Razavi, Shahra. and Miller, Carol. (1995): From WID to GAD: *Conceptual shifts in the women and development discourse,* Geneva:UNRISD

Ritzer, George (1998) *Contemporary Sociological Theory* New York: Mc Graw Hill Second Edition

Rogaly, Ben (1996) 'Micro-finance evangelism, 'destitute women', and the hard selling of a new anti-poverty formula', *Development in Practice* 6(2), 100-112.

Rosario Leon "Women and Micro-credit: A Reality and a Challenge" http://www.developmentgap.org

Sen, Gita and Grown, Caren (1988) *Development, Crises and Alternative Visions: Third World women's Perspectives.* London: Earthsca Publications.

Sharma, Manohar (2001) *Promises And Ambiguities -Empowering Women To Achieve Food Security*, Brief 10 of 12, August

Shehabuddin, Rahnuma (1990) *Empowering Rural; The Impact of Grameen Bank in Bangladesh.* London : Zed Books

Syed, Hashemi, and Schuler, Sidney, and Riley, Ann (1996) "Rural Credit Programs and Women's Empowerment in Bangladesh." *World Development* 24:4 (1996): 635-653.

Syed, Hashemi, and Schuler, Sidney, and Riley, Ann (1997) 'The influence of women's changing roles and status in Bangladesh's fertility transition: evidence from a study of credit programmes and contraceptive use', *World Development* 25(4), 563-576

Thomsen, Bennholdt and Mies Maria (1999) *The Subsistence Perspective. Beyond the Globalised Economy.* London: ZED Books

UNDP (1995) *Human Development Report,* (New York:UNDP, 1996) 4.

UN (1997) "*Role of Microcredit in the Eradication of Poverty*" -Report of the

Secretary-General; IPS-Inter Press Service. **http://www.soc.titech.ac.jp/icm/icm**

UN (1999) "*Improve Lives Through Credit and Savings*"
http://sdnhq.undp.org/ww/women-poverty

UNDP (2000) "Men, Masculinities & Development: Broadening our work towards gender equality"; Alan Greig, Michael Kimmel, and James Lang, (Eds) May , *Gender in Development*; Monograph Series # 10

Working Women's Forum (2000) *Social Platform Through Social Innovations:* A Coalition with Women in the Informal Sector. Chennai, India: Working Women's Forum

World Bank (2001) *Engendering Development: Through Gender Equality in Rights, Resources and Voice-Summary.* Washington
www.worldbank.org.gender/prr/engendersummary.pdf

Newspaper Sources

Daily Nation (2002), March 8:13 "Credit Alone can take you only so Far"

Schedule No.________

Appendix 1: Interview Schedule

Name of Respondent______________________ Gender _____________ Age _____

Enumerator ______________________________ Enumeration Area ______________

1. Marital status

   a) Married ________________
   b) Divorced/separated________________
   c) Widowed_________________
   d) Single ________________

2. Age (Enter the exact age in the space provided)

   ____

3. Level of education completed

   a) Never attended school________________
   b) Primary education_________________
   c) Secondary _________________
   d) Post secondary (specify) _____________

4. Number of years of formal schooling completed? ______________years

5. Is the respondent the head of the household?

   a) Yes______
   b) No ______

6. (i) Have you received business micro credit before? (If no, discontinue interview)

a) Yes______

b) No ______

(ii) If yes, how many micro credit (s) have you received?

a) One ________________

b) Two________________

c) Three________________

d) Four ________________

e) Five ________________

f) Six________________

(iii) When was each credit disbursed? What was the amount disbursed on each date? and what is the status of credit disbursed? (Was it repaid or was it arrears)

	Date Disbursed (Month & Year)	**Amount Disbursed**	**When completion Due (Month & Year)**	**Repayments completed? (Yes or No)**	**If not completed Amount in Arrears**
1st credit					
2nd credit					
3rd credit					
4th credit					
5th credit					
6th credit					

7. Did you find micro credit beneficial to you? (If no, skip to question 10)

a) Yes________

b) No ________

8. (i)If yes in 7 above, what was the level of business income in the 3 complete months before the first credit was given?

(Enter the exact amount in the space given)

____

(ii)What was the level of business income in last complete 3 months before the interview?

