

**FACTORS INFLUENCING ACCESSIBILITY TO MICRO  
FINANCE SERVICES BY PERSONS WITH DISABILITIES: A  
CASE OF KIMILILI - BUNGOMA SUB-COUNTY KENYA**

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**DECLARATION**

This research project is my own work and has not been presented for any other award in any other university

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## **DEDICATION**

I dedicate this work to my husband Vincent and children Brian, Laura, Faith, and Cynthia.

## **ACKNOWLEDGEMENT**

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## LIST OF ABBREVIATIONS

<b>AMFIU:</b>	Association of Microfinance Institution of Uganda
<b>CBR:</b>	Community Based Rehabilitations
<b>ILO:</b>	International Labour Organizations
<b>KCB:</b>	Kenya commercial bank
<b>KNSPWD:</b>	Kenya National Survey for Persons with Disability
<b>K-Rep:</b>	Kenya Rural Enterprise Program
<b>KWFT:</b>	Kenya Women Finance Trust
<b>MFI:</b>	Micro finance institution
<b>OECD:</b>	Organisation Economic Cooperation Development
<b>PWD:</b>	persons with disability
<b>SMEP:</b>	Small Medium Enterprise
<b>SPSS:</b>	Statistical Package for Social Sciences
<b>UN:</b>	United Nations
<b>SA :</b>	StronglyAgree
<b>A :</b>	Agree
<b>D :</b>	Disagree
<b>SD :</b>	StronglyDisagree
<b>ICFEM :</b>	InterchristianFellowships' Evangelical Mission.
<b>NALP :</b>	National Agricultural and Life stock Program.
<b>SHOMAP :</b>	Small Holder Marketing Programme

## ABSTRACT

This study was designed to investigate factors influencing access to microfinance by Persons with Disability in Kimilili- Bungoma sub-county. The aim of the study based on four major objectives: social and health issues, access to information, level of finance and management skills and availability of collateral and access to microfinance. However the study intended to answer four major research questions of the revolve around the number of MFI institutions working in the county, micro finance needs of PWDs, factors that affect and hinder accessibility to micro-finance by PWDs and exploration of appropriate suggestions to improve micro financing operations in Kimilili sub-County. The study adopted descriptive survey design that was carried out in Kimilili- Bungoma sub-county. The study sample comprised of 78 officials of self-help groups for persons with disability, ministry of social services, and finance officers of microfinance institutions. The instruments of data collection were questionnaires and interview guides. The reliability of the instrument was done by a pilot study in Bungoma West. Validity of the instruments was enhanced by requesting the experts in the area of Research. Data was collected, coded and analysed using SPSS. The data was represented using tables of frequency and percentages. The key findings revealed that social and health issues did not hinder participation in business and access to microfinance, PWD`s lack access to information related to microfinance, the education level and skills in finance and management influence access to microfinance. The other finding was that availability of collateral hindered access to microfinance by persons with disability. It was reported that most people do not have the saving culture. It is also reported that PWD lack the potential to participate in business and therefore rely on charity. From the study, it was concluded that PWDs were aware of microfinance but MFIs did not give special consideration to them. The PWDs needed training in financial and management skills in order to run business. Lastly collateral mechanisms should be improved so that PWDs could qualify and secure loans and manage interest rates. The study recommended that there is need for microfinance institution to create awareness to persons with disability about microfinance products to alleviate poverty, the government and ministry of gender to open rehabilitation centre to train relevant disability groups in various skills in the early stages to reduce dependence ratio, the digital era should be embraced by all stakeholders, the computer programmes and special software should be made available and affordable to PWD`s. The researcher also recommended for another study to be carried out in reference to each disability – speech, sight, physical impairment and multiple disability. The role of government should also be emphasised in another study

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background to the study

The concept of micro-finance emanates from the broader area of finance which refers to funds or resources acquired and applied by firms to achieve their objectives. The term was derived from micro-credit which means extremely small loans given to impoverished people to help them become self-employed, Loth R. (2002). Micro-financing functions include offering financial assistance, advisory services, training and encouraging operation of small business development services, encouragement of savings and supervision as well as monitoring the people to whom they give loans.

Webster (2007) defines the term micro to mean small, tiny or trivial. Micro-finance describes the range of financial products such as micro-loans, micro-savings and micro-insurance products that micro-finance institutions (MFI's) offer to their clients. Micro-finance began in 1970's when social entrepreneurs begun lending money on a large scale to the working poor, Grameen Bank (2007). Therefore, micro-finance is the provision of financial services to low income clients or solidarity lending groups including consumers and the self-employed who traditionally lack access to banking and related services.

The term disability has been defined by many people to refer various categories of people but according to UN standards, a disabled person is one who has lived with impairment for a long time. Reference is made to the individual's functioning, including mental illness, impairments in the physical, sensory, cognitive and the intellect. According to Disabled World Report, (2006), there are many categories of disabled people as mentioned including mood disorders ( depression, unipolar and bipolar), tourettes syndrome, spine bifida ( malformations in the lumbar and sacral areas of the spinal cord), cerebral palsy ( physical disability in human development) epilepsy (chronic neurological disorder) and dyslexia (chronic neurological disorder).

The major causes of disability in Africa are malnutrition, disease, environmental hazards, natural disasters, traffic and industrial accidents, civil conflict and war. It is estimated that 350-500 people the world over become amputees each day due to landmines which they encounter while walking, farming, or playing, Rehabilitation International . Consequently, the number of people living with disability in Africa is on the rise as contributed by factors like HIV/AIDS, birth defects, malnutrition, population growth, violence, ageing population ,environmental degradation, injuries at home and work and on the roads.

The International Classification of Functioning, Disability and Health, IFC (2001) defines disability by focussing on analysis of the relationship between capacity and performance. The disability is also supported by world health organization (WHO), whose definition is based on the interaction between the person and the individual institutional and social environments, WHO (2007). The existing definitions present challenges in two areas of: the process of measurement of the variables of capacity and performance: the need for professional judgement to develop measurement approaches to adapt to the newest definition, United States, Bureau Census Survey (2010).

Evolution of Community Based Rehabilitations (CBR) processes has transformed people's attitude on social process for persons with disabilities (PWDs) by increasing their levels of acceptance and social inclusion and mobilization of resources to meet their needs. The CBR initiatives appear to benefit those with mild disabilities and therefore there is a need to invest in quality and sustainable programmes for the disabled, Velema J.P. *et al* (2008).

It has been noted that Persons with disabilities have very low priority in terms of choice and in most cases they are ill-treated when it comes to socio-economic integration in the society (ILO, 2002; Lewis, 2004). However, even though studies indicate that they are, on average, among the vulnerable groups, not all persons with disabilities are poor. Some of the disabled persons perform well in the job market than

their non-disabled counterparts. Such indicators can be utilised to unleash their potential. This shows that in case of a fortified environment they can still achieve their dreams, (UN, 2007)

In India, credit Suisse advocated to the government on progressive policy and development with regards to access for accessibility to financing for PWDs. The Credit Suisse advocacy initiatives intended to amend important pieces of legislation for PWDs in the Persons with Disabilities Act with the intention to improve inclusion in education, employment, transportation, and other various services. Credit Suisse established that PWDs had many options available for financial services and products, but cites high barriers for access, such as unfamiliarity with banking systems and the inability to provide adequate documentation. Similarly many institutions support the integration of PWD in workforce through various programs of policy advocacy, financial education and training. This put the nation far head of problems which could arise in lack of inclusion, Credit Suisse, (2012)

In Uganda three lessons were drawn from a study of entrepreneurs with disabilities, Bwire and Mukasa (2009.): Firstly, it was noted that PWDs are an untapped market opportunity for Micro Finance Institutions (MFIs). Secondly is that in order to influence MFIs team up with key actors from the industry it is important to understand the specific MFI's their business models and; thirdly is that persons with disabilities are often misinformed about MFIs' terms and services and don't know how to tap these opportunities. Therefore it was observed that by gradually a changing the attitudes of both MFIs and Disabled Peoples Organizations (DPOs) increased the number of clients with disabilities served at MFI's without the using any economic incentives.

