

**UNIVERSITY OF NAIROBI
FACULTY OF ARTS
DEPARTMENT OF SOCIOLOGY AND SOCIAL WORK**

**THE EFFECTS OF MICROCREDIT ON BUSINESS AND
LIVELIHOODS OF WOMEN: A CASE STUDY OF WOMEN-OWNED
GROCERY AND BOUTIQUE BUSINESSES IN MERU CENTRAL DISTRICT**

BY

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C50/P/7596/05**

**A PROJECT PAPER SUBMITTED TO THE DEPARTMENT OF SOCIOLOGY
AND SOCIAL WORK, IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF
ARTS IN SOCIOLOGY, SPECIALIZING IN RURAL SOCIOLOGY AND
COMMUNITY DEVELOPMENT**

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DECLARATION

This project is my original work and has not been presented for award of a degree at any other university.


Ng'onde Caroline Nkatha

Signed..... 

Date..... 21/10/2011

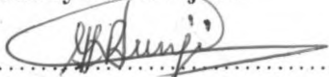
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ACKNOWLEDGEMENTS

I wish to express my sincere thanks to my supervisors Professor Enos H. N. Njeru and Mr. Geoffrey R. Njeru for their scholarly advice, patience and guidance without which I would not have completed this project.

I would also like to appreciate my family and especially my parents Dr. and Mrs. Ng'onde for their support and dedication throughout my schooling, my husband, Titus, for his undying encouragement and moral support to finish this race, my siblings Jackline, Dennis and Teddy for being a great source of inspiration to me as I endeavored to complete this project.

ABSTRACT

The main objective of this study was to investigate the role of microcredit programs in women's empowerment. This study was guided by the Human Development Approach. The study adopted a descriptive survey research design. The target population for this study was women who were engaged in microcredit activities in Meru Central District. Simple random sampling was used to select a sample of 10 groups of women under Faulu Kenya microcredit. In total, 80 individual women in the Microfinance Institution participated in the study. Data collection techniques involved interviewing and Focused Group Discussions for which a questionnaire was used as the major data collection tool. Majority (61%) of the respondents indicated that they got their source of business finance from loans from the Micro-Finance Institutions. The regression analysis shows a strong relationship $r=69$ and $r^2= 0.353$ which shows that thirty five point three per cent of the change/improvement in women empowerment can be explained by the on-going microcredit activities. This relationship is not weak and can be used to explain/predict the rate of women empowerment by studying the microcredit activities. The study concludes that microcredit has increased women's participation in decision making in their own homes and in the community. The study recommends that institutions should reach out to poor women living in diverse socioeconomic environments. This will help the women in these areas to be independent, enlightened, proactive and liberated. The study suggests further study with regard to major constraints being experienced by women while operating their micro enterprises

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ABBREVIATIONS AND ACRONYMS

MFI	-	Microfinance Institutions
SME	-	Small and Medium Sized Enterprises.
UN	-	United Nations
UNCDF	-	United Nations Capital Development Fund
UNDP	-	United Nations Development Program
UNIFEM	-	United Nations Fund for Women
USAID	-	United States Agency for International Development

CHAPTER ONE: INTRODUCTION

1.1 Background.

According to MacAdam (2002), micro-credit is the provision of small loans to people too poor to qualify for traditional bank loans. Small groups get together and act as each other's 'collateral'.

Basic financial services like credit, savings and insurance, give people an opportunity to borrow, save, invest and protect their families against risk (IFAD, 2004). But with little income or collateral, poor people are seldom able to borrow money from banks. Even when they do have income or collateral, the amounts they require are often too small to appeal to banks. Instead, poor people tend to rely on informal financial relationships, like village moneylenders, that usually come at a very high cost to borrowers (ibid).

According to IFAD (2004), microcredit institutions, such as financial cooperatives, financial non-governmental organizations and rural banks, among others, can provide poor people with small amounts of credit at reasonable interest rates. A loan as little as US\$50 can give poor people a chance to set up their own small businesses and possibly create more jobs.

Despite the challenges faced by Micro Finance Institutions (MFIs) and entrepreneurs, micro-credit has had a very positive role on Small and Medium Enterprises (SMEs). Some entrepreneurial poor have been able to set up successful enterprises, whereas other SMEs have expanded due to these loans. (Omino 2005). As evidenced by a number of successful SMEs, microcredit has led to the economic empowerment of many entrepreneurial poor and especially women. This is through the activities of MFIs which include offering loans, training on successful investment and saving of money.

Microcredit not only gives women and men access to savings and credit, but also reaches millions of people worldwide bringing them together regularly in organized groups (Bhattacharjee, 2006) This is potentially a very significant contribution to gender.

equality and women's empowerment, as well as pro-poor development and civil society strengthening. Through their contribution to women's ability to earn an income, these have potential to initiate a series of 'virtuous spirals' of economic empowerment, increased well-being for women and their families and wider social and political empowerment. Microcredit services and groups involving men also have potential to question and significantly change men's attitudes and behaviors as an essential component of achieving gender equality (ibid).

Across the developing world, millions of people survive by operating small businesses known as micro enterprises. Selling a range of goods and services, they depend on credit to purchase essential inventory and equipment. However, the working poor are typically locked out of mainstream financing by selective lending policies (World Bank, 2004). They lack access to formal financial services and in order to meet the working capital needs of their business, many are forced to resort to non-traditional financing sources for capital.

According to World Bank (2004), microcredit was developed to address this problem of financial exclusion. A critical tool for battling poverty in underdeveloped countries and the developing world, the practice provides the entrepreneurial poor with fair access to capital and other financial services. Through the work of MFIs, such individuals are able to access credit, invest in their entrepreneurial vision, work towards financial stability and build a better future for the entire community.

The General Assembly, in its resolution of 18th December, 1997, noted that in many countries micro-credit programs have proved to be an effective tool in freeing people from poverty and have helped to increase their participation in the economic and political processes of society. (UN, 1995) This is through financing of SMEs by MFIs. There has been increased interest in micro-credit due to the growth in the recognition of the importance of empowering all people by increasing their access to all factors of production, including credit.

As reflected in the UN (1995), it is in this context that micro-credit has recently assumed a certain degree of prominence. It is based on the recognition that the latent capacity of the poor for entrepreneurship would be encouraged with the availability of small-scale loans and would introduce them to the small enterprise sector. This would allow them to be more self-reliant, create employment opportunities and engage women in economically productive activities.

Littlefield et al. (2003) argue that microcredit has demonstrated its potential to assist the poor to make significant strides towards reducing their vulnerability, improving their livelihoods, paying for basic healthcare and financing their children's education. Many MFIs have demonstrated an ability to provide financial services to the poor people on a sustainable basis.

Mayoux (1997) asserts that microcredit is currently being promoted as a key strategy for simultaneously addressing both poverty alleviation and women's empowerment. Where financial service provision leads to the setting up or expansion of micro-enterprises, there are a range of potential impacts including: increasing women's income levels and control over income leading to greater levels of economic independence; access to networks and markets giving wider experience of the world outside the home; access to information and possibilities for development of other social and political roles; enhancing perceptions of women's contribution to household income and family welfare; increasing women's participation in household decisions about expenditure and other issues leading to greater expenditure on women's welfare; and more general improvements in attitudes to women's role in the household and community.

Bhattacharjee (2006) explains that targeting women became a major plank of donor poverty alleviation and gender strategies in the 1990s. This was the result of a number of factors: women's human rights; official commitments to gender equity and mainstreaming on the part of most governments, donor agencies, NGOs and the Micro credit Summit Campaign itself; poverty reduction; increasing evidence that not only are women overrepresented amongst the poorest people, but are also more likely than men to

spend their incomes on the welfare of children and dependents. Therefore poverty reductions which target women are likely to be more effective; financial sustainability; increasing evidence in microcredit of much higher repayment and savings discipline among women than men (Bhattacharjee, 2006).

1.2 Problem Statement

Until recently, it was difficult for women to acquire loans from banks due to the stringent conditions placed by the institutions, for example the requirement of such collateral as motor vehicle log- books and title deeds. Majority of women do not have these documents. Studies show that with the introduction of microcredit, it has become much easier for women to apply for and acquire loans from Micro-finance institutions to expand their businesses due to the flexible nature of MFIs especially as far as the requirement of conventional security is concerned. Indeed, studies show that micro-credit has been instrumental in the growth, profitability, competitiveness, and sustainability of women-owned businesses. Observations and discussions with a cross-section of businesswomen who are recipients of micro-credit in Meru Central tend to indicate that their businesses are not doing well. Most affected are groceries and boutiques. Only a few of them have grown to become profitable enough to have a positive impact on these women's livelihoods. This study therefore seeks to investigate why only a few businesses have done well while most of them are experiencing problems.

1.3 Research Questions

This study was guided by the following research questions:

- i) How many women among the grocery/boutique small scale business owners obtained MFI loans in the past three years?
- ii) Into what business activities were the loans in question put by the grocery/boutique MFI loanees?
- iii) What was the impact of the MFI loans on the businesses and livelihoods of the loan recipients?

1.4 Objectives of the Study

1.4.1 Broad Objective

The broad objective of this study was to investigate the role of MFI programs in women's empowerment.

1.4.2 Specific Objectives

This study was based on the following specific objectives:

- i) To identify women among the grocery/boutique small scale business owners who obtained MFI loans in the past three years.
- ii) To investigate how the grocery/boutique MFI loanees used the loans in question.
- iii) To examine the impact of the MFI loans on the businesses and livelihoods of the loan recipients.

1.5 Operationalization of Study Variables

- The independent variable is microcredit.
 - Access to loans

- Women's empowerment
 - Asset build-up/acquisition
 - Incomes and financial independence
 - Contribution to household food security
 - Ability to meet household obligations (school fees, medical care)
 - Ability to operate business independently
 - Ability to participate in household decision making and community development.

1.6 Definition of Terms

Empowerment – An asset build-up/acquisition, financial independence, household food security and ability to meet household obligations (school fees, medical care).

Micro credit – Credit or loan from a women’s group through a micro finance institution; the period of operation and how the loan was used.

Grocery business- A green grocery business or a general retail shop.

1.7 Scope and Limitations of the Study

The scope of this study was limited to availability of microcredit services to women and their role in empowerment of women. This study was conducted in Meru Central District and the sample was only taken from those women who have had access to microcredit.

One of the main limitations of this study is the fact that the findings may not be generalized to reflect the extent of women empowerment in the whole country. This is because certain districts have different working environments with some being conducive and others being less conducive. However, the findings can be generalized and applied in the entire country. In addition, the study could not be able to cover the whole country because of time and financial constraints.

1.8 Justification of the Study

The findings of this study will be useful in the following ways:

Microcredit Institutions in Kenya

Access to formal banking services is difficult for the poor and especially women. The main problem women have to take when trying to acquire loans from formal financial institutions is the demand for collateral asked by these institutions. In addition, the process of acquiring a loan entails many bureaucratic procedures, which lead to extra transaction costs for the poor women. Banks are not motivated to lend money to them. Therefore the research findings will act as a market survey to the microcredit institutions whereby the researcher will conduct a study on the effects of MFIs on women’s empowerment.

The Government

The research aims at providing information from the reports on the importance of access to microcredit in achieving the Millennium Development Goals (MDGs) for women. The MDGs are globally-adopted targets for reducing extreme poverty by 2015. They address income poverty, hunger, and disease; lack of education, infrastructure and shelter; and gender exclusion and environmental degradation

While the MDGs do not formally set targets for financial sector access, low-income countries need microcredit to achieve the MDGs. Microcredit underpins the achievement of many MDGs and plays a key role in many MDG strategies. The government can use the research findings to come up with good financial regulations and policies to efficiently create economic wealth for those who have access to the microcredit institutions to the poor women. If low income women are to manage and grow their assets, they need access to financial services which the MFIs can provide.

CHAPTER TWO: LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Literature Review

This chapter reviews literature related to microcredit and women's empowerment. Sources of such literature included books, journals, government policies, empowerment journals, theses and limited materials from the internet. The reviewed literature is thematically presented as follows:

2.1.1 Background to Microcredit

In 1976, a Bangladesh economist; Mohammed Yunus lent, a group of 42 artisans 62 cents each, so they could buy the supplies they needed to eke out a living. At less than a dollar each, they were 'tiny loans' indeed. But they helped, allowing the artisans to expand, however modestly, their businesses and improve their lives. The loans were paid back. From that humble start has grown the Grameen Bank, the world's best known micro credit enterprise (MacAdam, 2002).

Informal and small scale lending arrangements have long existed in many parts of the world, especially in the rural areas. However, in the past two decades, considerable attention and resources have been shifted toward micro credit lending. It is seen as a way to encourage self reliance, create employment and, particularly, help women better their lives by generating some income.

2.1.2 Features of Micro-credit Schemes

According to MacAdam (2002), micro-credit schemes vary but they usually share several key features:

- They are geared to people with no land or assets i.e., people who don't have what the banks call collateral;
- Borrowers become part of a small group of people who meet regularly to support each other;

- The majority of those taking part are women, because they are usually the poorest of the poor, with little hope of getting loans;
- Borrowers can receive further loans, as long as earlier ones are paid, on the understanding that the poor need to have access to credit for a number of years to accumulate enough assets and savings to escape poverty;
- Borrowers are free to choose the activity to be funded with their loan, with most loans going toward small businesses such as farming, handicrafts and shop keeping.

According to the United Nations (1997), in many countries micro credit programs have proved to be an effective tool in freeing people from poverty, hence increasing their participation in the economic and political processes of society.

IFAD (2004) acknowledges that basic financial services, like credit savings and insurance, give people an opportunity to borrow, save, invest and protect their families against risk. However, with little income or collateral, poor people are seldom able to borrow money from banks and other formal institutions. Even when they do have income or collateral, the amounts they acquire are often too small to appeal to banks. Instead, poor people tend to rely on informal financial relationships, like village money lenders, that usually come at a very high cost to borrowers. It is worthy noting that MFIs can provide poor people with small amounts of credit at reasonable interest rates.

Microcredit is no panacea, but it can be an important part of a comprehensive effort to build promising futures for millions of people around the world. The social impact of MFIs is well documented. World Bank (2004) asserts that communities which have benefited from microcredit have seen quantifiable improvements in grade school attendance, vaccination rates, diet, and the general quality of life.