(Enter the exact amount in the space shown)

____

iii) What effects has micro credit had on your business?

(Choose all relevant)

	Before credit	**After credit**
a) Number of customers		
b) Number of employees		
c) Value of business equipment/ assets		
d) Amount of business capital		

(iv) How has micro credit been beneficial to your personal life?

(Choose all relevant)

	Before credit	After credit
a) Level of participation in decision-making process in the household	Not at all________ A Little________ Moderately ________ A lot ________	Not at all________ A Little________ Moderately ________ A lot ________
b) Ability to pay for healthcare services for the household	Not at all________ A Little________ Moderately ________ A lot ________	Not at all________ A Little________ Moderately ________ A lot ________
c) Level of financial contribution to household basic expenses	Not at all________ A Little________ Moderately ________ A lot ________	Not at all________ A Little________ Moderately ________ A lot ________
d) Value of family assets purchased	Amount (Kshs.) ________	Amount (Kshs.) ________
e) Level of financial support to other family members	Not at all________ A Little________ Moderately ________ A lot ________	Not at all________ A Little________ Moderately ________ A lot ________
f) Social status	Not at all________ A Little________ Moderate________ A lot ________	Not at all________ A Little________ Moderate________ A lot ________
g) Other. (Specify)	Not at all________ A Little________ Moderately ________ A lot ________	Not at all________ A Little________ Moderately ________ A lot ________

(v) What factors in your personal life would you say have contributed to the success of your business?

(Choose all relevant)

a) Decision making power over business resources________________________

b) High bargaining power with husband ________________________

c) Self drive for success________________________

d) Other. (Specify)________________________

9 (i) Would you say micro credit has led to increased income in your household?

a) Yes______

b) No _____

Explain your answer (whether yes or no)

____

____

____

(ii) If yes, which among the following would be an indication of increased income in your household?

(Choose all relevant and explain your answer)

a) Improved nutrition ________________________

b) Increased ability to pay for education costs________________________

c) Improved housing ________________________

d) Increased financial support to needy relatives________________________

e) Purchase of property ________________________

f) Other. (Specify)________________________

10 (i) If no, in 7 above, how did micro credit repayments affect your business unfavourably?

(Choose all relevant)

a) Reduced stock of goods________________________________

b) Low ability to provide services____________________________

c) Low profit from the business_____________________________

d) Other (Specify)______________________________________

(ii) What factors in your business would you say contributed to the problems you experienced with micro credit?

(Choose all relevant and explain your answer)

a) High competition ____________________________________

b) Inadequate business skills ______________________________

c) Few customers /low demand______________________________

d) Use of capital for domestic use____________________________

e) Low business profit____________________________________

f) Fewer employees than business required______________________

g) Other (Specify)_____________________________

(iii) What factors in your personal life would you say contributed to the unfavourable experience you had with micro credit?

(Choose all relevant and explain your answer)

a) Lack of control over resources_____________________________

b) Low bargaining power with husband _________________________

c) Low self esteem____

d) Low socio-economic status of women__________________________

e) Other (Specify)___________________________________

(iv) How did credit affect your personal life unfavourably?

(Choose all relevant and explain your answer)

a) Conflict with spouse ______________________________

b) Withdrawal of financial support from husband ______________

c) Inadequate time for family responsibilities ________________

d) Influx of dependants ______________________________

e) Other (Specify) ________________________________

11. What do you think should be done to make credit more beneficial to the lives of women entrepreneurs?

____
____
____
____
____

12. In your view, what can credit organizations do to make credit more beneficial to women entrepreneurs?

____
____
____
____

13 (i) Do you think you need any kind of business training?

a) Yes______

b) No ______

(ii) If no, explain briefly.

____
____
____
____

14 If yes, what type of training would you need to help you improve the performance of your business?

(Choose all relevant)

c) General Business ______________________________

d) Marketing ______________________________

e) Bookkeeping ______________________________

f) Business technical ______________________________

g) Skills development: Specify Type __________ ______________________

h) Others (specify) ______________________________

15 What any other suggestions about micro credit lending to women entrepreneurs in your view would lead to a more positive impact?

____

____

____

____