The survey conducted by the Special Unit for Microfinance (SUM) of the United Nations Capital Development Fund (UNCDF) in Kenya as part of its Learning Agenda assessed the state of outreach to women in the microfinance industry and took stock of recent innovations developed by practitioners to better serve this market. In

addition to basic statistics on respondents' clients and portfolios, the survey asked questions about specific products and services that MFIs have developed to serve women, the ways in which these are being delivered, the markets and clients targeted by the organization, and the outcomes of these endeavours. In addition, the survey contained a section on women's economic roles in respondents' countries, in order to develop a picture of the conditions affecting women's success with microfinance. (Rani D and Deena M. 2002)

The study on women entrepreneurs was to make a positive contribution to the Economic Recovery Strategy for wealth and employment creation of the Kenyan Government. The study provided a set of practical recommendations aimed at positively influencing women's entrepreneurship development in Kenya. It also pointed out the gaps that the primary research addressed to determine factors affecting women entrepreneurs, including those with disabilities, in MSEs in Kenya (International Labour Organization 2008)

IDDC (2012), under the support of EU through a joint event-Making Finance Work For Inclusive Development resolved that lack of information about how to access financial services and of experience prejudice that prevent PWDs from approaching MFI's. only 0-2% of PWDs are clients at MFI. Lack of finance has created barriers to their dreams due to lack of financial capabilities. The lack of information is also contributed low level of education among PWDs as reported by OECD, United Nation which stands at 19% compared to 11% among the better educated PWDs.

Secondly, lack of collateral has hindered most persons in Kenya to access loans or financial services as defined by institutions. The loans size is pegged to a percentage of core capital which grows with loans size. Mersland, R. (2005) suggests that MF savings are as important as credit which means microcredit is micro debt which equally means high risk. Every client requires repayment capability before accessing credit at the bank or financial institution. PWDs are group as poor and most of them cannot meet the condition of compulsory savings as condition for receiving loans.



Since collateral is not the best strategy most MFI have abandoned the practise of demanding compulsory savings and instead introduced other risk mitigating technique of enforcing payment such as interest rates rebates for clients who consistently pay on time. But this financial information is not available to PWDs who lack financial management skills. The skills are not taught to persons since some (deaf) have language barriers or personal judgement (blind).

However, since most persons with disabilities tend to be excluded from mainstream microfinance services, their economic activities tend to remain small (Handicap International, 2006; Mersland, (2005). PWDs have low access to MFI's even though the law supports them and prevents them from being discrimination against. According to the United Nations (UN, 2008), approximately 10% of the global population have disabilities; 80% of these individuals live in developing countries, and for those who live on less than \$1 a day, 1 in 5 has a disability. The cost of disability is high for the affected individual, for his/her family and for society. All the same, disability is generally not an integrated part of development policies (Kettel *al.*, 2009), and efforts to support disabled people tend to be based on charity and government support (Gooding & Marriot, 2009) rather than socio-economic integration (ILO, 2002; Lewis, 2004).

In developing countries including Kenya, 80–90% of persons with disabilities do not have formal jobs, and government and charity support are in practice limited, so most of these people turn to self-employment (UN, 2008). For the self-employed, access to capital is vital. It is argued that access to microfinance should be a priority in pro-disability livelihood policies (Handicap-International, 2006; Cramm&Finkenflugel, 2008; Martinelli& Mersland, Forthcoming), but claims are put forth that disabled people seldom have access to microfinance (Cramm&Finkenflugel, 2008).

In Kenya various microfinance institutions are now in full operation and there is an increasing trend towards their establishment as fixed deposit banking service providers in rural and urban areas. Equity Bank in Kenya evolved from a microfinance institution to a successful banking institution in East Africa. The

examples of microfinance institutions include Kenya Women Finance Trust, Faulu Kenya, K-Rep, Family Bank, SMEP and Opportunity international among others.

The Ministry of Gender and social Services , Ministry of state planning Development and Vision 2030, have teamed up to resources and policy frameworks can improve standards of living by providing funds which provide capital to PWD under the relevant departments. Despite the government effort to implement policies, most PWD in our societies have not accessed education to their full potential and lack formal employment which hinder their breakthrough in life. This situation has made them to remain as mere dependents in the communities and no organisation has fully entrusted financial management to them.

Kimilili sub-county has several microfinance institutions such as KWFT, Equity bank Co-operative Bank, KCB and Faulu Kenya. Other organisations operate through agents for example SMEP, equity Bank, Ushirika bank, Mwalimu Sacco, Bungoma Teachers Sacco, Metropolitan Sacco, among other. The persons with disabilities can be accessed through association of persons with disability in Kenya (APDK), Bungoma County

### **1.2 Statement of the Problem.**

Kimilili sub-county has MFIs whose agenda is to provide microfinance assistance to persons including PWDs. The services are meant to improve the lives of the people and raise their living conditions. The organisations normally withhold the funds purported to assist the needy due to lack of collateral and therefore end up making empty promises.

In reference to available microfinance institutions operating in Kimilili sub-county which serves about 4000 clients both from self-help groups and individual clients whose membership is voluntary. It is estimated that 3.4 per cent of population Kimilili sub-county are found to have some kind of disability and that 82 per cent of them live below the poverty line (KBNS, 2009). A major finding of this study is that people

with disabilities are highly underrepresented among the clients of microfinance institutions in Kimilili sub-county. It's noted that persons with disabilities can only access credit among members who are not disabled but individual group for disabled are less recommended. Microfinance organisations have reported that 0–0.5 per cent of their clients had a disability; although most of them do not control this variable, ministry of gender and social services.

While most researches have focused on direct funding of organizations that deal with people with disabilities, few researches have focused on empowering these disabled people with knowledge and skills to empower them financially. `Most studies have been conducted on; Potential Impact of the Global Economic Downturn on People with Disabilities in Developing Countries (Raymond 2009)but very little has been done on factors influencing accessibility to microfinance services by persons with disability. PWDs need special considerations on terms and conditions of borrowing funds as given in most memorandums, (Lewis, 2005). This has not been addressed by most funds` lenders especially in Kimilili sub-county. This study established that there are factors that influence accessibility to microfinance and related services by persons with disability in Kimilili-Bungoma, Kenya.

### 1.3 Purpose of the Study

The main purpose of the study was to evaluate the factors influencing the accessibility to micro-finance services by persons with disability in Kimilili sub-county.