According to World Bank(2004), today MFIs reach an estimated 120 million clients worldwide, with a potential target of 1.28 billion clients. However, the ongoing success of the industry is dependent on adequate and appropriate funding. In order to promote

stability and expand their reach, MFIs, which have been historically funded by donor agencies, are increasingly looking toward private capital sources to meet the scale of demand. As a result, microcredit funds have evolved to assist these institutions to raise capital from individual and institutional investors. Microcredit investors gain the unique opportunity to earn both social and financial returns. In contrast to the traditional philanthropy, investing in microcredit is a perpetual gift – MFIs are permanent, and money repaid by borrowers is recycled into new loans and gives other micro-entrepreneurs the opportunity to break the cycle of poverty.

2.1.3 Serving the Poor

The approach of lending to the poor clients is best described as indirect targeting (Churchill et. al, 2002). They assume that by using a group lending methodology, offering very small initial loans, and working in poor communities, they are reaching their intended market. The wealthier members of the community would have little time for group meetings, little desire to guarantee loans of poorer people, and little use for such a small loan.

These indirect targeting methods, however, have caused some MFIs to reach a better off market than they envisioned. Their customers do not always include the large number of the extreme poor that they expected to serve. According to Churchill et al. (2002), research done on the poverty levels of microcredit clients across seven MFIs in four countries found that most borrowers were just above or below the poverty line, classified as moderate poor or vulnerable non poor. Few clients were extreme poor or destitute.

2.1.4 Defining the Poor

Microcredit is known to generate income, increase employment and alleviate poverty in developing countries, resulting in benefits to individuals, communities and regions (World Bank, 2004). This is through providing the poor with access to financial services, broadly defined to include not just credit, but also savings, insurance, remittances, and other services, offered at reasonable prices and responsive to the particular needs of clients.

According to the United Nations (1997), several factors have led to increased interest in microcredit in promoting growth with greater equity. 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. It is in this context that microcredit has recently assumed a certain degree of prominence. It is based on the recognition that the latent capacity of the poor for entrepreneurship would be encourage with the availability of small scale loans and would introduce them to the small scale enterprise sector. This could allow them to be more self-reliant, create employment opportunities, and, not least, engage women in economically productive activities. Currently, there are estimated to be about 3,000.

MacAdam (2002) emphasizes that for the world's poor, getting a business loan can be next to impossible – they simply don't have the collateral the banks demand. But a growing 'microcredit' movement is giving them a chance to make it on their own.

2.1.5 Gender and Development

Research done by United Nations Development Program, United Nations Fund for Women and the World Bank among others, indicates that gender inequalities in developing societies inhibit economic growth and development. For example, a recent World Bank report confirms that societies that discriminate on the basis of gender pay the cost of greater poverty, slower economic growth, weaker governance and a lower living standard of their people (World Bank, 2001). The UNDP found a 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.

Microcredit has come to play a major role in many of these donors' gender and development strategies because of its direct relationship to both poverty alleviation and women empowerment. Microcredit enhances women's income levels and empowers

them to be major contributors in the household budget by engaging them in profitable ventures.

2.1.6 Women among the Poorest of the Poor

It is generally accepted that women are disproportionately represented among the world's poorest people. In its 1995 Human Development Report, the UNDP reported that 70 percent of the 1.3 billion people living on less than \$1 per day were women (UNDP, 1995). According to the World Bank's gender statistics database, women have a higher unemployment rate than men in virtually every country (World Bank, 2001). Cheston and Kuhn (2002) argue that in general, women also make the majority of the underpaid, unorganized formal sector of most economies. This rationale supports women's access to financial services because women are relatively more disadvantaged than men.

2.1.7 Women as Good Risks

According to Cheston and Kuhn (2002), women spend most of their income on their families. Women have been shown to spend more of their income on their households; therefore, by helping women increase their incomes, the welfare of the whole family is improved. Microcredit has drawn millions of women into commercial economic activities for the first time, enabling them to take advantage of new opportunities and develop new roles as cash income earners and economically active members of the community. According to IFAD (2004), poor women often have the best credit ratings. In Bangladesh, for example, women default on loans less often than men, and credit extended to women has a much greater impact on household consumption and quality of life for children.

In its report on its survey findings, the special unit on microcredit of the United Nations Capital Development Fund explains that women's success benefits more than one person. Several institutions confirmed the well-documented fact that women are more likely than men to spend their profits on household and family needs. Assisting women therefore generates a multiplier effect that enlarges the impact of the institutions activities (Deshpanda, 2001).

2.1.8 Empowering Women

According to UNIFEM (2000), one of the often articulated rationales for supporting microcredit and the targeting of women in particular by MFIs is that microcredit is an effective entry point for empowering women. By putting financial resources in the hands of women, MFIs help level the playing field.

We will begin by exploring what empowerment is. According to UNIFEM (2000), empowerment is about gaining the ability to generate choices and exercise bargaining power, developing a sense of self worth, a belief in one's ability to secure desired changes, and the right to control one's life. Empowerment is about change, choice and power. It is a process of change by which individuals or groups with little or no power, gain power and ability to make choices that affect their lives.

Malhotra et. al. (2002) defines empowerment as the ability of people to make strategic choices in areas that affect their lives. Two key factors in the process of empowerment are essential: control over resources (the conditions for empowerment) and agency (the ability to formulate choices).

Kashf (2004) defines empowerment as the ability for women to have their own income, freedom of mobility and equal participation of men and women in decision-making.

Women empowerment has to do with, for example, access to material, human, and social resources necessary to make strategic choices in their lives. Women have been historically disadvantaged in access not only to material resources like credit, property and money but they have also been excluded from social resources like education or insider knowledge of some businesses (Cheston and Kuhn, 2002). Access to finances alone does not automatically translate into empowerment or equality, however, since women must also have the ability to use the finances to meet their goals. In order for resources to empower women, they must be able to use them for a purpose that they choose.

MacAdam (2002) views women's empowerment by micro credit in three ways: by micro credit providing independent sources of income outside the home, it can reduce women's economic dependence on their husbands and thus increase their autonomy; those independent sources of income, together with the exposure to new ideas and social support can, in theory, make women more assertive of their right; and by providing control over material resources, micro credit programs can raise women's prestige and status in the eyes of their husbands, opening up new possibilities within families.

Rowlands (1997 in Mayoux, 2005) looks at women's empowerment from a power relations perspective. Power from within: individual changes in confidence and consciousness; power to: increase in skills, abilities including earning an income, access to markets and networks; power over: changes in power relations within households, communities and at macro-level; power with: organization of the powerless to enhance individual abilities and/or ability to challenge and change power relations.

Mayoux (2005) analyzes Chen's Empowerment Framework as commissioned by UNIFEM for AIMS microcredit impact study. It distinguishes between three types of changes: material, perpetual and relational changes.

Material Change:

- Income: increased income and income security.
- Resources: increased access to, control over, and ownership of assets and income.
- Basic needs: increased or improved health care, child care, nutrition, education, housing, water supply, sanitation and energy source.
- Earning capacity: increased employment opportunities plus ability to take advantage of these opportunities.

Perpetual Change:

- Self-esteem: enhanced perception of won individuality, interest and value.
- Self confidence: enhanced perception of own ability and capacities.
- Vision of future: increased ability to think ahead and plan for the future.
- Visibility and respect: increased recognition and respect for individual's value and contribution.

Relational Change

- Decision making: increased role in decision making within the household and community.
- Bargaining power: increased bargaining power.
- Participation: increased participation in non-family groups, in local institutions, in local government, in political process.
- Self-reliance: reduced dependence on intermediation by others for access to resources, markets, public institutions plus increased ability and ability to act independently.
- Organizational strength: increased strength of local organizations and local leadership.

2.1.9 Microcredit and Women's Empowerment

Micro credits targeting women became a major plank of donor poverty alleviation and gender strategies in the 1990s. Increasing evidence of the centrality of gender equality to poverty reduction and women's higher credit repayment rates led to a general consensus on the desirability of targeting women. Not only 'reaching' but also 'empowering' women became the second official goal of the Micro-credit Summit Campaign (Mayoux, 2005).

The problem of women's access to credit was given particular emphasis at the first International Women's Conference in Mexico in 1975 as part of the emerging awareness of the importance of women's rights. This led to the setting up of the Women's World Banking network and production of manuals for women's credit provision. Other women's organizations worldwide set up credit and savings components both as a way of increasing women's incomes and bringing women together to address wider gender issues. From the mid 1980s there was a mushrooming of donor, government and NGO sponsored credits in the wake of the 1985 Nairobi Women's Conference (Mayoux, 1998).

Kabeer (1998) argues that one important achievement of the microcredit movement has been its relative success in deliberately reaching out to poor women living in diverse

socioeconomic environments. Since 1979, Women's World Banking has made more than 200,000 loans to low income women around the world. Literally hundreds of similar examples can be found in Asia, Africa and Latin America. The premises behind such targeting are twofold: Firstly, microcredit is an effective tool in improving women's status, and secondly that overall household welfare is likely to be higher when microcredit is provided to women rather than men. Women's status, household welfare and microcredit interact in the following ways:

- A woman's status in a household is linked to how well she can enforce command over available resources. Increased ability to tap financial resources independently enhances her control and, therefore, her influence in household decision making processes.

2.1.9.1 MFIs and Women's Empowerment

Microcredit's great potential to empower women to a large extent often goes unrealized. While studies show that microcredit can and does empower women it has potential to empower many more, more greatly (Cheston and Kuhn, 2002).

2.1.9.2 Barriers to a Women's Empowerment Focus

In spite of the enthusiasm that many donors and practitioners have shown for the empowering potential of microcredit, many MFIs are reluctant to intentionally focus on women's empowerment when designing their systems and programs. Their rationale ranges from the belief that empowerment will happen naturally as a result of a good microfinance program, to the concern that paying attention to empowerment will distract MFIs and their managers from running their institutions in a sustainable manner. This section explores a few of these barriers.

2.1.9.3 Access to Credit and women's Empowerment

Cheston and Kuhn (2002) argue that the basic theory is that microcredit empowers women by putting capital in their hands and allowing them to earn an independent income and contribute financially to their households and communities. This economic empowerment is expected to generate increased self esteem, respect and, other forms of

empowerment for women beneficiaries. Involvement in successful income generating activities should translate into greater control and empowerment. However, closer examination shows that this equation may not always hold true and complacency in these assumptions can lead MFIs to overlook both opportunities to empower women more profoundly and failures in empowerment.

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. Control of capital is only one dimension of the complex and ever changing process by which the cycles of poverty and powerlessness replicate themselves. In addition, women also face disadvantages when it comes to accessing information, social networks and other resources they need to succeed in business and in life. Only by assessing the needs of women will an MFI be able to maximize its empowerment potential.

The Fear of Women's Empowerment

One of the reasons that some practitioners are reluctant to adopt women's empowerment as a central focus of their programs is that they fear that it will interfere with the efficiency and professionalism of their financial operations (Cheston and Kuhn, 2002). They fear that an intentional focus on women's empowerment may lead them to additional activities that could draw resources and energy away from the core business of providing financial services to the poor in a sustainable way.

However, there are "empowering approaches" to delivery of traditional microcredit services that are often compatible with and no more costly than other ways of achieving organizational efficiencies. An empowering approach is often found among organizations that are committed to excellence and particularly in the area of excellent customer service.

For MFIs to ensure that their products and services are empowering for their clients, they need to understand their potential clients. The understanding of the characteristics of women's economic activity and the skill, time and other constraints that they face helps

MFIs offer loans and other products that are appropriate and empowering. "Soft" services like health education, literacy training, business training or discussion and support groups for issues such as domestic violence or divorce rights can be linked with the provision of financial services.

2.2 THEORETICAL FRAMEWORK

This study was guided by the Human Development Approach and the Rawl's Theory of Justice. This section discusses these approaches.

2.2.1 The Human Development Approach

Human development refers to a process of widening people's choices and raising their standards of living through expansion of human capabilities and access to opportunities in the social, economic and political spheres (UNDP, 2001). Enlarging human choices is critically linked to the two issues: capabilities and functioning; and opportunities.

The women should be guided in applying for the loans that they can comfortably pay back. They should be made to understand that this is money that they ought to return after a given time and hence hard work is required of them. They should be guided in choosing the right investment to venture in that is profitable. Their capabilities should be put in mind. This is by devolving power to the right person, for example the leadership should be given to a woman whose leadership skill is good and hence the performance will be better. The treasurer should be an honest person in order for the group to realize growth. The women group should be guided in choosing the right business to do so that they can not find it difficult to repay the loan.

According to Eckert (1995), the functioning of a person refer to the valuable things the person can do or be such as being well nourished, living a long life and taking part in community initiatives. The capability of a person stands for the different combinations of functioning the person can achieve. The women group should be made of people who share one goal. They should have the same capabilities that it will enable them to achieve their goal. It reflects the freedom to achieve functioning. Enlarging choices for a person

implies formation or enhancement of capabilities through the development of human resources – good health and nutrition, education and skill training, etc. This implies that the members of the women group have to maintain their health in order for them to perform. They should be trained by the MFI on how to manage their finances. They should get the basic skills on how to manage their business in order for them to realize profit.

However, capabilities cannot be used unless opportunities exist to use them for leisure, productive purposes or participation in social, political or cultural affairs (Eckert, Ibid). The MFIs should research on the existing business opportunities that can help the women in realizing profit. The women can then be guided properly on how to take advantage of such opportunities. This will lead to women empowerment as they will realize profit in the business they venture in and again will find it easy to pay back the loan to the micro-financier.

The Human Development Approach has been used as the theoretical framework for this study because it encompasses the widening of people's choices and raising their standards of living through expansion of human capabilities and access to opportunities. This is what should be focused on by the MFIs in offering loans to the women. This will help in the smooth running of the process.

2.2.2 Rawl's Theory of Justice

The study was also guided by Rawls theory of justice (1971) which states that all social primary goods, liberty and opportunity, income and wealth, and the basis of self-respect be distributed equally (Aspaas,1991). His basic point throughout the theory is that although he believes everyone deserves to be treated equally and have the same opportunities as the other that not everyone is, and not everyone does.

Rawls's model of "purity of heart" has two parts. First is the description of people in the hypothetical situation of choosing principles for living together. They are imagined as rational, self-interested individuals who aim to do as well for themselves as they can, who are roughly equal in capacity (no one can easily dominate all the others), and who have

needs that can be met more effectively by cooperation than by non-cooperation. With regard to this study; the woman should be assisted in part by the male relative whom they may be living together with.