### 1.4 Objectives of the study

The research study was guided by the following specific objectives:

1. To establish how the social and health issues of persons with disability influence their accessibility to microfinance service in Kimilili sub-county.
2. To investigate how access to information for Persons with disability influence their accessibility of microfinance services in Kimilili sub-county.
3. To investigate how financial and management skills of persons with disability influence their accessibility of micro-finances services in Kimilili sub-county.

4. To investigate how collateral mechanisms employed by microfinance institutions influence services provision to persons with disability in Kimilili sub-county.

### **1.5 Research Questions**

The research study sought to get answers to the following research questions:

1. How do social and health issues of Persons with Disability influence their accessibility of microfinance service in Kimilili sub-county?
2. How does access to information influence accessibility of microfinance services in Kimilili sub-county?
3. How do financial and management skills of persons with disability influence their accessibility to micro-finance services in Kimilili sub-county?
4. How do collateral mechanisms adopted by microfinance institutions influence provision of services to persons with disability in Kimilili sub-county?

### **1.6 Assumptions of the Study**

The study was guided by the assumptions that the selected sample represented the population in all the variable of interest and those respondents would cooperate to give the information freely without fear and biasness. In this case, the entire questionnaires were returned and analysed. It also assumed that people with disability have interest in microfinance and related services which is a basic engagement for poverty alleviation and empowerment.

### **1.7 Significance of the Study**

The main reason of research is in the usefulness of the findings, conclusions and recommendations of the study. This study will assist the various stakeholders in many ways by exploring effects of lack of accessibility by PWDs to microfinance services in Kenya and highlight the challenges facing PWDs in accessing micro-finances and related services. These findings may be used by stakeholders to identify existing gaps and enhance microfinance service delivery and provide recommendations and conclusions useful to the government and other microfinance stakeholders in micro financing service provisions and policies issues. The study will contribute towards

the existing field of knowledge and serve as a reference for future study on PWDs research topic or MFI's related areas.

### **1.8 Limitation of the Study**

The research of the study was limited on current information on number of persons with disabilities accessing microfinance institutions for services in Kenya but research concentrated on officials of self-help groups for persons with disability. The other limitation was on the varied forms and severity of disability among the PWDs which posed challenges of social integration and use of media. The some respondents could not give exact information especially the deaf and the blind who responded through interpreters and sign language. The reliability was given by allowing some respondents to write down their responses during the interview.

### **1.9 Delimitation of the Study**

Specific time schedule was prepared and used to allocate activities and personnel as a guiding tool for research project to ensure all activities were undertaken in good time. A budget was made to optimally allocate resources available for and thus Kimilili sub-county large enough to provide information necessary given the limited time of study. Kimilili lacks most microfinance facilities and most of the PWDs are poor. Most microfinance institutions in the county deal with groups (especially women), who provided collateral, while it is difficult to lump together people of different disabilities. The previous studies have shown that PWDs exhibit varied emotional disorders which may affect their association and interaction. (WHO, 2011)

### **1.10 Definition of Terms**

***Collateral:*** Collateral referred to the value of assets and the specific itemization of assets that could be pledged as security against a loan

***Microfinance institution:*** It is an institution that provides financial services including credit, savings, insurance, money transfers and other financial products to low income individuals or groups who lack access to banking and related services.

***Health issues:*** These are health challenges which are unique to PWDs that hinder them from performing varied activities optimally during their life time.

***Social issues:*** These are issues or problems that relate to society's perception of people's personal lives, such as education inequality and general segregation against PWDs.

***Financial skills:*** These are skills used by persons with disability to assess financial market, prices, taxes, subsidies.

***Management skills:*** Refer to skills by PWDs to effectively plan, coordinate and control resources in their businesses.

***Micro-finance:*** Microfinance is the provision of financial services including credit savings, insurance, money transfers, and other financial products to low in-income individuals

***Persons with Disability:*** Business people with mild level of impairment physically, visually and mentally that results in their limited participation in business.

### **1.11 The Organization of the study**

The study is organised in five chapters as follows; chapter one gives background to the study and introduces the problem statement describing the specific problem and addressed in the study, as well as the purpose, objectives and research questions that the study will seek to answer. Chapter two presents a review of literature and relevant research associated with the problem addressed in the study, giving theoretical foundations of the study and conception framework. Chapter three presents the methodology and procedures used for collecting data and analysis. Chapter 4 contains an analysis of the data, presentation and interpretation of the findings, while chapter 5 contains summary of the findings, discussions, conclusions, recommendations and suggestions for further research.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

This chapter outlined the literature as done from referenced books, journals, periodicals, magazines, newspapers, reports, documentaries, dissertations and other publications. The review covers the factors influencing accessibility to microfinance by persons with disability in Kenya, a case of Kimilili sub- County. This is in line with the following study objectives social and health issues, access to information, Financial and management skills and

Collateral, theoretical framework and the conceptual framework was used to operationalize the variables and lastly the gaps in literature explained.

#### 2.2 Overview of Microfinance services offered to PWDs

According to Disabled World Report (2006), there are many people in the world who have a disability or a medical condition which has altered their way of living, acting or reacting. Despite the disability these people live a normal life and should be recognized by the law and not by charity, UN Convention, (2006). Many people with disabilities have contributed to society socially, economically, spiritually and even politically. These people earn income as actors, actresses, singers, world leaders and many other famous positions. This shows that PWDs can increase their income by accessing sources of fund to boost their income. Handicapped International, (2006), suggested that having disabled customers can be used as a benchmark to indicating whether MFI is able to design disability-friendly services which can also be friendly to other potential .hence , learning to serve the disability market segment can enable a MFI to serve more other vulnerable segment as well.

In India, credit Suisse advocated to the government on progressive policy and development with regards to access for accessibility to financing for PWDs by initiating amendments to important pieces of legislation for PWDs in the Persons with Disabilities Act with the intention to improve inclusion in education, employment, transportation, and other various services. India has many options available for financial services and products, but PWDs cites high barriers for access, such as unfamiliarity with banking systems and the inability to provide adequate

documentation. Similarly many institutions support the integration of PWD in workforce through various programs of policy advocacy, financial education and training. This put the nation far head of problems which could arise in lack of inclusion, Credit Suisse, (2012).

In South Africa, The South African Disability Alliance (SADA) reported, the government signed and ratified the Convention on the Rights of Persons with Disabilities and its optional protocol in 2007, in effort to bring equality for persons with disabilities under Article 9(3). Yet, it is not clear how the current bill will take this nation closer to full implementation of the Constitution and the Convention, 2008. The government`s commitments in removing all barriers faced by persons with disabilities is not enforceable. Experts have suggested that there was great need to foster the establishment of a South African disability studies literature and to promote the views of disabled people.

Bwire & Mukasa (2009) Uganda noted that PWDs was an untapped market opportunity for Micro Finance Institutions (MFIs) and all effort was being made to start specific business models in order to stop misinformation about MFIs' terms and services and to tap these opportunities. Therefore it was observed that by gradually changing the attitudes of both MFIs and Disabled Peoples Organizations (DPOs) increased the number of clients with disabilities served at MFI's without using any economic incentives. In another study done in Uganda by Lemmy et al., (2008), it was revealed that 43% of the PWDs had access to MF services compared to 45% of the able bodied persons. Some of the PWDs who did not access had relevant knowledge and skills to do so. Having collateral was main criteria for selection for loans used by MFI provider.