Then the second part of Rawls's model comes in: the Veil of Ignorance. Rawls, apart from recognizing that persons act on self-interest, he also thinks that a person can be rational about their self-interest. The implication of this theory is that a person has a plan to get what they want out of life, that a person knows what they need to make their plan work and that a person mostly sticks to their plan throughout their lives, even if they are never completely successful. Rawls figures that people would simply design a society, which would help them with their own personal plans and not anyone else's. (Rawls, 1971). According to Rawls, this would not result in a just society.

The key argument is that, in the veil of ignorance, is that a person does not know who they are in the real world! That is, a person does not know their class position or social status, their natural talents, abilities, intelligence or strength, and what their plan for a good life is. The design of society does, however, determine what happens to persons and how a lot of other things, like education, health care, welfare and job opportunities, will get distributed among the persons in society regardless of gender. The "veil of ignorance," ensures that the parties do not know where they will be placed in the resulting society.

Rawls's theory of justice revolves around the adaptation of two fundamental principles of justice, which would, in turn, guarantee a just and morally acceptable society. The first principle guarantees the right of each person to have the most extensive basic liberty compatible with the liberty of others. The second principle states that social and economic positions are to be (a) to everyone's advantage and (b) open to all (Nussbaum, 2000). The two Basic Principles of Justice;

1. Each person should get an equal guarantee to as many different liberties--and as much of those liberties--as can be guaranteed to everyone else at the same time. In

this study, the theory advocates for women to be given access to microcredit facilities and be empowered in the long run.

2. Inequalities in society are okay only if they are arranged so that the inequalities
 - i. Actually help out the least fortunate persons in society and
 - ii. The inequalities are connected to positions or offices or jobs in society that everyone has an equal opportunity to attain.

However, Rawls is not talking about complete liberty to do, to have or to keep absolutely anything. The inequalities Rawls asserts are:

- a. Inequalities in the distribution of income, jobs and wealth based on gender
- b. Inequalities set up by institutions that use differences in authority and responsibility or chains of command.

Sometimes things get delicate. Suppose the political doctrine teaches, as ours does today, that men and women are fully equal as citizens. That means, according to Rawls, that they must be treated equally not only in such matters as voting and political participation; they must also be treated equally in distributing all primary goods and secondary goods. Nevertheless that still does not mean that men and women are equal in some ultimate metaphysical sense. Rawls believes that political actors in a liberal society should not directly contradict the views of religions that posit inequalities between men and women. For instance, he suggests that a Supreme Court of Justice, in an opinion on sex discrimination, should say only that all people are equal as citizens and not that men and women are equal by nature. In other words, there should be no differences except those that can be justified on grounds of efficiency.

This theory is very applicable in this study since it is explaining about inequality in society and the consequences it has to those involved. This theory advances that inequalities among men and women are detrimental and should be abolished at all costs. The theory suggests that empowering the disadvantaged party results in the general benefit of the society.

CHAPTER THREE: METHODOLOGY

3.1 Study Site

The site of the study was Meru Central District, Eastern Province. Meru Central District has a population of 553,336 people. It was divided into 9 divisions namely: Miriga-mieru West, Miriga-mieru East, Buuri, Abothuguchi West, Abothuguchi East, Abothuguchi Central, Nkuene, Abogeta and Egoji. Meru was selected as the study site because it is a highly patriarchal community based on the fact that most women are not in formal employment. There are also a number of thriving Micro and Small Enterprises.

The Meru community has a deeply rooted culture in both commercial and subsistence farming activities. Meru Central is located on the slopes of Mt Kenya in an agriculturally high potential area of deep, iron-rich, volcanic soils. The population human activities are farming, businesses like green grocery, boutique, transport and shops. The culture is rich with a council of elders called Njuri Ncheke who run the affairs of the community politically and socially.

3.2 Research Design

The study adopted a descriptive survey research design. A descriptive survey research is a systematic empirical inquiry in which the researcher does not have direct control of independent variables because their manifestation has already occurred or because they are inherently not manipulable (Paton, 2000). Inferences about relations among variables are made, without direct intervention from concomitant variation of independent and dependent variables (Paton, 2000).

3.3 Target Population

The target populations for this study were women who were engaged in microcredit activities in Meru Central district. The researcher targeted women in grocery and boutique shops because this represents the basic businesses that are affordable and easier to start for majority of women in Meru Central district- who are not economically empowered to start large scale businesses.

3.4 Sampling

Warwick and Lininger, (1975) argue that, the main factor considered in determining the sample size is the need to keep it manageable enough. This enables the researcher to derive from it detailed data at an affordable cost in terms of time, finances and human resource (Mugenda and Mugenda (1999). The researcher ensured a high degree of correspondence between a sampling frame and the sample population as the accuracy of the sample depends on the sampling frame. Further, Paton (2002) argues that the sample size depends on what one wants to know, the purpose of the inquiry, what is at stake, what will be useful, what will have credibility and what can be done with available time and resource.

Simple random sampling was used to select a sample of 10 groups of women under the Faulu Kenya Ltd Micro-credit programme who were either in grocery or boutique business. Each group of women grocers had an average of 24 members. The study chose 8 members per group which represents 33.3% which Patton (2002) recognizes as an adequate sample. In total, 80 individual women in the MFI participated in the study.

This sample size was deemed adequate for the study since;

“We can study neither every case of whatever we are interested in, nor should we want to. Every scientific enterprise tries to find out something that will apply to everything of a certain kind by studying a few examples the results of the study being as we say, “generalisable” (Neuman, 1999).

While Kerlinger (1978) indicates that a sample size, 10% of the target population is large enough so long as it allows for reliable data analysis by cross tabulation, provides desired level of accuracy in estimates of the large population and allows for testing for significance of differences between estimates; Paton (2002), argues that the sample size depends on what one wants to know, the purpose of the inquiry, what is at stake, what will be useful, what will have credibility and what can be done with available time and resource. Lincoln and Juda (1985) in Paton (2002) recommend sample selection should be;

"To the point of redundancy... thus if the purpose is to maximize information, the sample is terminated when no more new information is forthcoming from new sample units, and that redundancy in the primary criterion" (pg. 246).

3.5 Data Collection

This section discusses the research instruments, the validation and reliability assurance of the research instruments and the data collection procedure that were adopted in this study.

3.5.1 Research Instruments

The main research instruments that were used in this study were questionnaires.

In developing the questionnaire items, the fixed choice and open-ended formats of the item were used. This format was used in all categories of the questionnaires. However, in the fixed choice item, it involved 'putting words' in the respondents' mouth, especially when providing acceptable answers and there is temptation to avoid serious thinking on the part of the respondent. The respondent ends up choosing the easiest alternative and provides fewer opportunities for self-expression. It is because of these reasons that it became necessary to combine this format of items with a few open ended response items. Most of the items adopted a Lickert scale (such as 1-strongly disagree, 2-disagree, 3-undecided, 4-agree, 5-strongly agree).

3.5.2 Validity of Research Instruments

According to Paton (2000) validity is quality attributed to proposition or measures of the degree to which they conform to establish knowledge or truth. An attitude scale is considered valid, for example, to the degree to which its results conform to other measures of possession of the attitude. Validity therefore refers to the extent to which an instrument can measure what it ought to measure. It therefore refers to the extent to which an instrument asks the right questions in terms of accuracy. Mugenda and

Mugenda (1999) define validity as the accuracy and meaningfulness of inferences which are based on research results.

The content validity of the instrument was determined in two ways. First, content validity of the instrument was determined through piloting, where the responses of the subjects were checked against the research objectives. This also gave a reason as to why content had to be used. For a research instrument to be considered valid, the content selected and included in the questionnaire must be relevant to the variable being investigated (Neuman, 2000).

The researcher then performed a pilot test outside the district of study. Appropriate changes were made on the research instruments depending on the responses. Secondly, the researcher discussed the items in the instrument with the supervisors, lecturers from the department and colleagues. Advice given by these people helped the researcher determine the validity of the research instruments. The advice included suggestions, clarifications and other inputs. These suggestions were used in making necessary changes.

3.5.3 Reliability of the Research Instrument

Reliability is a measure of the degree to which a research instrument yields results after repeated trials (Mugenda and Mugenda, 1999). Reliability is a quality attributed to proposition or measures to the degree to which they produce consistent results. An attitude scale is considered reliable, for example, to the degree to which the same respondents, or very similar respondents, receive the same or very similar score upon repeated testing.

Pre- testing through piloting was done. The reliability of the items was based on estimates of the variability of respondents. The reliability coefficient was determined by test-retest technique. The instruments were then administered to the same subjects after an intervening period of one week. This technique was used because it determines the stability of the research instrument. Pearson's product moment's correlation (r) was used

to determine the coefficient stability of the data collection instrument. Frankel and Warren (2000) say that Pearson's Product moment coefficient of correlation is one of the best-known measures of association.

$$r_{xy} = \frac{N\Sigma XY - (\Sigma X)(\Sigma Y)}{\sqrt{[N\Sigma X^2 - (\Sigma X)^2][N\Sigma Y^2 - (\Sigma Y)^2]}}$$

Where	r	=	Pearson r
	Σx	=	The sum of raw X scores
	Σy	=	The sum of raw Y scores
	Σxy	=	The sum of the product of each X times each Y
	ΣX^2	=	The sum of the square of each X- score
	ΣY^2	=	The sum of the squares of each Y – score.
	N	=	The number of paired x & y scores

The reliability was calculated and was found to be 0.764 between the two tests. A reliability of at least 0.5 was considered high enough for the instrument to be used for the study, Kerlinger (1978).

Feedback obtained from the pilot study assisted the researcher in revising the questionnaire to ensure that it covered the objectives of the study. The main reason for piloting the questionnaire was to ensure as far as possible that the items would detect the kind of responses the researcher intends to get, that they are acceptable in terms of their content, and they adequately covered any aspect of the unit which the researcher particularly wished to explore. In a case where it was discovered that the items in the questionnaire were difficult for the respondents, they were rectified accordingly.

3.6 Data Analysis

Data was analyzed qualitatively and quantitatively with help of Statistics Package for Social Science (SPSS). Descriptive methods were used in exploring the various benefits of the microcredit. Inferential statistics were employed where the chi- square test was

used to test whether there was a relationship between microcredit activities and women empowerment. Chi - square tests the relationship between two variables and does not show the direction of the relationship. Where a relationship was established, the researcher went ahead and conducted a regression analysis to determine the direction and extent of the relationship. Data was presented in the form of frequency distribution tables, graphs and pie charts that facilitated description and explanation of the study findings.

CHAPTER FOUR: DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter analyses, presents and interprets the findings of the study. The data analyzed and presented are based on responses to the items in questionnaires. The data presented include background information of the respondents, effect of microcredit on women's levels of income, extent to which microcredit influences women's access to information, contribution of microcredit to women's participation in household decision making and the impact of microcredit on women's empowerment in the society.

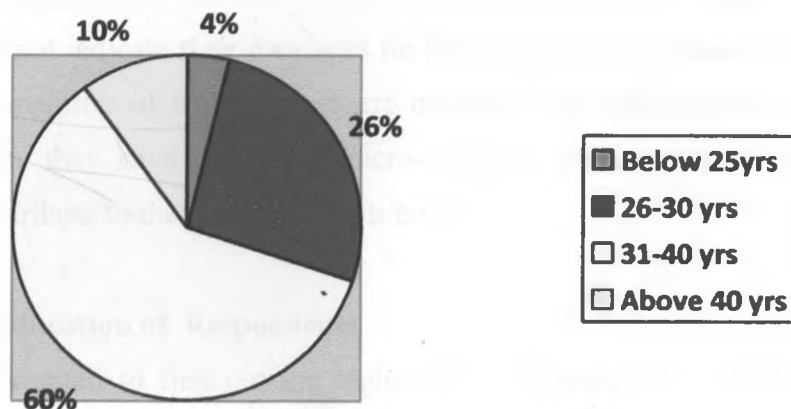
4.2 Demographic Information

For the researcher to investigate the role of microcredit in women's empowerment, it was important to establish the demographic information which included: the age, marital status, highest level of education, type of employment, number of dependents, total household income per year and the number of years in their current group.

4.2.1 Age of respondents

The age of the respondents was categorized in groups of three, where the respondents were either below 25 years, between 26-30 years, between 31-40 years and above 40 years. The results are shown in figure 4.1

Figure 4.1 Age of respondents



As shown in the figure above, majority of the respondents 60% were between 31-40 years of age, this is followed by 26% who are between 26-30years. However, 10% of the respondents were above 40 years and only 4% were below 25 years. This means that most of the women are middle aged and they are the ones who need empowerment most since they are rearing children at this age.

4.2.2 Marital Status of Respondents

The researcher found it important to find out the marital status of the respondents in order to investigate the role of microcredit in women's empowerment. The data is as shown on table 4.1 below

Table 4.1 Marital Status of Respondents

Marital Status of the respondents	Frequency	Percent
Single	13	16.3
Married	56	70.0
Divorced	3	3.8
Widowed	5	6.3
Others	3	3.7
Total	80	100

The findings indicate that majority 70% of the respondents were married, 16.3 were single, 3.8% respondents were divorced 6.3% were widowed while 3.7% of the respondents did not indicate their own ages for their own personal reasons. This can be concluded that majority of these women are married with families. This could be the main reason why they have joined the micro-credit program in order to sustain their families and contribute to the running of their homes

4.2.3 Level of Education of Respondents

The researcher wanted to find out the highest level of education of the respondents. Level of education was divided into three fields: primary school, secondary, college or university levels. The results are as shown on table 4.2 below

Table 4.2 Level of Education

Level of Education of Respondents	Frequency	Percent
Primary	8	10.0
Secondary	49	61.3
College	23	28.8
Total	80	100.0

The analysis above shows that 61.3% of the women indicated secondary as their highest level of education, 28.8% had gone up to college while 10% had schooled up to primary level. It was however noted that none of the respondents was a university graduate. This analysis shows that due to their level of education few are able to secure formal employment. This means that most of them had to engage in self employment in order to cater for their needs and their family needs hence acquiring loans from MFIs to raise capital for their businesses. As a result, majority require training before involving themselves in managing a business. The MFIs should provide prior knowledge on how to handle a business before handing the loans to the women.