In Kenya, women and men with disabilities can enjoy and be productive members of society. Person with disability are given equal employment opportunities, improved access to basic education, vocational training relevant to labour market needs and suited to their skills, interests and abilities, with adaptations as needed. The



government intends to remove many other barriers to make the physical environment more accessible, provide information in a variety of formats, and by all means challenge attitudes and mistaken assumptions about People with Disabilities, KNBS, 2009.

The current situation in Kenya shows that many acts have been put in place especially on rights of PWD`s- National Development Plan (2002- 2008), The Persons with Disabilities Act, 2003 Free Primary Education, 2003, and Vision 2030 but there is no recent data on the situation of people with disabilities. The statistics available, do not give an accurate picture of the number of disabled people living in the country. Applying the WHO recommendation, 10% today's Kenyan population of approximately 40 million would indicate that there may be some 3 million disabled people. Many disabled people in Kenya, as in most developing countries in the world, live in poverty, have limited opportunities for accessing education, health, and suitable housing and employment opportunities.

### **2.3 Social and Health Issues and Accessibility to Microfinance**

Health and social issues are important factors which enable an individual to comfortably suit and accept to participate in any activity. One's health determines their fitness for involving in business and being able to continuously generate profit for the business. On the other hand, social integration helps in establishing business ties and community support.

#### **2.3.1 Social issues**

According to Africa Disability News, (2010), it is estimated that 60-80 million people in Africa are living with disabilities today. USAID missions throughout Sub-Saharan Africa have provided financial and technical assistance to people living with disabilities, including those who were disabled as a result of war and conflict. Generally it is estimated that 10 percent of the general population, are PWD`s but possibly as high as 20 percent are poor. Disability and poverty go hand in hand, so we tackle them together. We work through inclusion - by working to empower people with disabilities to receive a worthwhile education, access health care and rehabilitation services, gain a livelihood and participate fully in society. Majority of

Africans with disabilities are excluded from schools and opportunities to work, which makes them to be the poorest of the poor. At the same time school enrolment for the disabled is estimated at not more than 5-10 percent. For many, begging becomes a sole means of survival. This African trend contravenes the UN (2006) convention on the Rights of Persons with Disability, where by education should foster their participation in the society, their sense of dignity and self -worth.

PWDs are given low regard in relation to their counterparts without disability. They are looked upon with pity and sympathy during allocation of roles and responsibilities. In fact due to lack of exposure and practice most of them perform dismally. In business PWDs have to make correct choice of products to include in his merchandises so that they don't struggle on how to get wares for sale and other logistic problems in business. PWDs many at times experience discrimination or rejection result in secondary incapacities like lack of self-esteem, such traits which often lead to self-exclusion from public and private services such as microfinance (ILO, 2002). Besides, PWDs and their families may have the expectation to constantly receive charity (Thomas, 2000) which is incompatible with sustainable MFIs.

PWDs have family members to cherish support and care for in their cause of life. This sense broadens definition of disability to include the person and the family or guardians who support the disabled individual or the family of the disabled persons. Microfinance services should benefit the individual with low income (poor), who needs to transform his life and family. But in most cases MFI has successfully served the upper strata of the poor living out lower strata, De Klerk, 2005. ILO (2002) and Lewis (2004) observed that persons with disabilities are given low priority and are ill- treated as a target group when it comes to socio-economic integration. Other studies, Thomas (2000), Pauwee (2010), and Mersland (2007) indicate that persons with disabilities are on average among the poorest but it is centrally that not all the disabled persons are poor. United Nations (2007) provides concrete evidence in data indicating that persons with disabilities have better performance ratings in the job

market, and when they get access to equal opportunities as their non-disabled counter parts they offer vast experience and proof to be successful as self- employed.

The 2005 Disability Discrimination Act in United Kingdom of Great Britain and North Ireland has to promote equality. This means all persons should enjoy equal access to country`s resources and the laws cuts across. The financial needs of the PWDs are unique and very different from those of the normal people who could be equally poor. The PWDs who are classified as vulnerable and poor wish to access MF services as much as they could every time for credit but less publicity or no information is available to them.

Simanowitz (2001) there are four exclusion mechanisms that exclude the most vulnerable from microfinance services namely self-esteem, exclusion by other members, exclusion by staff and exclusion by design. In addition to these, there is a physical and informational exclusion stemming from the disability itself, ILO (2002) and Mersland (2008) this assumption has been and still holds. It can be resolved by understanding the contexts of PWDs and gradually removing these barriers to enable disabled persons be mainstreamed into MFT`s. Sigamano and Muyenga,(2004), Zimbabwe and Zambia have reported cases of discrimination in the community MF programs which are available and also those that offer a large amount of loans. Persons with disability do not access loans like their counterparts who not disabled, CrummpPinkenflunge (2008).

According to the disability act (2003) of Kenya, it provides inter alia, “No employer shall discriminate against a person with disability in relation to the advertisement of employment, the creation, classification or abolition of posts, the determination or allocation of wages, salaries, pension, accommodation, leave or other such benefits: the choice of posts, training, advancements, apprenticeship, transfer, promotion or retrenchment, the position of facilities related to or connected with employment or any other matter related to employment.” The Act provides for rights and rehabilitation of persons with disabilities to achieve equal opportunities and

for connected purpose. Under section 37 of the Act, in terms of credit, it states that it shall be the duty of the minister responsible for matters relating to credit unions, cooperatives and other tending institutions to encourage the extension by such institutions of credit to persons with disability.

### **2.3.2 Health issues**

PWDs face health challenges which are unique and hinder them from performing varied activities optimally during their life time. There are many risk factors at all different ages and socio-economic status within the community which make PWDs unfit and incapacitated to work. Most PWDs get injuries, chronic diseases and infectious disease due to disability which destabilises them and cause inequality, WHO, 2011. Article 25 of the CRPD specifies access to health as an explicit right for people with disability.

It's understood that poverty forms a barrier to healthy behaviour and adherence to treatment therapy. Research has shown that access to microfinance has a positive influence on the economic situation of people and improves access to health services improving economic situation of PWDs could result in stigma reduction and health seeking behaviour,(crammm and Finkenfluged, 2008, Schurmann and Johnston, 2009). For Uganda 49% of household have access to health-care facilities although limited by poor infrastructure, especially in rural areas where the majority of the population lives in developing countries, same to Kenya, WHO, 2001.

KNSPWD, 2008 in its preliminary report mention that 65% of PWDs health is affected by the environment which causes major problem to their well-being. The danger to this group of individual s can be corrected by modification of physical environment since 15% are affected daily while 3% on weekly basis.

### **2.4 Access to information and accessibility to microfinance by PWDs**

Marshland (2005) & Handicap International (2006), argue that one of the main obstacles facing the self-employed is access to capital either in form of loans or accumulated savings. However, since most persons with disabilities tend to be

excluded from mainstream micro-finance services, their economic activities tend to remain small. This argument however can only hold for the PWDs who have limited investment knowledge and lack information on sources of financing within their contexts.

The idea of improving access to financial services by disabled persons is not new. Several initiatives targeting people with disabilities have used the approach of providing a combination of training and of subsidised credit mainly from nonfinancial specialised organisations such as government , non-governmental organisations or CBO`s, Handicap International(2006). The disability itself can be a major barrier to access offices or information. According to Wright (1997), for MFI to attracts more clients and instils confidence in them, they should use various marketing tools. MFI should work beyond traditional forms of advertising such as radio, television, posters. Since some individuals with disabilities e.g. visual handicaps do not see or read from the posters.