4.2.4 Employment status of Respondents

In order to investigate the impact of microcredit on women's empowerment it was paramount for the researcher to find out if the respondents were employed or self employed. The results are as shown on table 4.3 below

Table 4.3 Employment status of Respondents

Employment status	Frequency	Percent
Employed	3	3.8
self employed	77	96.3
Total	80	100.0

The findings indicate that majority 96.3% of the respondents were self employed while only 3.8% were in formal employment. This clearly indicates that since most of them have not advanced in their education. This further stresses on the need to empower them in the society. By let them start businesses that will add nourishment to their life.

4.2.5 Number of dependants

The researcher wanted to find out the number of dependants each respondent had. The results are as shown in table 4.4 below:

Table 4.4 Number of dependants

Number of dependants	Frequency	Percent
None	3	3.8
1-2 dependants	36	45.0
3-5 dependants	35	43.8
More than 5	3	3.8
Total	77	96.3

The analysis above shows that 45% of the respondents had between 1 and 2 dependants, this was followed closely by 43.8% who had 3 to 5 dependants. A similar number of 3.8% of the respondents had more than five dependants and none respectively.

According to these findings, it can be concluded that the women have to be empowered since they have many dependants. The society has great confidence in women that they are responsible enough to take care of the people under their care hence they need to be supported in nurturing them.

4.2.6 Respondents who have obtained loans in the past

The researcher was able to identify the respondents who had acquired loans in the past one to three years. This can be seen as in the table 4.5

Table 4.5 Have you obtained a loan in the past?

Past Loan History	Frequency	Percent
1 year	45	56.3
2 years	25	31.3
3 years	10	12.4
Total	80	100.0

56.3 % of the respondents were found to have obtained loans in the past one year while 12.4% had obtained loans in the past three years. The respondents attributed this to the outsourcing and marketing services offered by the MFIs in the past one year thus the women are more enlightened on how to acquire loans and invest them in their businesses. This further shows that loans are the only way to empower women in the society. This calls for more MFI branches to be opened up to serve a majority of the women. This as a result will improve the living standards of the society.

4.2.7 Amount of loan borrowed in the past

The researcher having sought the period when the loan was acquired found it paramount to seek the amount of loan borrowed by the respondents. The table 4.6 below has the results.

Table 4.6 Amount of loans borrowed

Amount borrowed	Frequency	Percent
<10,000	16	20
10,000-20,000	34	42.5
20,000-30,000	20	25
>30,000	10	12.5
Total	80	100

According to the findings, majority of the respondents 42.5% had acquired loans between 10,000-20,000. Further 25% of the respondents had acquired a loan of between 20,000 -

30,000, while 20% had acquired a loan of <10,000 and only 12.5% had acquired a loan of more than 30,000. This shows women prefer starting small businesses like kiosks or shop that require a low amount of money to start. A majority of women shy away from applying for a larger amount. They need to be advised on how to venture into larger businesses so that they can get empowered faster.

4.2.8 Use of the Loan borrowed

It was important to find out from those who had borrowed a loan from the MFI what they had used the amount borrowed for. The findings are indicated below on table 4.7.

Table 4.7 Use of the Loan borrowed

Use of the loan borrowed	Frequency	Percent
Pay for pending bills e.g. rent, school fees, food, clothing	4	5.0
Purchase stock for the new business	38	47.5
Construct the business premises	6	7.5
Increase existing stock levels for the business	32	40.0
Total	80	100

The findings above show that majority of the respondents 47.5% of the respondents used the amounts to purchase stock for their businesses, this was followed closely by 40% who used the amount for increasing existing stock levels for their businesses. Only 5% of the respondents indicated that they used the amounts for paying for pending bills, the loan plays a pivotal role because it contributes capital for the business which is the source of income.

The majority used it in purchasing new stock since it was their first time to venture into business thus a large sum was required. The women should be trained on how to manage the usage of the money. This would reduce losses in the business and hence the repaying of the loan will be smooth. Few used their money on payment of pending bills. This can

be because of few bills that they incur since water and electricity is not factored. The women get this from the readily available sources like firewood and spring water.

4.2.9 Household Income per Year

It was very important for the researcher to find out how much money the respondents had as their income annually so as to investigate the role of microcredit in women's empowerment. This is because this would serve as a parameter of women empowerment; household income. The results are as shown on table 4.8 below

Table 4.8 Household Income per Year

Household income per year	Frequency	Percent
10,000-50,000	27	33.8
over 50,000	53	66.3
Total	80	100

The analysis above indicates that 66.3% earned over 50,000 per year while 33.8% earned between 10,000 and 50,000 annually. However, none of the respondents earned less than 10,000. This shows that majority of the businesses were doing well and could sustain the women's family with the income. This should encourage the MFI's to support women more since it's beneficial to them. This is shown from the outcome of their incomes.

4.2.10 Number of years in group

In order to investigate the role of microcredit programs in women's empowerment it was fundamental for the researcher to establish the number of years the respondents had been in the group. The results are as shown on table 4.9 below

Table 4.9 Number of years in the group

Number of years in the group	Frequency	Percent
Less than 2 yrs	35	43.8
2-5 yrs	32	40.0
Above 5 yrs	13	16.2
Total	80	100.0

According to the findings, majority of the respondents 43.8% were in their group for less than 2 years. Further 40% of the respondents who were there between 2 and 5 years. Only 16.3% of the respondents were members for over 5 years. This shows that the microcredit aspect is a relatively new phenomenon as majority of the members have not been in these groups for over five years. This calls for education to women on the importance of such groups. The MFIs should hold rallies and inform the women on the benefits of loans and hence will lead to women empowerment.

4.3 Effects of Microcredit on women's levels of income

This was one of the major objectives of the study. As shown in the literature review, most women spend most of their income on their families and households. It is therefore important to find out the effect of microcredit programs on the respondents' level of income. The results are as shown below on table 4. 10

Table 4.10 Ownership of the business

Ownership of the business	Frequency	Percent
Sole proprietor	80	100
Others	0	0
Total	80	100

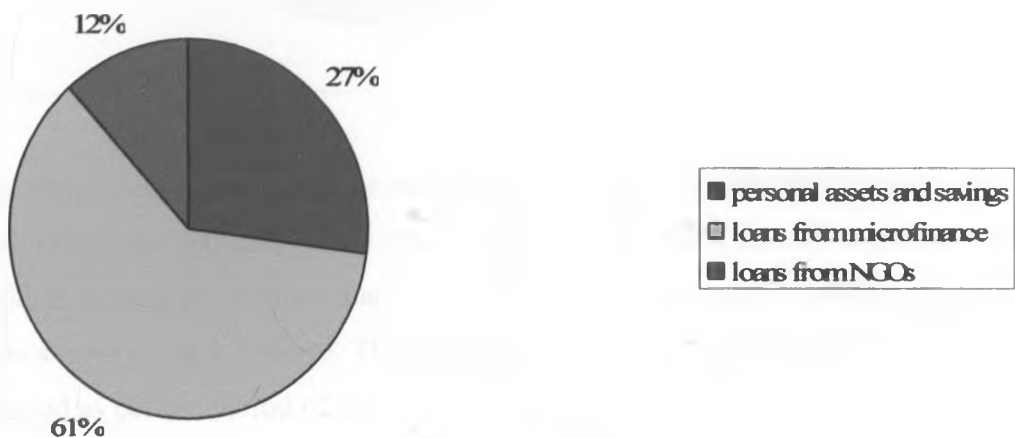
The analysis above shows that all the respondents 100% were sole proprietors i.e. there was not partnership or group ownership business. This might be as a result of wanting to

enjoy the profits alone. Again fear of partner's lack of co-operation in repaying of the loan.

4.3.1 Sources of capital

It was important to find out the source of capital for the businesses of the respondents. The results are as shown on figure 4.2 below:

Figure 4.2 Source of capital

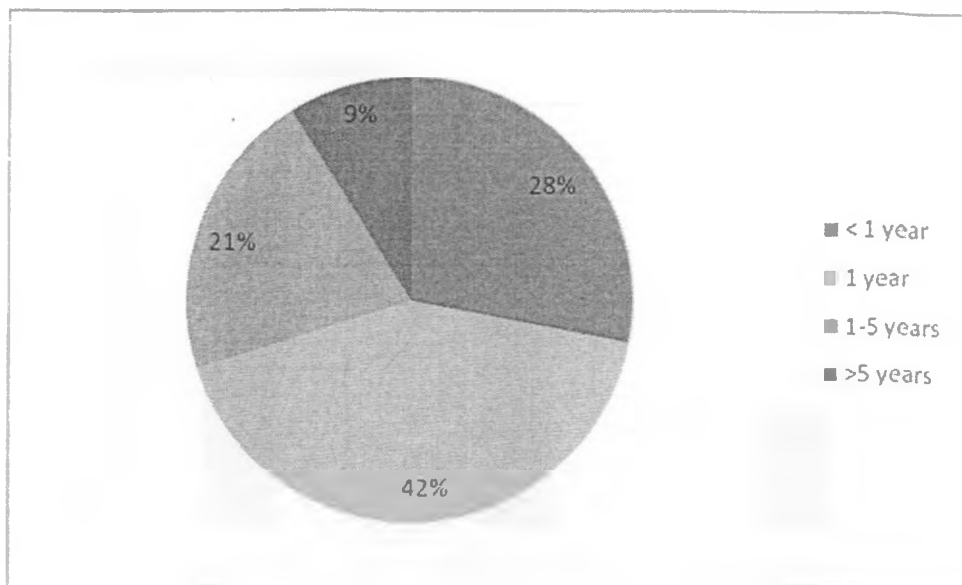


As shown in the figure above, majority (61%) of the women got their finances from the MFI, 12% indicated they got their capital from Non Governmental Organizations while 27% indicated personal assets and savings as their sources of capital. This means microcredit plays a very important role in the women's lives since majority of them source business funds from MFIs.

4.3.2 Duration of loan repayment

The researcher also attempted to find out the respondents' duration for paying the loans extended by the MFI in order to increase their income. The findings are as shown on Figure 4.3 below:

Fig 4.3: Duration of loan repayment

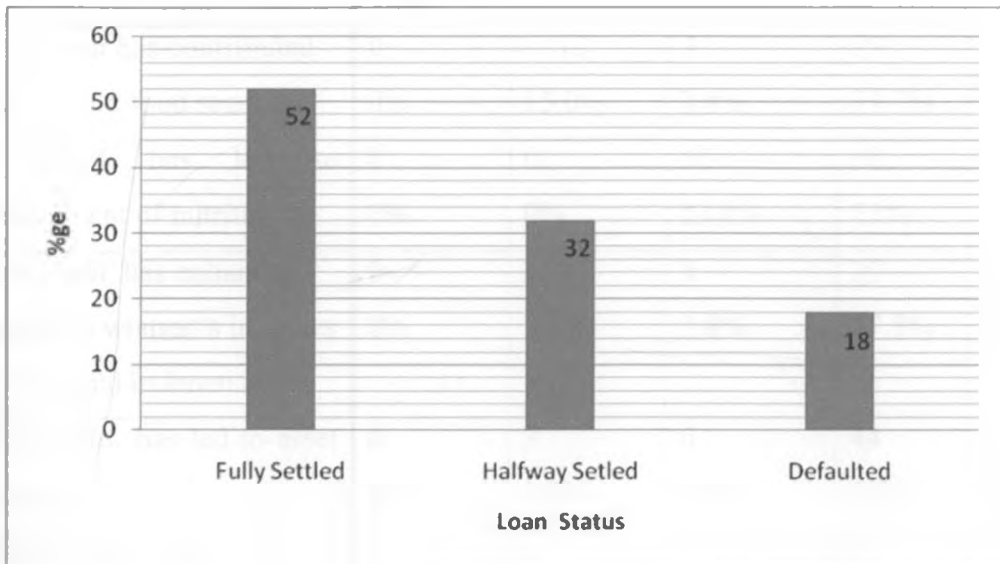


As per the respondents the researcher was expected to find out that the majority of the loans paid (42%) were payable within a period of one year while only 9% were expected to be repaid in a duration of more than 5 years as per the terms and conditions of taking the loans as shown in fig 4.3 above. The researcher was also interested in the status of the loans extended as per the period of the interview and the results can be seen below.

4.3.3 Respondents' loan status

The researcher was able to identify the percentage of those who had settled their loans fully, halfway settled and those who were unable to clear their loans. This can be seen below in fig 4.4.

Fig 4.4: Status of the loan Borrowed



52% of the respondents were found to have fully settled their loans fully while 18% were honest to disclose that they had defaulted in repaying their loans. Most of these defaulters were in green grocery business and argued that this business was erratic due to the fact that when vegetables are in plenty, they are most likely to suffer losses since peasant farmers also hawk their groceries in times of bumper harvest. However, they added that they are working hard to repay the loans so that they could apply for more loans in order to expand their businesses.

The study sampled women who are involved in green grocery business, general shops and boutiques. Further, the study findings regarding the effect of microcredit on women's level of income are as tabulated in table 4.11 below.

Table 4.11 Effect of microcredit on women's level of income

STATEMENT	Strongly disagreed	Disagreed	Undecided	Agreed	Strongly agreed	Total
Microcredit has contributed to household food security	0 0%	12 15.0%	3 3.8%	59 73.7%	6 7.5%	80 100%
Microcredit has led to improvement of nutrition	0 0%	0 0%	11 13.8%	60 75%	9 11.3%	80 100%
Microcredit has enhanced increase in women's incomes and financial independence	0 0%	3 3.8%	3 3.8%	30 37.5%	44 55%	80 100%
Microcredit has led to asset acquisition	0 0%	3 3.8%	6 7.5%	44 55%	27 33.8%	80 100%
Microcredit has led to ability to operate business independently and profitably	0 0%	2 2.5%	6 7.5%	52 65%	20 25%	80 100%

The analysis above shows that majority (81.2%) of the respondents agreed that microcredit has improved food supply, 15% of the respondents disagreed while only 3.8% were undecided. It also shows that 86.3% of the respondents agree, while 13.8% were undecided that microcredit had led to improvement of nutrition.

On whether microcredit had led to increase in women's income, 92.5% of the respondents agreed. Further, as shown above, 88% of the respondents agreed that the microcredit has increased employment. However, only 3.8% of the respondents disagreed. Therefore, it is evident that microcredit plays a very important role in increasing employment.

It is also significant to note that majority of the women who were interviewed agreed (90%) to the fact that microcredit had improved the sustainability of businesses to a great extent. This shows for a fact that microcredit has influenced women's empowerment positively.

To further probe the issue, the researcher went ahead and conducted a one sample statistics test with a test value of 3 in the Lickert Scale which indicates indecisiveness of items which all the respondents significantly agree with $P < 0.05$ if the mean is higher than 3 or disagree if the mean is less than 3 as shown in table 4.12.

Table 4.12 Effect of microcredit on women's empowerment

STATEMENT	Strongly disagreed	Disagreed	Undecided	Agreed	Strongly agreed	Total
Microcredit has contributed to women empowerment	0 0%	12 15.0%	3 3.8%	59 73.7%	6 7.5%	80 100%
Microcredit has led asset acquisition e.g. cows, furniture, carpets	0 0%	0 0%	11 13.8%	60 75%	9 11.3%	80 100%
Microcredit has enhanced us to be informed in terms of where to acquire products affordably i.e. Dubai, Turkey	0 0%	3 3.8%	3 3.8%	30 37.5%	44 55%	80 100%

The analysis above shows that majority (81.2%) of the respondents agreed that microcredit had led to women empowerment, 15% of the respondents disagreed while only 3.8% were undecided. It also shows that 86.3% of the respondents agree, 13.8% were undecided that microcredit had enabled them to acquire assets like cows, furniture. Whether microcredit had led to them being informed where to acquire quality products affordably i.e. from Dubai and Turkey, 92.5% of the respondents strongly agreed.

This shows for a fact that microcredit has influenced women's empowerment positively. Thus, MFIs should increase their branches in Meru in order to empower more women. The research has also shown that asset acquisition had been realized hence the MFIs should keep it up. The women have also been able to know where to buy their goods affordably and hence should be supported more.

Table 4.13 Influence of microcredit on level of income

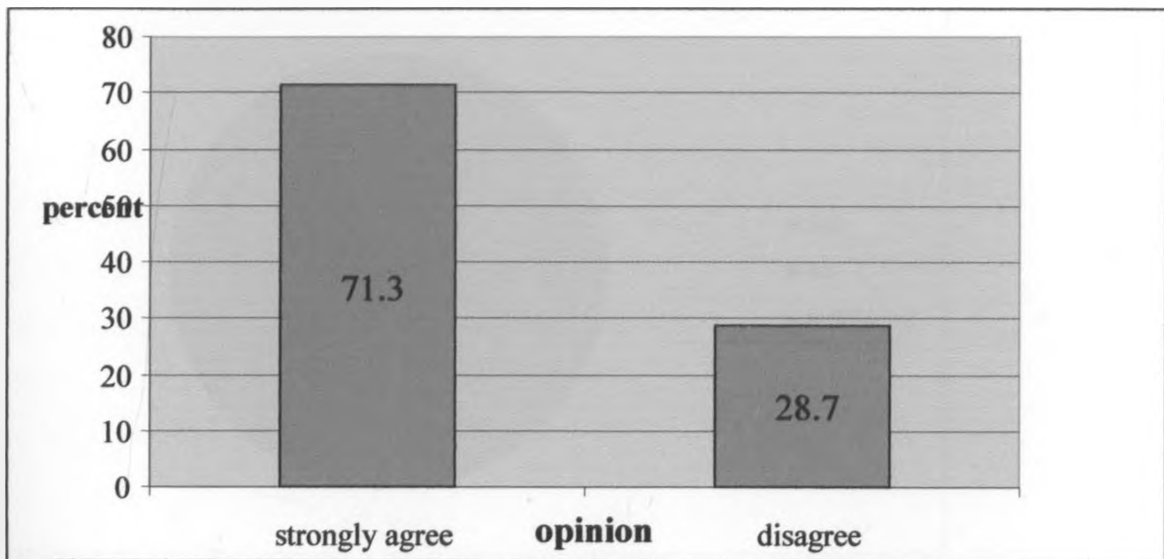
Women's access to information	N	Mean	SD
Microcredit has led to improved household food security	80	3.81	0.73
Microcredit has led to improvement of household nutrition	80	3.97	0.56
Microcredit has helped increase women's income	80	4.43	0.44
Microcredit has created employment	80	4.18	0.81

The analysis shows that most of the women (mean = 4.43) agreed that the microcredit has enhanced increase in their levels of income. This can be a direct interpretation of the effect of funds received on women's level of income. It is also important to note that the same item scored the lowest dispersion score (SD=0.44) implying that all the respondents interpretation coalesced around agreeing with the item and that they did not differ in the interpretation of the item.

4.3.4 Credit and Income Levels

The objective of the study was to establish how microcredit has affected women's levels of income. Due to this, it was important for the researcher to find out if the credit received from the MFIs had led to increased income for the respondents. The results are as shown on figure 4.5 below

Figure 4.5 Microcredit has increased my level of income

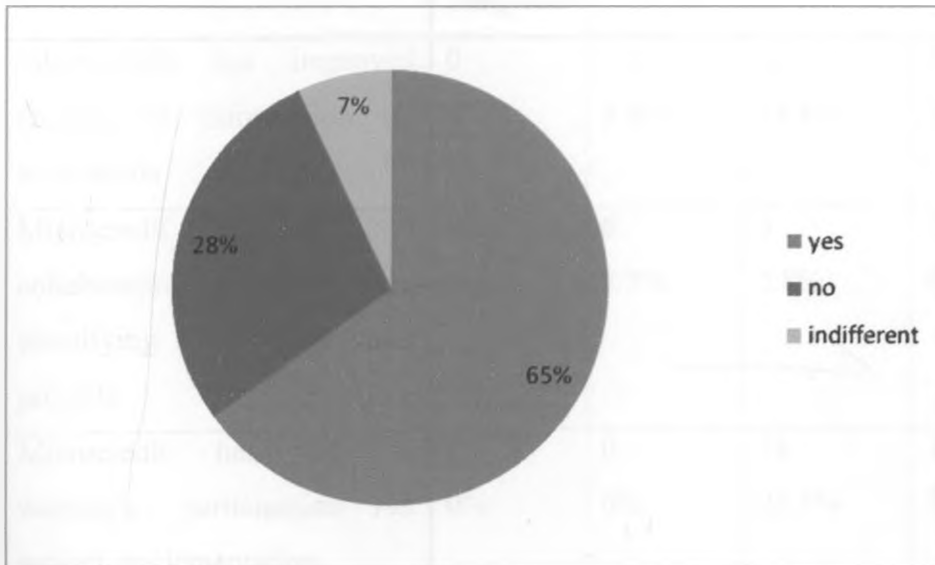


The findings above showed that 71.3 % of the respondents strongly agreed that the credit received from the microcredit institutions increased their level of income. While only 28.7% disagreed. This implies that on overall most of the women are of the view that the microcredit has increased their level of income. The small percentage which disagreed with this assertion represents the group that has not benefited fully .This can be attributed to stringent procedures of disbursement or lack of support from other members in the group.

4.3.5 Loan's contribution to income levels

It was important to note the contribution of micro credit to higher levels of income which is associated with improved standard of living. The study findings are summarized as below in the figure 4.6 below.

Figure 4.6 loan's contribution to high income levels



After using the loan amount to purchase more stock for their businesses, the findings indicate that majority (65%) of the respondents said loans contribute to higher levels of income through increased sales of even better quality products. This means microcredit plays a very important role in increasing the income levels which improves their standard of living.

4.4 Microcredit and Women's Access to Information

In order to fulfill the main purpose of this study, the researcher made an attempt to examine the extent to which microcredit has influenced women's access to empowerment information through the trainings offered during group meetings. The findings to this effect are as shown on table 4.14 below.

Table 4.14 Influence of microcredit on women's access to Information

STATEMENT	Strongly disagreed	Disagreed	Undecided	Agreed	Strongly agreed	Total
Microcredit has improved sharing of information on local needs	0 0.0%	3 3.8%	15 18.8%	37 46.3%	25 31.3%	80 100%
Microcredit has led to collaboration of women when identifying community projects	0 0%	6 7.5%	3 3.8%	48 60%	21 26.3%	78 97.5%
Microcredit has led to women's participation in project implementation	0 0%	0 0%	18 22.5%	30 37.5%	32 40%	80 100%
Microcredit has led to women keeping proper records on their business progress hence increasing profitability of business	3 3.8%	9 11.3%	9 11.3%	45 56.3%	12 15%	78 97.5%
Microcredit incorporates women into project management and decision making	0 0%	6 7.5%	12 15%	38 47.5%	24 30%	80 100%
Microcredit contributes to women having the confidence and ability to contact and share ideas with project sponsors of various community projects	0 0%	6 7.5%	6 7.5%	34 42.5%	35 43.7%	80 100%

As shown in the analysis, 77.6% of the respondents agreed that microcredit had improved sharing of information on local need. However 18.8% of the respondents were

undecided while 3.8% disagreed. The table also indicates that 86.3% of the respondents agreed that microcredit had led to the collaboration of women in identifying of community projects, while 7.5% disagreed. It can therefore be concluded that microcredit leads to collaboration of women in identifying community projects.

The table also indicates that 77.5% of the respondents agreed while only 22.5% of the respondents were undecided on whether microcredit had led to women participating in community projects implementation. Finally, 71.3% of the respondents agreed that microcredit is characterized by women's contacting and sharing ideas with project sponsors, while 11.3% of the respondents disagreed. A further 3.8% strongly disagreed.

The above findings indicate that majority of the respondents (77.5%) agreed to the fact that microcredit incorporates women in project management and decision making compared to 7.5% who disagreed. It is evident therefore that women are incorporated greatly.

The above findings show that a similar number of 86.2% of the respondents agreed that microcredit is characterized by women's contacting and sharing ideas with project sponsors. Also a similar number of 7.5% disagreed and were undecided respectively.

To further probe the issue, the researcher went ahead and conducted a one sample statistics test with a test value of 3 in the Lickert Scale which indicates indecisiveness of items which all the respondents significantly agree with $P < 0.05$ if the mean is higher than 3 or disagree if the mean is less than 3 as shown in table 4.14.

Table 4.15 Influence of microcredit on women's access to Empowerment information

Women's access to information	N	Mean	SD
The Microcredit has improved sharing of information on local needs	80	4.05	0.809
The microcredit has led to collaboration of women when identifying projects	78	4.07	0.785
The microcredit has led to women participation in project implementation	80	4.17	0.775
The microcredit has led women to keep proper business records	78	3.69	0.997
The microcredit incorporates women in project management and decision making	80	4.00	0.871
The microcredit is characterized by women's contacting and sharing ideas with project sponsors	80	4.18	0.877

The analysis above shows that the respondents tended to agree with most of the assertions since all items have a mean that is greater than 3. The researcher therefore concludes that the respondents were of the opinion that the microcredit has enhanced greatly women's access to information. The fact that the microcredit is characterized by women's contact and sharing ideas with project sponsors implies that this aids women's access to information.

The researcher also went further to find out if microcredit influences women access to information. The results are as shown on figure 4.6 below.

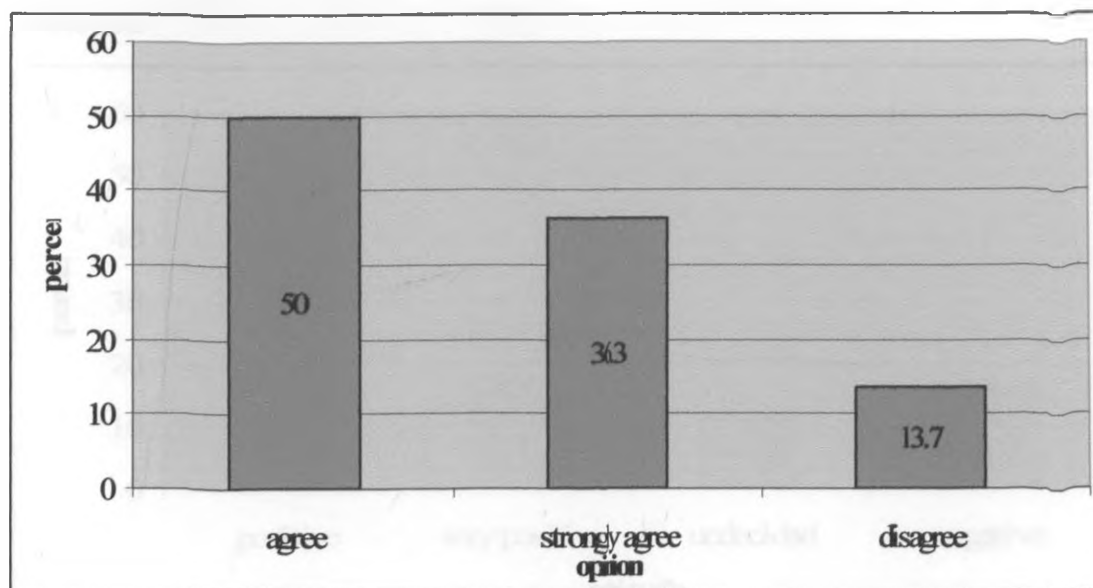
Table 4.15 Influence of microcredit on women's access to Empowerment information

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The microcredit has led to women participation in project implementation	80	4.17	0.775
The microcredit has led women to keep proper business records	78	3.69	0.997
The microcredit incorporates women in project management and decision making	80	4.00	0.871
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The researcher also went further to find out if microcredit influences women access to information. The results are as shown on figure 4.6 below.