The Government of Kenya vision 2030's first medium term plan (2008-2012) includes strategies to create an additional 3.5 million jobs: reduce the number of Kenyan's living in poverty from 45% to 28% and raise average annual incomes from an estimated USD 650 in 2006 to USD 992.this has remained a fallacy since all the poor people have remained in the vicious circle of poverty almost by the statistics. PWD are most disadvantaged of the groups of the most marginalised communities.Mersland( 2004), disabled entrepreneurs have limited knowledge MF services and its benefits. The MFI do not know the disabled segments are not able to assess the risk involved by serving such clients. MFI can put the disability issues on the agenda through seminars and trainings.

Media of Information impact more PWDs especially the blind who can comfortably relay on braille and deaf who work with interpreter s. Such arrangement are not available in most or all our institutions which leads to lack of trust. . Most financial in institutions give information in both verbal and written form, this is inaccessible to

many deaf or blind persons. The blind or the deaf need assistance of an interpreter. MFT's are located far away from people's homes, in most cases in towns and to enter the premises stairs often have to be climbed and crowds have to be penetrated, Simanowitz, 2001.

Furthermore, some of the barriers disabled people face in gaining access to microfinance products may be due to living too far away from urban or peri-urban centres, where microfinance institutions often operate. However, other barriers are embedded in prejudices that the microfinance institutions may harbour about disabled people. Discrimination in microfinance is widespread globally, but the reason for the discrimination and who is discriminated against varies widely (Labiea, 2010). The reasons for discrimination can vary from caste in India, to race in the United States, to belonging to the wrong ethnic or social group in the Caribbean and Latin America.

The Labiea study focused specifically on the Ugandan microfinance sector and determined that discrimination was present in several microfinance institutions was caused by a genuine distaste for disabled people among loan officers. This distaste was linked to the fact that many disabled people can be among the poorest people within a community and thus are perceived as being in need of smaller loans and having a greater risk of non-payment. Several of the institutions that participated in the study were “socially oriented” microfinance institutions whose front-line staff, the loan officers, serve as “gate keepers,” making subjective judgments about who should obtain access to credit. Even if microfinance institutions say in its mission statement that it opposes discrimination of all kinds, the reality is that “fighting discrimination is costly” (Labiea, 2010) if the institution incentivizes its loan officers to seek out socially excluded clients. These costs are twofold: If a higher wage is paid to loan officers who recruit poorer people, this may result in fewer or smaller loans.

## **2.2 Level of Financial and management skills and accessibility to microfinance by PWDs**

Helms (2006) states that the general misunderstanding in society is that persons with disabilities are destitute without knowledge, skills and opportunities to successfully

operate businesses. This notion is also held by MFI's practising their sustainable business and no wonder they shy away from disabled clients. However in so doing, according to Helms(2006), a view given by UN(2006), they miss an important opportunity for business and they don't practice the double bottom line policy of reaching both financial and social objectives which nearly all MFI's claim to pursue.

Stately, argues that the borrowers, who are clients of MFI s should be able to put the cost of all financing on the same basis, comparing them and come up with the one that gives the lowest cost financing option. Further inadequacy in financial management skills and strategic planning put the PWDs in a disadvantaged position in competing with normal counterparts who are well educated and professional managers. Klerk(2005),studies have shown that MFI's are reluctant to subsidies loans or create other special loan conditions for special groups (vulnerable) of people since it would jeopardise the financial sustainability of the programmes. On the other hand, if clients (PWDs) depend on subsidies it does indicate that they have low economic viability of the activity.in most cases PWDs with disabilities are turned down with their loan request unless they succeed in making special arrangements on repayment procedures.

Without stigmatisation and prejudices PWDs can successfully undertake economic activities under proper support through self-confidence building technical and /or business training and monitoring. For example a visually impaired young man, 24years (Dennis Nyariaro) graduate operating MPESA business in Kenyatta University (Citizen News, 19-03-2013)

Mersland et al. (2009) explain that there are several mechanisms excluding disabled people from access to microfinance. These are exclusion by staff due to attitudes, exclusion by credit design, exclusion by non-disabled members in credit or savings groups, exclusion by the disabled themselves because of low self-esteem and repeated experiences of rejection during life, and exclusion because of the disability itself. Findings in Mersland et al. (2009), Handicap-International (2006) and Thomas (2000) confirm that few disabled people access credit in traditional MFIs or donor-supported

self-help schemes. However, whether disabled people have access to commercial banks, SACCOs or ROSCAs is still unknown in the literature. Ex ante expectations could indicate that because disabled people, like other poor people, are considered to be risk averse, they should prefer regulated commercial banks when entrusting their savings. Still, the business model of the commercial banks, which normally focus on better-off clients, could make it difficult for most disabled people to access their services. At least in theory, the SACCOs have a business model that is better aligned with the members' needs (Mersland, 2009) and should therefore be relatively better able to reach out to disabled people.

A study was done in Uganda to establish the microfinance institutions-customer relationship found that disabled people may have defaulted on their loans and thus have been denied renewals, or they may have found partnering with the microfinance institutions to be too expensive due to high interest rates or too troublesome due to the nature of their disabilities. Also the microfinance institutions found servicing the disabled person to be too difficult. For example, communicating with a deaf person can be challenging and time-consuming. Mersland,(2009).

Hashem (2011) posit that many disabled people are not born as disabled but become disabled due to accidents, war, sickness etc. For such persons savings and insurance are of particular interest. If savings were accumulated or disability insurance service was contracted (by the disabled himself or by his parents) before the occurrence of the disability, the disabled person would be in a much better economic position.

Secondly, savings have been the “missing link” within the microfinance movement in developing countries. Disabled persons, as well as non-disabled persons, need saving services as much as and maybe even more, than loan opportunities. When it comes to disabled persons, access to safe savings services is important regardless of when the disability occur. Many disabled persons have a clinical situation that aggravates through time. Many might be able to work normally for some years, but as time goes by, they are forced to decrease their economic activity. Hence, access to convenient



and safe saving facilities during their “good years” is of utmost importance. Persons with disabilities that depend on others, e.g. parents, are often in a critical situation when their parents can no longer provide for them. These persons would be much better off if their guardians, during their economic productive years, could accumulate some savings for the future benefit of the disabled person. However, when it comes to microcredit for disabled persons, there is little knowledge available. According to the Act of parliament in 2004 to promote rights, National Council for Persons With Disabilities (NCPWD) have special tax exemption brackets which are meant to give them relief over high costs and reduce strain on their trifling sources of funds. This shows that PWD should explore means to the end of their problems rather than sitting and waiting for hand-outs from donors.

Furthermore, efficient systems for money transfer are particularly important for disabled persons since they often have family members and friends that provide for them. As persons with disabilities born in the rural area often do not move to the city as many other family and village members might do, many of their supporters often live far away. In a globalized world, it is also more and more common to have relatives abroad that send home money to their beloved ones. Persons with disabilities will often have particularly many that would like to support the person if efficient and convenient money transfer systems are available. (Hashem 2011).