Figure 4.7 Influence of Microcredit on women's access to information

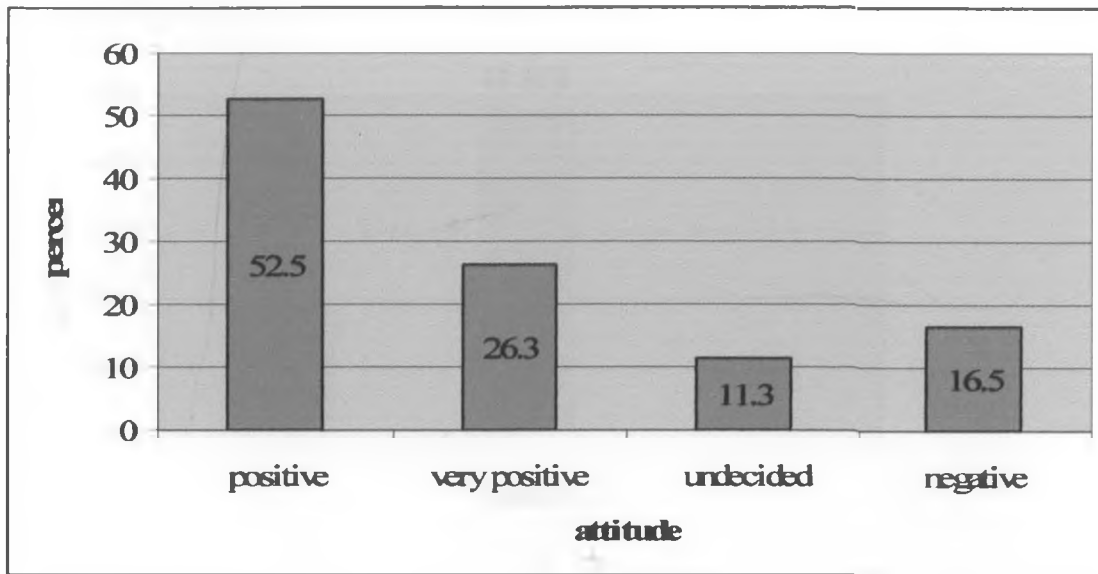


The results above indicate that majority of the respondents 86.3% of the respondents agreed while only 13.7% disagreed that microcredit influences greatly women's access to information. On the overall therefore, most women seem to agree that microcredit aids in women's access to information with a small number disagreeing with the assertion.

4.5 Microcredit and women's participation in decision making

One of the objectives of the study was to identify how microcredit contributes to women's participation in household decision making. The results are as shown on figure 4.7 below

Figure 4.8 Attitude of the locals towards activities carried out by the microfinance institution

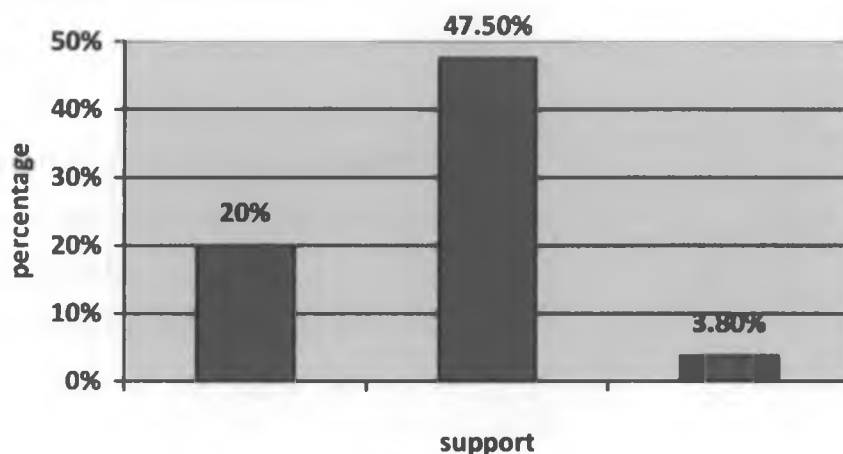


The analysis above indicates that 78.8% of the respondents were positive about the attitude the locals have towards the activities carried out by the MFI. The study therefore concludes that the activities carried out by the MFI are appropriate and useful to the locals.

4.5.1 Local community and the microcredit

As shown above most of the respondents said they have a high positive attitude towards the activities of the microcredit. It was important to find out extent to which they support the activities carried out. The results are as shown on figure 4.8 below

Figure 4.9 Local community support for Microcredit



The findings indicate that 47.5% of the respondents had a 50% support of the activities carried out by the microcredit, 20% had 100% support of the activities. Only 33.8% of the respondents had 25% support. This indicates that the local community highly supports the microcredit activities.

4.5.2 Microcredit and incomes

The researcher sought to find out if the microcredit had led to improvement in women's level of income. The results are as shown on table 4.15 below

Table 4.16 Influence of microcredit on women's participation in household decision making

STATEMENT	Strongly disagree	Disagreed	Undecided	Agreed	Strongly agreed	Total
The Microcredit has improved my income and hence I contribute more to the family kitty	3 3.8%	6 7.5%	3 3.8%	38 47.5%	25 31.2%	75 93.8%
The microcredit has led to my being independent and therefore a decision maker in the family	0 0%	6 7.5%	9 11.3%	45 56.3%	15 18.8%	75 93.8%
The microcredit has enlightened me in various aspects of my rights as a woman	3 3.8%	3 3.8%	11 13.8%	26 32.5%	34 42.5%	77 100%
The microcredit requires me to be proactive in life and take my future into my own hands	0 0%	12 8.28 %	6 4.62%	30 20.7%	21 14.4%	69 96.3%
The microcredit has liberated women so that they are able to feed and educate their families	0 %	6 7.5%	3 3.8%	37 46.3%	29 36.3%	69 93.8%

The analysis above indicates that 78.8% of the respondents agreed, that microcredit had improved their income hence contributing more to the family kitty. Only 7.5% and 3.8% of the respondents disagreed and strongly disagreed respectively. It is therefore evident that the microcredit does improve the income of the women.

The findings show that a majority of the respondents (75.1%) agreed that microcredit had led to them being independent and therefore were able to be the decision makers in the family 7.5% of the respondents disagreed with that. A further 11.3% of the respondents were undecided.

Table 4.16 Influence of microcredit on women's participation in household decision making

STATEMENT	Strongly disagree	Disagreed	Undecided	Agreed	Strongly agreed	Total
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The microcredit has led to my being independent and therefore a decision maker in the family	0 0%	6 7.5%	9 11.3%	45 56.3%	15 18.8%	75 93.8%
The microcredit has enlightened me in various aspects of my rights as a woman	3 3.8%	3 3.8%	11 13.8%	26 32.5%	34 42.5%	77 100%
The microcredit requires me to be proactive in life and take my future into my own hands	0 0%	12 8.28 %	6 4.62%	30 20.7%	21 14.4%	69 96.3%
The microcredit has liberated women so that they are able to feed and educate their families	0 %	6 7.5%	3 3.8%	37 46.3%	29 36.3%	69 93.8%

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The findings show that a majority of the respondents (75.1%) agreed that microcredit had led to them being independent and therefore were able to be the decision makers in the family 7.5% of the respondents disagreed with that. A further 11.3% of the respondents were undecided.

The table also indicates that 75% of the respondents agreed that microcredit had enlightened them on various aspects of their rights as women. However a similar number of 3.8% of the respondents disagreed and strongly disagreed respectively. This can be concluded that microcredit has enlightened the women judging by the number of respondents who agreed.

The findings of this study indicate that 63.8% of the respondents agreed that microcredit required one to be proactive in handling issues in their lives. With this assertion, a further 15% disagreed with that statement. In discussion, however, judging by the majority of the respondents, it can be concluded that majority of the women lead a proactive life hence taking their future in their own hands. This can be attributed to the funds provided to them by the MFI. The Women from the groups emphasized that since they started taking loans from the MFI; they had increased their incomes as well as networked with other women with whom they shared ideas and also encouraged each other.

Finally the analysis above indicate that majority of the respondents 82.6% agreed that microcredit had liberated women and they were now able to feed and educate their families. This was very important. It shows the great impact MFIs have on the women's lives.

In summary, the information acquired can empower women in skills of managing business because they can team up according to their skills and knowledge thus bring the skills of records keeping, personnel management with this skills in a basket women can develop each other and implement their project fully.

To further probe the issue, the researcher went ahead and conducted a one sample statistics test with a test value of 3 in the Lickert Scale which indicates indecisiveness of items which all the respondents significantly agree with $P < 0.05$ if the mean is high than 3 or disagree if the mean is less than 3 as shown in table 4.16.

Table 4.17 One-Sample Statistics on influence of microcredit on women's participation in household decision making

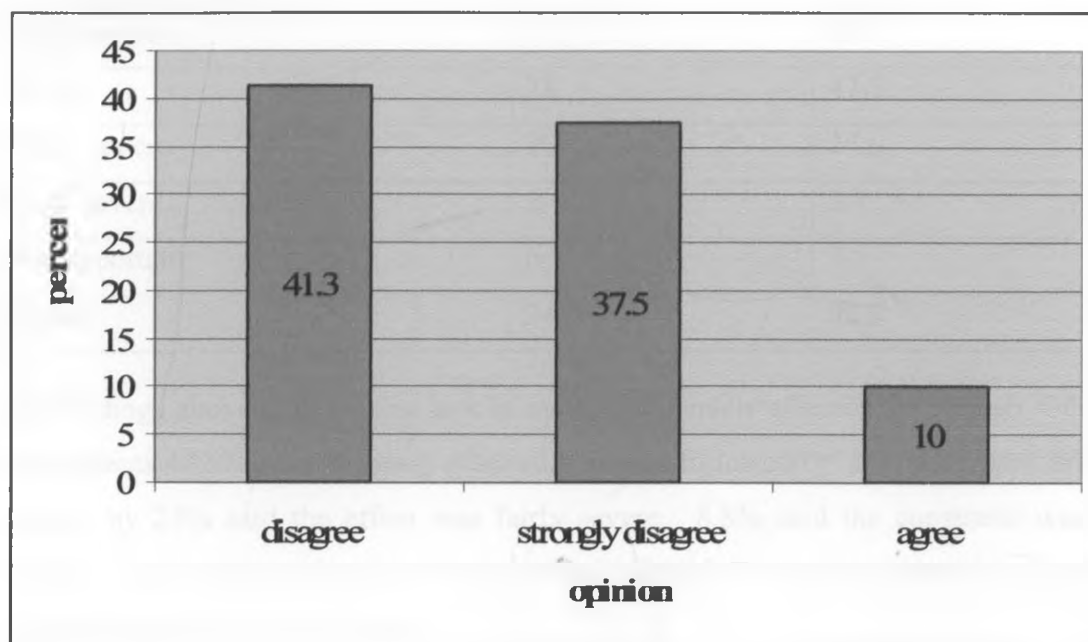
Women's participation in decision making	N	Mean	SD
The Microcredit has improved my income and hence I contribute more to the family kitty	75	4.013	1.03
The microcredit has led to my being independent and therefore a decision maker in the family	75	3.920	0.801
The microcredit has enlightened me in various aspects of my rights as a woman.	77	4.103	1.04
The microcredit requires me to be proactive in life and take my future into my own hands	69	3.869	1.04
The microcredit has liberated women and we are able to feed and educate our families	75	4.186	0.849

The analysis shows that the respondents tended to agree with most of the items in this category meaning that the microcredit has enhanced women's participation in decision making. This is because a majority says that they have been enlightened by the MFIs. They give the MFIs praise and so they should be encourage opening more branches in order to benefit more women. As a result women empowerment will be realized.

4.5.3 Microcredit and women's participation in decision making.

To sum up the presentation of findings, it was important to find out if microcredit increases women's participation in decision making. The results are shown on figure 4.9 below.

Figure 4.10 Access to microcredit increases women's participation in decision making



The findings revealed that the microcredit program did not increase women's participation in decision making due to the fact that 78.8% of the respondents disagreed as opposed to 10% of the respondents who agreed. This shows the microcredit as it is now does not increase women's participation in decision making in their households.

4.6 Effects of microcredit on women's Economic Empowerment

Analyzing the impact of microcredit on women's empowerment in the society was one of the major objectives of the study. The researcher sought to find the major constraints experienced in the last one year by the women. The results are as tabulated in table 4.17 below.

Table 4.18 Impact of microcredit on women's economic empowerment

Lack of markets as a constraint experienced in the last one year	Frequency	Percentage
Most severe	7	8.8
Severe	38	47.5
Fairly severe	20	25.0
Least severe	3	3.8
Not important	6	7.5
Total	74	92.5

The findings above indicate that lack of markets adversely affected the women. Of all the respondents 47.5% were severely affected, this was followed by 25% who were followed closely by 25% said the effect was fairly severe. 8.8% said the constraint was most severe. It can therefore be concluded that lack of market is major constraint experienced by women over the last one year.

This calls for training of the women in business handling. They will as a result come up with a sound business idea that would not let them down inform of market.

The researcher wanted to find out if too much competition had been experienced over the last year. The results are as shown on table 4.18 below

Table 4.19 Competition as a constraint experienced in the last one year

Competition from people in similar businesses as a constraint experienced in the last one year	Frequency	Percentage
Most severe	10	12.5
Severe	40	50.0
Fairly severe	13	16.3
Least severe	6	7.5
Not important	3	3.8
Total	72	90.1

The analysis above shows that too much competition severely affected most of the respondents i.e. 50%; 16.3% said the competition was fairly severe while 12.5% said the severe was most. This means that competition has been fairly a major constraint on the women. This could be due to lack of business diversification and also practising the same kind of businesses within the same market locality. This can be because of lack of knowledge in business. The MFIs should train the women on coming up with creative ways to handle competition or rather other business that have not been exploited before. The researcher wanted to find how shortage of working capital affected the respondents in the last one year. The results are as shown on table 4.19 below.

Table 4.20 Shortage of working capital as a constraint

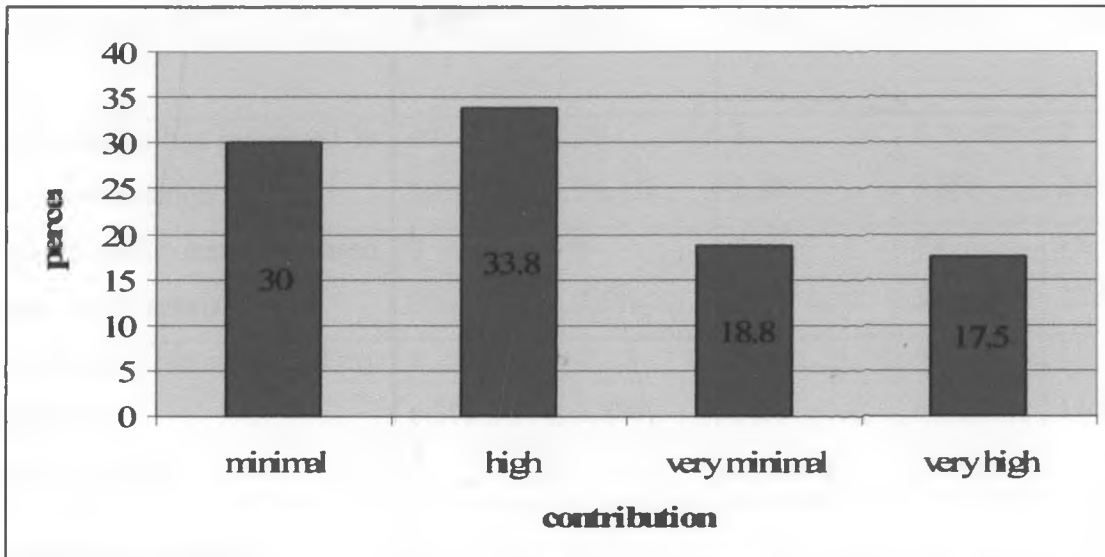
Shortage of working capital as a constraint experienced in the last one year	Frequency	Percentage
Most severe	17	21.3
Severe	19	23.8
Fairly severe	18	22.5
Least severe	17	21.3
Total	71	88.9

The analysis show that shortage of working capital had almost the same effect on all the respondents, this is because 23.8% said the effect was severe, this was followed closely by 22.5% who said the effect was fairly severe, a similar number of 21.3% said most severe and least severe respectively. As compared to other constraints shortage of working capital was the severest. This shows that the amount of loan that women get from the MFIs is not enough. This calls for MFIs to revise their provision in order to support the women businesses.