When we observe family backgrounds, education has reduced poverty in families, both with PWDs and non-disability. Education enabled one to make serious choices toward lifestyle. On the other hand education enables one be employed and earn a living. Well integrated people can easily diverse sources of income than people with limited skills. PWDs have equal chances like other persons in reducing poverty once they gain quick sources of capital. The financial needs of the PWDs are unique and very different those of the normal people who could be equally poor. The PWDs who are classified as vulnerable and poor wish to access MF services as much as they could every time for credit but less publicity non information available

MFI staff, and particularly the credit officers, who form core target group working with PWDs usually have to influence customers. However, if such influence is to be efficient, it must be backed by MFIs' top management. The personnel often lack the necessary experience and training to distinguish between real credit risk and perceived credit risk and again relay the same information to clients. Often a credit officer is not able to see through the disability and recognize the real ability of a person with disability. Simanowitz,2001.Stutely(2003). Stutely , argues that the borrower , who are clients of MFI s should be able to put the cost of all financing on the same basis, comparing them and come up with the one that gives the lowest cost financing option. Further inadequacy in financial management skills and strategic planning put the PWDs in a disadvantaged position in competing with normal counterparts who are well educated and professional managers.

## **2.5 Collateral and accessibility to microfinance by PWDs**

Collateral as security measures by PWDs According to Wikipedia (2012), microfinance is a movement that has an objective of seeing a world in which many poor and near poor households as possible have permanent access to an appropriate range of high quality financial services including not just credit but also savings, insurance and funds transfers. The proponents of microfinance and those who provide and promote microfinance believe that poor people do not just need loans but also savings, money transfer services that can help them out of poverty, helping them out raise income build up assets and cushion them against external shocks.

Microfinance is supposed to help reduce harsh aspect of poverty through providing income which is regular and dependable. Access to credit helps the poor to have smoothed the cash flows and avoid periods where access to food clothing shelter or educations is lost .Credit helps in management of shock like sickness of a wage earner theft or natural disasters. According to Mersland (2005), traditional financial institutions like banks have not provided financial services such as loans to clients with little or no cash income. The argument goes that banks incur substantial costs to manage a client account regardless of how small the sums of money that are involved. The fixed cost of processing loans of any size is considerable as assessment of potential borrowers , their repayment prospects and security, administration of

outstanding loans, collecting of delinquent borrowers to name but a few. There is a breakeven point in providing a deposit below which banks lose money on each transaction they make. Poor people, the disabled included, fall below the breakeven point. A similar equation resists efforts to deliver other financial services to poor people. This fact is further complicated by the disabled people who lack access of empowerment facilities like education and information services.

As documented extensively by Hernando De Soto and others, in addition to the above, most poor people have few assets that can be used as collateral and even if they happen to have our own land in developing countries, they may not have an effective title to it. This means that the bank will have little recourse against defaulting borrowers hence they constitute risky borrowers. According to Alexander Gerschenkron, Paul Rosenstein Rodan, Joseph Schumpeter and Anne Kuegen, seen from a broader perspective, the development of a healthy financial system has been renewed for as long as a catalyst for the broader goal of national economic development. However, the efforts of national planners and experts to develop financial services for most people have often failed in developing countries for reasons summarised well by Adams Graham and Von Pises in their classic analysis “undermining rural development with cheap credit”. Microfinance means building permanent local institutions.

PWDs need a proper understanding of microfinance. MFI's charge an interest to guarantee their financial sustainability, their continued existence and thus permanent access for their clients to their services, also in future. The interest rates of MFI's are rather high also in comparison with commercial banks after 35% per service delivery to small clients involves small loans and savings amounts and require more intensive loan monitoring. In India, PWDs are able to access bank loans through self-help groups under the banking model. There are over 1.4 million self-help groups with almost 21 million members from the lowest strata of population.

In Tanzania, Dodoma MF project evaluation report, PWDs have been trained through organizations on how to save in order to secure loans from MFI. In this case they are allowed to save as little as they can afford depending on profit and capital of their business. At the same time they are encouraged to re-invest part of the profit. The report shows 99% loan repayment from the clients of microfinance group, Mkombe (2005).

## **2.6 Theoretical Framework**

The theoretical framework for the study was based on the Upper Echelons theory by Hambrick 1984. The central premise of upper echelons theory states that, top managers' experiences, values, and personalities greatly influence their interpretations of the situations they face and, in turn, affect their choices hence performance of organizations they lead (Hambrick & Mason,1984).

Upper echelons theory presumes that top managers (whether disabled or not) in any organization vary and that the strategic alternatives available to them vary as well. These presumptions may be far more valid in some societies, or national systems, than in others. If a society has a single, uniform track for grooming top managers, then there will be no variance to study. Similarly, if a society places extreme restrictions on top managers' actions (either explicitly or implicitly), then managers effects on organizations outcomes will be muted (Lubatkin et al 2006), Hambrick, 2005 and Ling and Veiga, 2006. The theory is supported by psychological theories and social psychological theories coined as cognitive and behavioural aspect of firm especially decision making, Nielsen, 2010. Other theories include institutional theory, human capital and social capital theories, 2010.

Therefore in a society having people with disabilities it is presumed that top managers in any organization whether private or public must involve people with disabilities in all developmental issues without exclusions. Simanowitz (2001) for instance describes four mechanisms that lead to the exclusion of the poorest from microfinance services. The four mechanisms suggested are self-exclusion, exclusion by members, exclusion by staff and exclusion by design. Hence proponents of the upper echelons theory presume that the top management team in any organization must identify all

mechanisms hindering persons with disabilities from being included as regular clients of microfinance service.

## 2.7 Conceptual Framework of factors on Microfinance services

To the research the concept of microfinance to persons with disability is influenced by both independent and dependent variables as given here under:

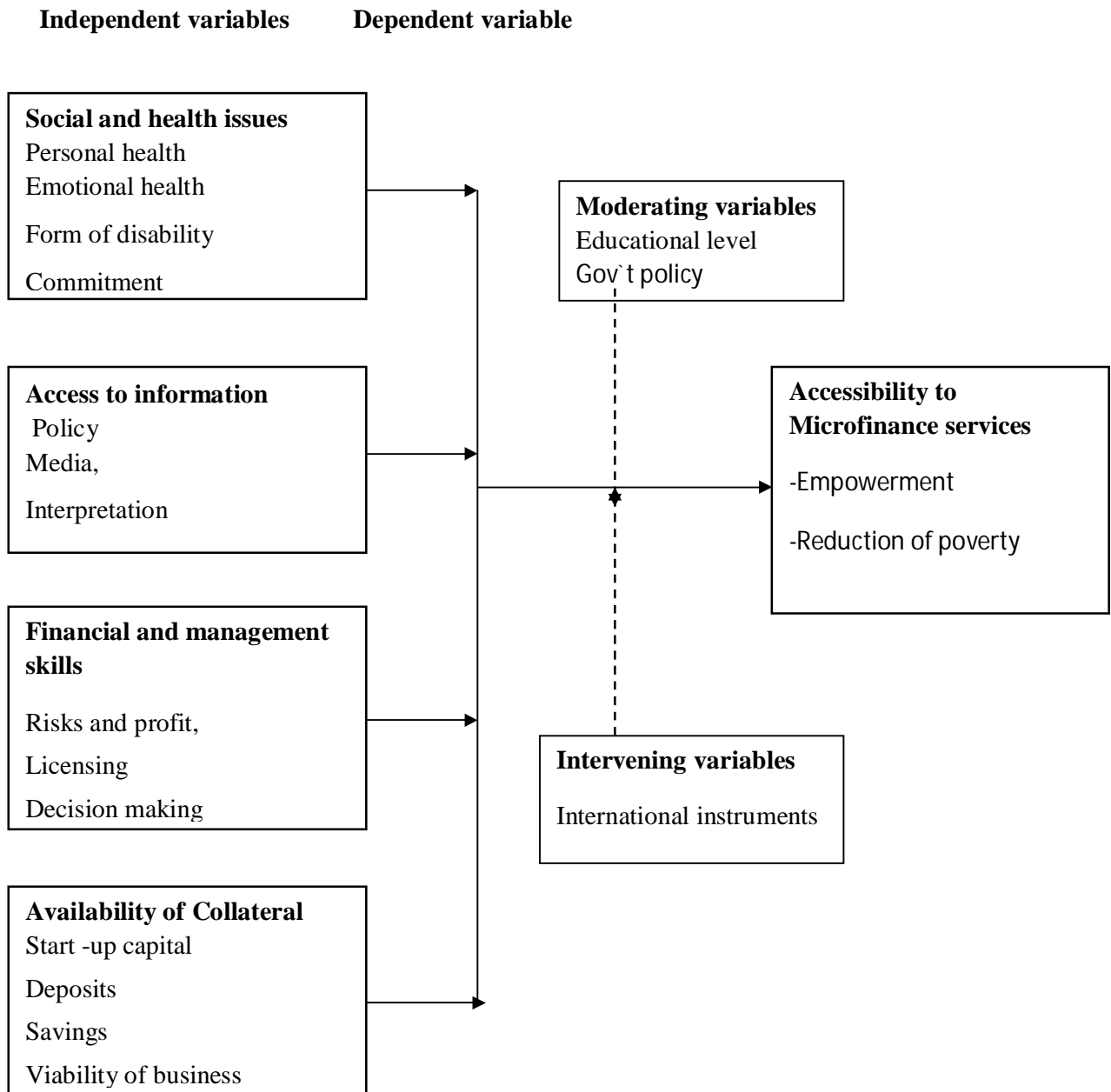


Figure 1 Conceptual framework

### **2.7.1 Discussion from the conceptual framework.**

The conceptual framework in this research shows that independent variables influencing accessibility includes social and health issues, access to information, financial and management skills and availability of collateral. The framework indicates that factors which can also influence accessibility are educational level and government policy as moderating variable and international instruments as intervening variable. The social and health issues in this research include Personal health, Emotional health, Form of disability, Commitment as major areas of study. Access to information focuses on policy, media, and interpretation. The policies which guide the people must be upheld, medium of instruction should be tailored to the needs of the people, and PWDs assisted wherever possible. On observing the financial and management skills that the persons with disability should have, the research focus on record keeping in order to assess risks and profit, mode of licencing licensing and decision making. Finally availability of collateral was to investigate start -up capital, deposits, savings, and viability of business for persons with disability. The other factors which seem to hinder access include level of education and government policy. The international instruments through non-governmental organisations have taken over the work of the state to assist the poor by stimulating activities by providing funds and charity to PWDs without sustainability of programmes.

### **2.8 Knowledge Gap.**

Bringing these various factors of access to microfinance together, shows how social, economic and political mechanisms give rise to a set of socioeconomic positions, whereby populations are stratified according to income, education, occupation, gender, race/ethnicity and other factors; these socioeconomic positions in turn shape specific determinants of health status (intermediary determinants) reflective of people's place within social hierarchies; based on their respective social status.

If an organisation of/for people with disabilities decides to establish a partnership with a microfinance provider, there should be adequate coordination and contractual

arrangements regarding each other's' role, tasks, mutual expectations, and consultation mechanisms. If an organisation of/for people with disabilities decides to provide funding mechanisms itself, it is essential that the staff have the necessary expertise for managing economic inclusion programmes and microfinance. Staff should understand that there is a need for a business-like attitude that sees funding mechanisms, especially loans, as a service provided to an entrepreneur, not as charity. Being 'compassionate' might be counterproductive in these cases, when the goal of self-employment is empowering people with disabilities to be actors in their own development instead of receivers of charity. This might require an attitude change among programme staff, but also among entrepreneurs with disabilities, who may be used to receiving assistance for free. This requires a change of paradigm: from receiving assistance to being independent, getting prepared to compete on an equal footing in a competitive market, and applying for loans, that need to be reimbursed with interest, to create a business. Handicap International (2006), survey found that many organisations of/for people with disabilities felt that their main lesson learned was that economic inclusion programmes in general require a business-like attitude.

Despite the government effort to implement policies, most PWD in our societies have not accessed education to their full potential and lack formal employment which hinder their breakthrough in life. This situation has made them to remain as mere dependents in the communities and no organisation has fully entrusted financial management to them. For instance, Kimilili sub-county has MFIs whose agenda is to provide microfinance assistance to persons including PWDs. The services are meant to improve the lives of the people and raise their living conditions. The organisations normally withhold the funds purported to assist the needy due to lack of collateral and therefore end up making empty promises.

According to Mersland (2005), traditional financial institutions like banks have not provided financial services such as loans to clients with little or no cash income. The argument goes that banks incur substantial costs to manage a client account regardless of how small the sums of money that are involved. The fixed cost of processing loans of any size is considerable as assessment of potential borrowers , their repayment prospects and security, administration of outstanding loans, collecting of delinquent



borrowers to name but a few.. A study done in Meru, Kenya showed that small and micro-enterprise (SME) owners have failed to secure loan due to lack of collateral, (Thuranira, 2009).this study leaves a researcher with a greater anguish to understand the problems to do with access by the most vulnerable groups like the PWDs in Kenya.

## **2.9Summary of literature**

Most persons with disabilities manage to mobilize resources to develop their enterprises and their dwellings slowly over time. Financial services could enable the PWD'S to leverage their initiative slowly accelerating the process of building income, assets and security. However, conventional finance institutions seldom lend down-marketerving the needs of low income families and women headed households. PWDs are often denied access to credit for any purpose, making the discussion on the level of interest rate and other terms of finance irrelevant. Therefore the fundamental problem is not so much of unaffordable terms of the loan as the lack of access to credit itself since this group of people lack skills and competence in business.

The lack of access to credit for the poor is attributable to practical difficulties arising from the discrepancy between the mode of operation followed by financial institutions and the economic characteristics and the finance needs of low income households including the PWD'S. However, the income of many self- employed households in Kenya is not stable, regardless of its size. A large number of small loans are needed to serve the poor, but lenders (MFI'S) prefer dealing with large loans in small numbers to minimize administration costs. They also look for collateral with a clear title-which many low income households do not have or are not allowed to access due to discrimination by family. Other issues which remain a challenge include social inclusion and failing health.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter outlines the research design and methodology and discusses the specific procedures and strategies that were followed in conducting the research study. It focused on the following location, research design, population and sample selection, research instruments, documentary analysis, pilot testing, data collection and data analysis.