4.6.1 Microcredit and women's empowerment

The researcher sought to analyze the impact of microcredit on women's empowerment in the society. It was therefore important to establish the contribution the microcredit had. The results are as shown on figure 4.10.

Figure 4.11 Contribution of the microcredit activities on women's empowerment



The analysis above indicates that 33.8% of the respondents said the contribution was high; this was closely followed by 30% who said the contribution was minimal. 18.8% of the respondents said very minimal and 17.5% said microcredit activities had a high contribution on women's empowerment. Further, the study sought to establish the influence of microcredit on women's empowerment as shown in table 4.20.

Table 4.21 Influence of microcredit on women's social and economic empowerment

STATEMENT	Strongly disagree	Disagree	Undecided	Agree	Strongly agree	Total
The Microcredit has improved my level of income	0 0.0%	3 3.8%	3 3.8%	46 57.5%	25 31.2%	77 96.3%
The microcredit has boosted my independence	3 3.8%	0 0%	6 7.5%	54 67.5%	14 17.5%	77 96.3%
The microcredit has increased in access to information	40 50%	29 36.3%	3 3.8%	3 3.8%	2 2.5%	77 96.3%
The microcredit has increased networks and markets	0 0%	6 7.5%	4 5%	43 53.6%	18 22.5%	71 88.8%
The microcredit has increased my contribution to household income	5 6.3%	3 3.8%	3 3.8%	48 60%	15 11.8%	74 92.5%

The analysis above shows that a large number of 88.8% agreed that microcredit has improved the level of income. A similar number of 3.8% of the respondents disagreed, were undecided and did not respond respectively. This shows that judging by the number of respondents who agree, microcredit has improved the level of income for the women. This has also been seen in the literature review.

An overwhelming number of 85% agreed that microcredit had boosted their independence. Therefore it can be concluded that microcredit has boosted independence of the women.

The results above indicate that 76.3% of the respondents agreed that microcredit had increased networks and markets. This is compared to only 7.5% who disagreed and 5%

who were undecided. But basically it can be concluded that microcredit has enhanced increased networks and markets.

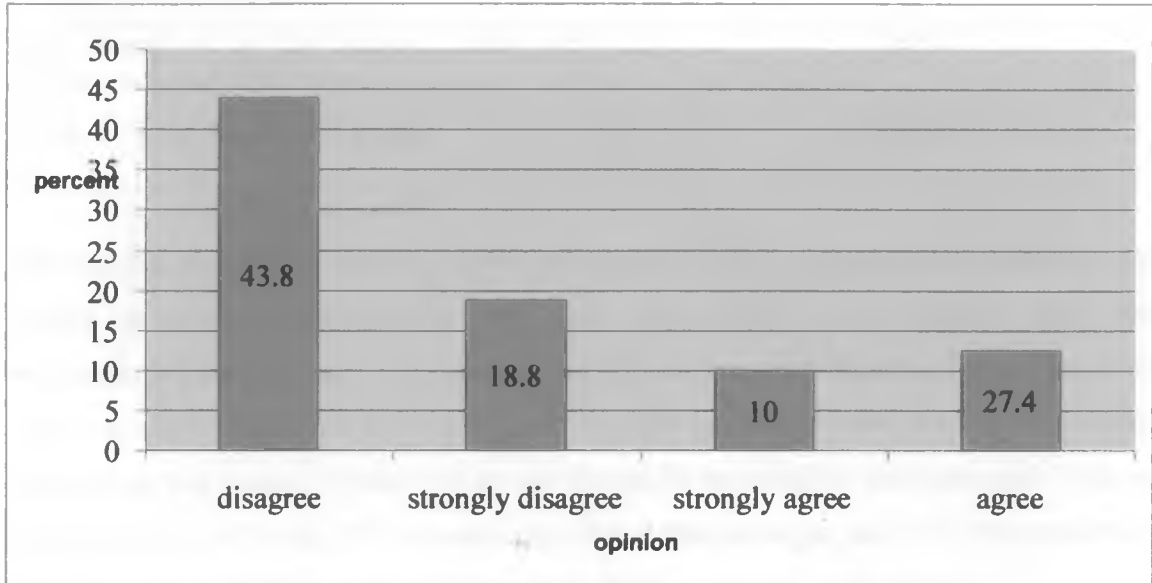
To further probe the issue, the researcher went ahead and conducted a one sample statistics test with a test value of 3 in the lickert scale which indicates indecisiveness of items which all the respondents significantly agree with $P < 0.05$ if the mean is high than 3 or disagree if the mean is less than 3 as shown in table 4.21.

Table 4.22 Influence of microcredit on women’s empowerment

Women’s empowerment	N	Mean	SD
Microcredit has improved my level of income	77	4.20	0.694
Microcredit has boosted my independence	77	3.98	0.782
Microcredit has contributed to access to information	77	4.14	0.100
Microcredit has increased networks and markets	71	4.02	0.961
Microcredit has increased my contribution to household income	74	3.87	0.116

A closer look of the analysis indicates that all the items have a mean of more than 3; implying that the respondents agreed with all the items. However, it is important to note that the issue that the microcredit has improved level of income had the highest agreement rate with a mean of 4.2. It is also important to note that the item on whether the microcredit increases access to information scored the lowest dispersion rate (SD=0.1); implying that the respondents interpreted and perceived it the same way.

Figure 4.12 Microcredit increases women's Social and Economic Empowerment in rural areas



The findings show that an overwhelming 62.6% of the respondents disagreed, while 37.4% agreed that microcredit increases women's empowerment in rural areas. It can therefore be concluded that microcredit does not increase women's empowerment in rural areas wholly.

Finally, the respondents were asked to point out areas that they think need to be improved in the microcredit. The study findings are as shown in table 4.22.

Table 4.23 Areas that need to be improved on in microcredit

Areas	Frequency	Percentage
Interest rates are high	40	50%
Reduce the insurance rate	10	10%
Open branches in the remote areas and educate those who live there	50	50%
Increase funds for women groups	20	20%

The analysis shows that majority (50%) of the respondents argued that the interest rates should be reviewed downwards since they were high at the moment; they also recommended the opening of branches in the remote areas and financial literacy for those who live there. A further 10% suggested that the insurance rates should be reduced. Others said that women's funds for groups should be increased to commensurate with the increased costs of living. The respondents offered the following policy recommendations as regards improvement of the microcredit as tabulated in table 4.23 below.

Table 4.24 Recommendations to improve microcredit

Recommendations	Frequency	Percentage
Lowered interest rates	20	20%
Lack of stringent award procedures	6	6%
Larger amounts to be disbursed	57	57%
Replenish the loan amount	7	7%
Introduce balances rate	10	10%

The study findings above indicate that the majority (57%) of the respondents recommended large disbursements to be issued so that it can foster growth of the women groups and thereby increase their level of income and growth in the long term while 20% suggested that the interest rates should be lowered. To add on, 10% were for balanced rates while 6% observed that there was lack of stringent award procedures. A further 7% suggested that the loan amount disbursed should be increased.

This calls for MFIs to consider revising their provisions. The amount of loans disbursed seems to be an issue, hence the amounts should be added depending on the women's needs. The interest rates should be lowered to encourage more women to apply for the loans. The award procedure of the loan should be checked in order for it to be favorable to the women.

4.7 Test of Hypothesis

There is no relationship between microcredit activities and empowerment of women.

Table 4.25 Contingency table of microcredit activities and Women empowerment

		Women Empowerment		
		Good	Poor	Total
Activities of microcredit	Effective	40	7	47
	Not effective	4	29	33
	Total	44	36	80

5 % level of significance = $P < 0.05$

Chi-square critical value

Where $\alpha = 0.05$ and $n = 80$

$$\chi^2_{\alpha} = 3.841$$

This is calculated as shown

Cell	O_i	λ_i	$O_i - \lambda_i$	$(O_i - \lambda_i)^2$	$\frac{(O_i - \lambda_i)^2}{\lambda_i}$
1, 1	40	25.85	14.15	200.22	7.75
1, 2	7	21.15	- 14.15	200.22	9.45
2, 1	4	18.15	- 14.15	200.22	11.03
2, 2	29	14.85	14.15	200.22	13.48

Chi-square computed

The sum of the last column gives $(x^2_c) = 41.71$

At the 95% confidence level and a degree of freedom of $= (2-1)(2-1) = 1$, $x^2_a = 3.841$. Since x^2_c is more than x^2_a , we reject the null hypothesis H_0 and accept the alternate hypothesis and conclude that there is sufficient evidence to suggest that activities of microcredit influence women empowerment.

It is therefore expected that there should be a significant linear relationship between microcredit activities and women empowerment. In order to establish the extent and direction of the relationship, the researcher conducted a regression analysis.

Table 4.26 Regression analysis of microcredit activities against women empowerment index

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.690	.353	.107	.1452

a. Predictors: (Constant), MICRNDEX

This is calculated as shown

Cell	O_i	λ_i	$O_i - \lambda_i$	$(O_i - \lambda_i)^2$	$\frac{(O_i - \lambda_i)^2}{\lambda_i}$
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ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	.168	1	.168	7.964	.07
	Residual	1.202	29	2.109E-02		
	Total	1.370	30			

a. Predictors: (Constant), MICRINDEX

b. Dependent Variable: EMPODEX

Table 4.27 Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model	B	Std. Error	Beta		
(Constant)	.228	.094		2.429	.018
EMPODEX	.412	.146	.350	2.822	.007

a Dependent Variable: EMPODEX

The regression analysis shows a strong relationship $r=69$ and $r^2= 0.353$ which shows that 35.3% of the change/improvement in women empowerment can be explained by the ongoing microcredit activities. This relationship is not weak and can be used to explain/predict the rate of women empowerment by studying the microcredit activities.

Further on the beta coefficient of the resulting regression model $t=2.822$ indicates that the beta coefficient is significantly greater than 0, $p=0.07$ which is less than $p=0.05$ the test statistic. This confirms that essentially there is a strong relationship between microcredit activities and women empowerment. It is therefore the conviction of the researcher that the microcredit activities should be aligned with the women's/locals expectations as well as needs if women empowerment is to be achieved as the ultimate aim of the microcredit bodies since the study has established that effective activities by the microcredit bodies are bound to result in improved living standards and subsequent rural development.

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CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The cumulative data was analyzed using qualitative and quantitative analysis and presented in form of tables and graphs. Recommendations will be made to the leaders of the MFIs and to the women who have benefited from the institutions.

The researcher, after having established the effect of microcredit on women's levels of income, extent to which microcredit influence women's access to information, contribution of microcredit to women's participation in household decision making and the impact of microcredit on women's empowerment in the society, will thus come up with the role of the microcredit in women's empowerment.

5.2 Summary of Findings

This section presents the findings from the study in comparison with what other scholars say as noted under literature review. This section will be divided into parts as follows: the effects of microcredit on women's level of income, extent to which microcredit programs influence women's access to information, contribution of microcredit to women's participation in household decision making and finally the impact of microcredit on women's empowerment in the society.

5.2.1 Effects of Microcredit on women's levels of income

Most of the respondents 61% indicated that they got their source of business finance from loans acquired MFIs, 27% said their source was personal assets and savings a further 12% said they got loans from Non Governmental Institutions. These findings concur with UNDP (2001) whose study found out that women had limited sources of finances and always relied on microcredit institutions.

On finding out that majority of the respondents had acquired loans, the researcher wanted to find out how they had used the funds. Majority of the respondents (47.5%) had used the funds to purchase stock for their businesses; another 40% used the amount for increasing existing stock levels in their businesses. A further 7.5 used the money for constructing their business premises while 5% of the respondents had used the money for paying for pending bills.

The researcher wanted to find out the views of the respondents on whether the microcredit had improved food supply, 81.3% agreed, 15% disagreed and only 3.8% were undecided. Asked if the microcredit had led to improvement of finance, 86.3% agreed, while only 13.8% were undecided.

Asked if the microcredit had increased women's income, 92.5% agreed to it; however, 3.8% disagreed and 3.7% were undecided respectively. The researcher also wanted to find out if the microcredit had enhanced increase in employment, 88.8% of the respondents agreed, while only 3.8% disagreed. In order to establish how microcredit affect women's levels of income, the respondents were asked if the credit received from the institutions had increased their level of income. A majority 71.3% strongly agreed while only 28.7% disagreed. This finding further concurs with a study by IFAD (2004) that found out that most women are yet to benefit fully from the activities offered by microcredit institutions.

5.2.2 Microcredit and women's Access to Information

The researcher wanted to find out to which extent microcredit influence women's access to information. Asked if the microcredit has improved sharing of information on local needs, 77.6% agreed while 18.8% were undecided and only 3.8% disagreed.

On whether microcredit had led to collaboration of women when identifying projects, 86.3% agreed and 13.7% disagreed. On whether microcredit had led to women participating in project implementation, 77.5% of the respondents agreed. The microcredit had led women to prioritizing community needs. This is according to 71.3%

who agreed. This implies the microcredit has been of benefit to the women as well as the local community

Asked if the microcredit incorporates women in project management and decision making 77.5% agreed, while only 7.5% disagreed. On the other hand, 86.2% agreed that the microcredit is characterized by women's contacting and sharing ideas with project sponsors. However, 7.5% disagreed. The researcher further wanted to find out if the microcredit influences greatly women's access to information 86.3% agreed. These findings are in line with the World Bank (2001) study that found out those women who engage actively in microcredit activities stand a better position in terms of information access.

5.2.3 Microcredit and women's participation in decision making

The study findings indicate that 52.5% of the respondents said the locals had a positive attitude towards the activities carried out by the microcredit, 26.3% said the locals had a very positive attitude, however 16.5% indicated that the locals had a negative attitude. 78.7% of the respondents agreed that the microcredit had improved their income and had therefore contributed more to the family kitty, while 3.8% were undecided and 7.5% disagreed. Asked if the microcredit had led to their being independent and therefore a decision maker in the family, 75.1% agreed while 7.5% disagreed.

Asked if the microcredit had enlightened them in many ways, 75% agreed, while a similar number of 3.8% strongly disagreed and disagreed respectively. Microcredit requires the women to be proactive in life and take their future in their own hands; this is according to 63.8% who agreed, while 15% disagreed. Asked if the microcredit had liberated the women and they were able to feed and educate their families, 46.3% agreed, 36.3% strongly agreed and only 7.5% disagreed.

Majority of the respondents 78.8% disagreed that microcredit increases women's participation in decision making, as compared to only 10% who strongly agreed. This findings contradict a study by World Bank (2004) that found out that women who are

engaged in microcredit activities have increased participation in household decision-making basically because of their increased income.

5.2.4 Impact of microcredit on women's empowerment

According to 88.7% of the respondents, microcredit had improved their levels of income. This is because they agreed while only 3.8% disagreed and were undecided respectively. Asked if the microcredit had boosted their independence, 54 67.5% agreed, 17.5% strongly agreed 3.8% strongly disagreed and 7.5% were however undecided.

On the other hand, 86.3% strongly agreed that microcredit had increased their access to information, 3.8% strongly disagreed while 2.5% disagreed. Asked if the microcredit had increased networks and markets 76.1% agreed, however 7.5% disagreed. According to the analysis, 60% of the respondents agreed that the microcredit had enhanced increased their contribution to household income.

The study established that the majority 43.8% disagreed that microcredit increases women's empowerment in rural areas 18.8% strongly disagreed, however, only 22.5% agreed.

It was also established that majority of the respondents argued that the interest rates should be reviewed downwards since they were quite high. Others argued that women's funds for groups should be increased in commensurate with the increased costs of living. The respondents offered the following policy recommendations in regard to the improvement of microcredit activities: larger disbursements should be issued so that it can foster growth of the women groups and thereby increase their level of income and growth in the long term. Others recommend that large amounts of loans should be disbursed.

5.3 Conclusion

It has been established that most women are sole proprietors- that is run their businesses on their own with no partners or groups; this means the businesses they operate are small

in size and that is why some are able to fund their businesses with personal assets and savings. However, the microcredit comes in handy as they fund most of the businesses operated by the women. As discussed in the literature review, MFIs are seen as a way to encourage self reliance, create employment and particularly help women better their lives by generating income. Therefore, it is for these reasons that majority of women have applied for and acquired loans from these institutions. It has also been established that the women use the finances from the institutions to purchase new stock for their businesses and at the same time increase existing stock levels.

It has been established that microcredit had the impact of improving the beneficiaries' household food supply. In the literature review, it was stated that women are disproportionately represented among the world's poorest people. This is because women have a higher unemployment level rate than men in virtually every country. However, through microcredit, it was established that there was increase in women's levels of income and increased employment as well.

The analysis also shows that microcredit had improved sharing of information on local needs; it had led to collaboration of women when identifying community projects and participation in the project implementation. This is because they instill some leadership qualities in the women. Through this the women have been able to prioritize on community needs where they are incorporated in project management and decision making. Through this, the women are characterized by contacting and sharing ideas with project sponsors which enables them to improve their skills in the community. Therefore, they influence women greatly in access to information.

The local community seems to have a positive attitude towards the activities of the microcredit; they give a 50% support which is quite fair. This is because as shown in the literature review, the institutions are known to generate income, increase employment and alleviate poverty in a country. It has been established that they have increased the income of the women hence they are able to contribute to the family kitty; it has also led them to being dependent and therefore are able to make decisions in the family. Through

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decision making, the women have been enlightened in very many ways since it has required them to be proactive in life and take their future in their own hands thus the women become liberated and are able to feed and educate their families. Therefore, microcredit has increased women's participation in decision making in their own homes and within the community.

Majority of the respondents said that the most severe constraints they faced were lack of markets, too much competition and shortage of working capital. However the contribution made by the microcredit had a high impact on women's empowerment. According to the literature review, empowerment is about gaining the ability to generate choices and exercise bargaining power, developing a sense of worth or a belief in one's ability to secure desired changes and right to control ones life. This is what microcredit has done to the women. This is because it has improved their level of income, it has boosted their independence, and it has enhanced access to information. This has also enhanced increased networks and markets and finally contributed to household income. Therefore, microcredit greatly increases women's empowerment in rural areas.

The analysis shows that there is need to review the interest rates downwards since they were high. Also the women's funds for groups should be increased in commensurate with the increased costs of leaving. They also indicated that large disbursements should be issued so that it can foster growth of the women groups and thereby increase their level of income and growth in the long term.

5.4 Recommendations

The researcher recommends the following measures to be taken in line with the study findings:

Women should be encouraged to start up businesses with partners or groups as this leads to higher profit and spread of risk compared to sole proprietorships. Women should save enough instead of taking loans; this is because it can be hard to repay them. By working hard they will have more personal income to sustain the businesses and to save. In case

they decide borrow loans, women should use them to expand their businesses; this is because they will be able to repay other than use the money for their personal stuff.

The MFIs should increase the repayment periods for the loans; this will help the women to have saved enough in order to have some money left as savings. The institutions should also reduce the interest rates for the loans; this is because currently they are quite high. The institutions should ensure that large amounts of money are disbursed as loans to beneficiaries; this will foster growth of the women groups.

The MFIs should enlighten the women to involve themselves in income generating activities that will translate into greater control and empowerment. It is also recommended that the microcredit institutions to investigate the needs of women so that they can maximize its empowerment potential. These institutions should also reach out to poor women living in diverse socioeconomic environments. This will help the women in these areas to be independent, enlightened, proactive and liberated.

5.5 Suggestions for further study

Based on the research findings, the researcher recommends the following areas for further research.

- Are the MFIs are generating income, increasing employment and alleviating poverty for women? The analysis has shown that majority of the respondents agreed that microcredit has improved their level of income. Further an overwhelming number of respondents agreed that micro credit has boosted their independence and a majority agreed that microcredit has increased market network with the increased network being associated with higher income and lower levels of poverty. The researcher recommends that further study be done on whether MFIs are generating income, increasing employment and alleviating poverty.

According to the study findings majority of the respondents agreed that micro credit has led them to be independent and therefore are able to be decision makers in the family. Further, majority agreed that microcredit required one to be proactive in life and take

their future into their own hands. In addition, the findings show that microcredit had liberated women and they are now able to feed and educate their children. Thus the researcher recommends that further research be done to examine the role of a woman in a household welfare in the community.

According to the study findings lack of market had severely constrained the women entrepreneurship skills, and there is much competition which can have a negative effect in the loan repayment. The researcher therefore recommends that further study be done to study the challenges facing MFIs in the country and study the role of microcredit in the country.

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APPENDIX I

-QUESTIONNAIRE FOR WOMEN

This questionnaire is to collect data for purely academic purposes. The study seeks to investigate the **ROLE OF MICROFINANCE IN WOMEN'S EMPOWERMENT**; A case study of Meru Central District. All information will be treated with strict confidence. Do not put any name or identification on this questionnaire.

Answer all questions as indicated by either filling in the blank or ticking the option that applies.

Please tick or fill in the blank spaces as appropriate.

SECTION A: GENERAL INFORMATION

1. Age

- I. Below 25 yrs
- II. 26-30yrs
- III. 31-40 yrs
- IV. Above 40 yrs

2. What is your marital status?

- I. Single II. Married III. Divorced IV. Widowed

3. Highest level of education attained.

- I. Primary II. Secondary III. College IV. University

4. Are you employed?

- I. Employed II. Self employed

5. How many dependants do you have?

I. None II. 1-2 dependant III. 3-5 dependants IV. more than 5

6. What is your total household income per year?

I. Less than 10,000 II. 10,000 – 50,000 III. Over 50,000

7. Number of years in your current chama/group?

I. Less than 2 years II. 2-5 years III. Above 5 years

SECTION B: Effects of microfinance on women's level of income

8. Ownership of the business enterprise: Tick where appropriate:-

I. Sole proprietor II. Partnership III. Group ownership

9. What is the source of your business finance?

I. Personal assets and savings II. Loans from family and friends

III. Loans from microfinance institutions IV. Loans from NGO's

V. Loans from commercial banks

VI. Others specify

10. Have you ever applied for a loan from a micro finance institution either individually or as a group that can increase your income?

I. Yes II. No

11. What did you use the loan for? Tick where appropriate:-

I. To pay for pending bills e.g. rent, school fees, food, clothing e.t.c.

II. To purchase stock for the business

III. To construct premises

IV. To repay other pending loan

V. To increase existing stock levels for the business

VI. , Others

12. Please circle a number from 1 to 5 which best describes your views on the effects of micro finance on women's level of income.

	STATEMENT	Strongly disagree	Disagree	Undecided	agree	Strongly agree
a)	The Micro finance program has improved food supply	1	2	3	4	5
b)	The micro finance program has led to improvement of nutrition	1	2	3	4	5
c)	The microfinance program has enhanced increases in women income	1	2	3	4	5
d)	The microfinance program has enhanced increased employment	1	2	3	4	5
e)	The microfinance program has led to asset acquisition	1	2	3	4	5

13. The credit I received from micro finance institutions has increased my level of income as a woman

- I. Strongly agree II. Agree III. Undecided IV Disagree
 V. Strongly disagree

SECTION C: Extent to which Micro finance program influence women's access to information

13. The following items relates to the extent to which microfinance programs influences women's access to information. Please circle the number 1-5 that best describes your situation.

	STATEMENT	Strongly disagree	Disagree	Undecided	agree	Strongly agree
a)	The microfinance program has improved sharing of information on local needs	1	2	3	4	5
b)	The micro finance program has led to collaboration of women when identifying projects	1	2	3	4	5
c)	The microfinance program has led to women participation in project implementation.	1	2	3	4	5
d)	The microfinance program has led women to prioritizing community needs.	1	2	3	4	5
e)	The microfinance program incorporates women in project management and decision making	1	2	3	4	5
f)	The microfinance program is characterized by women's contacting and sharing ideas with project sponsors education level of parents also determines the rate of girl drop out rates.	1	2	3	4	5
g)	The microfinance program has enabled us to be informed in terms of where to acquire products affordably.	1	2	3	4	5

15. The microfinance program influences greatly women's access to information.

I.Strongly agree II. Agree III. Undecided IV.
V.Disagree VI. Strongly disagree

SECTION D: Effect of microfinance program on women's participation in decision making.

16. Indicate the attitude of the locals towards activities carried out by the micro finance program.

- I. Very positive II. Positive III. Undecided IV. Negative V. Very
negative

17. Indicate to what extent the local community supports the activities carried out by the microfinance institutions?

- I. 100% support II. 50% support III. 25% support IV. Below 25%

18. The following items relate to the extent to which MFIs influence women's participation in decision making. Please circle the number 1 to 5 that best describes your situation.

	STATEMENT	Strongly disagree	Disagree	Undecided	agree	Strongly agree
a)	The microfinance program has improved my income and hence I contribute more to the family kitty	1	2	3	4	5
b)	The micro finance program has led to my being independent and therefore a decision maker in the family.	1	2	3	4	5
c)	The microfinance program has enlightened me in a number of ways.	1	2	3	4	5
d)	The microfinance program requires me to be practical in life and take my future into my own hands.	1	2	3	4	5
e)	The microfinance program has liberated us women thus we are able to feed and educate our children.	1	2	3	4	5

19. The microfinance program increases women participation in household decision making.

- I.Strongly Agree II.Agree III. Undecided
 IV. Strongly disagree V.Disagree

SECTION E: Impact of micro credit on women empowerment

20. Rank the main constraints experienced in the last one year in order of severity.

Constraints experienced in the last one year	Most severe	Severe	Fairly severe	Least severe	Not important
Lack of markets					
Too much competition					
Shortage of working capital					
Lack of family support					
Societal stereotypes					
Inability to make decisions					
Lack of participation					
Others (specify)					

(1-Most severe, 2-severe, 3-Fairly severe, 4-Least severe,)

21. Which is the contribution of the MFI activities on women's empowerment?

Please tick.

1. Nil II. Very minimal III. Minimal IV High
 V.Very high

22. Please circle a number 1 to 5 which best describes your view on the impact of micro credit on women empowerment

	STATEMENT	Strongly disagree	Disagree	Undecided	Agree	Strongly agree
a)	The microfinance program has improved my level of income.	1	2	3	4	5
b)	The micro finance program has led to my being independent and therefore a decision maker in the family.	1	2	3	4	5
c)	The microfinance program has boosted my independence.	1	2	3	4	5
d)	The microfinance program has enhanced increased networks and markets..	1	2	3	4	5
e)	The microfinance program has enhanced increased my contribution to household income	1	2	3	4	5
f)	The microfinance program has enabled me to acquire assets.	1	2	3	4	5

23. The microfinance program increases women's empowerment in rural areas.

- I. Strongly agree II. Agree III. Undecided IV. Disagree
V. Strongly disagree

24. List the areas that need to be improved in the microfinance activities to enhance women empowerment in order of importance.

- i)
- ii)
- iii)

25. What policy recommendations can you make as far as microfinance program is concerned?

- i)
- ii)
- iii)
- iv)

END OF QUESTIONNAIRE

Thank you very much for you taking your time to fill this questionnaire.

APPENDIX II- INTERVIEW SCHEDULE FOR MFIs OFFICIALS

The following questions will guide the researcher during the interviewing process

- I. How has the microfinance program targeting the poor affected women's levels of income?
- II. How have your programs affected women's level of dependence on the spouses?
- III. Does the micro finance program increase women's access to information, if so what type of information do they receive?
- IV. What is the effect of micro finance program on women's access to networks as well as markets? How does this affect their empowerment?
- V. On the overall, what would you say has been the effect of microfinance program on women's empowerment especially with specific reference to rural areas?
- VI. What suggestions can you give to improve this program?