#### **3.2 Research Design**

The study adopted a descriptive survey study design that focused on a specific unit or area of a larger unit or area. The study was tailored to a descriptive approach that is suited for a study of social phenomena that describes specific characteristics and provides information on how people think and act. The descriptive survey would enable collection of data without manipulation the research variables. The descriptive survey design optimizes on the strengths of both qualitative data and quantitative research methodology. Last but not least, the survey method allowed collection of data from a large sample population and generate findings that were a representative of the whole population at a lower cost, (Saunders, et al 2007).

#### **3.3 Target Population**

The research study targeted all registered groups of PWDs, social work officer from the Ministry of Gender and social services and finance managers from microfinance institutions operating in Kimilili sub-county. There were 14 registered self-help-groups and 4 microfinance institutions, as the groups of interest. The registered executive members for each group were 7 giving a total of 98 members. Therefore the accessible population was 98. Key informal interviews were conducted for Government- ministry of gender and social services, officials of micro-finance institutions using structured interview schedules. Focus group discussion was done for persons with disability to establish the authenticity of the information given. The survey was conducted for the PWD`s using questionnaires.

Using information the initial subjects were categorised or stratified into locations using administrative boundaries in order to obtain a representative sample. The study focused on microfinance institutions (MFI's), persons with Disabilities (PWDs) and other Stakeholders in Kimilili-Bungoma sub-county.

### 3.4 Sample size and sampling procedure

This section discussed sample size and sampling procedures.

#### 3.4.1 Sample size

A sample is a smaller group of subjects obtained from the accessible population (Mugenda, 1999). Kerlinger (1975) suggested that the main factors considered in determining the size is to find sizable and manageable sample. This enabled the research to derive detailed information at an affordable cost in terms of time, finances and human resources (Mugenda, et al, 1999).

The Yamane (1967) formula is used to determine the sample size.

Yamane formula

$$n = \frac{N}{1 + Ne^2}$$

Where n=required responded

N= total population

e<sup>2</sup> = error limit

Using the above formula to determine the sample size for the 98 respondent

$$\text{Sample size, } n = \frac{98}{1 + 98 \times 0.05^2} = 78 \text{ respondents}$$

Therefore the researcher used sample size of 78 respondents, 7 members from each of 14 self – help groups, 4 officials from microfinance institutions, 2 opinion leaders and 1 social worker from the ministry of gender and social services.

### **3.4.2 Sampling procedure**

The researcher adopted the purposive stratified sampling in order to ensure than all the relevant groups in the study were selected. According to Nkapa (1997), purposive sampling is necessary when the research is interested in certain specified characteristics in these case persons with disabilities (PWDs). The research chose to use snowball sampling to reach to respondents, who were officials of the disabled according to the sub-locations, Kombo et al (2006).

Sampling is the process of selecting a number of individuals for a study in such a way that the individuals selected represent the large group from which they are selected (Mugenda, 2003). This study picked 5 officials from each disability CBO, from 14 self-help groups using stratified sampling. The researcher used purposive sampling technique to select the finance managers in MFT's and one social work from the Ministry of Gender and social services.

### **3.5 Data collection Instruments**

The research instruments employed in the study as tools for data collection are questionnaires and interview guide. There were two types of questionnaires to be used to obtain qualitative and quantitative data. Mugenda (1999) argue that the use of questionnaire ensures that respondents are faced with identical stimulus this facilitating reliability.

According to Mugenda (2003), an interview schedule makes it possible to obtain data required to meet specific objectives of the study. In the study the instrument was designed to address issues relating to access of micro finance by persons with disability. Since interview schedule are expensive in terms of time and money, only specific respondents were orally interviewed.

The questionnaire was administered to the group officials while the interview schedule was conducted to social work officer from ministry of gender and social services and finance managers of these microfinance institutions. Additional focus group discussion was done in order to obtain a qualitative data and remove the bias.

### **3.5.1 Pilot Testing**

A pilot study is a trial run whereby just a few people complete the questionnaire. It was done in the neighbouring Sub-county of Webuye before the actual study commence to establish the quality and effectiveness of research instruments besides determining field experiences (Giddens 2003) This is also in line According to Peil (1995), studies are always proceeded by pilot studies in order to pick up problems not anticipated by the researcher this facilitating validity and reliability.

### **3.5.2 Validity of the instruments**

Validity is the extent to which the instrument measures what it appears to measure according to the researcher's subjective assessment, Nachmias (1996). Validity deals with the adequacy of the instruments for example, the researcher needs to have adequate questions in the written task in order to collect the required data for analysis that can be used to draw conclusion.

Frenekel (1993) suggest that the individual who is supposed to render an intelligent judgment about the adequacy of the instruments should be given the instruments before the actual research is carried out. The instruments were amended according to the expert's comments and recommendations before being administered. In this study, the researcher sought help from the supervisors and lecturers in the school of education to judge the validity of the questionnaire and the questions in the written task.

### **3.5.3 Reliability of the instruments**

Reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials (Mugenda and Mugenda: 2003). According to Seliger and Shohamy (1989) reliability is the extent to which data collection procedures and research tools are consistent and accurate. In a research study, a reliability coefficient can be computed to indicate how reliable data are. A coefficient

of 0.80 or more implies that there is a higher degree of reliability of the data (Mugenda and Mugenda, 2003). In this study, the Test-retest method was employed to assess the reliability of the research instruments. The results were used to compute the correlation coefficient. The Pearson's product moment formula for the test- retest was employed in order to establish the extent to which the contents of the questionnaire elicit the same responses every time the instruments were used.

### **3.6 Data Collection procedures**

Before the data collection process, the researcher will obtain a letter from county director of education office and the assistant County commissioner which was used to seek a permit from the Ministry of Education Headquarters so as to be allowed to carry on with the research in Kimilili-Bungoma Sub-County. The researcher then carried out pilot testing of the instruments to ensure reliability. The researcher trained and recruited two research assistants who had experience in handling person with disability to help collect data from the field using instruments.

Questionnaires were distributed personally by the researcher to the microfinance institutions concerned in the study. This helped in minimizing wastage of questionnaires and loss of time. Face to face interviews were conducted to bank officials and opinion leaders.

**Table 3.1 Operation definition of variables as used in the study**

	<b>Objective</b>	<b>Variable</b>	<b>Indicators</b>	<b>Scale</b>	<b>Statistics</b>
1	To establish how the social and health issues of PWDs influence their accessibility to micro finance service in Kimilili sub-county.	Independent Social and health issues	a)Control over business b)Physical environment c)Business environment d)Self-employed	Nominal Ordinal Interval or Ration	Descriptive
2	To investigate how access to information for PWDs influence their accessibility of microfinance services in Kimilili sub-county.	Independent Access to information	a)Improved communication b)Awareness c)Participation	Nominal Ordinal	Descriptive
3	To investigate how financial and management skills of PWDs influence their accessibility to micro-finances services in Kimilili sub-county	Independent Financial and management skills	a)Increased profit making b)Increased borrowing capacity c)Decision making	Nominal Interval ordinal	Descriptive
4	To investigate how collateral mechanisms employed by microfinance institutions influence services provision to PWDs in Kimilili	Independent Collateral	a)Group borrowing b)Special lending policy c) security	Nominal Ordinal Interval Scale	Descriptive

sub-county				
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### **3.7 Data Analysis and Presentation**

The data collected was edited, coded and analysed using descriptive statistics with the aid of SPSS program. In this case data analysis was done by use of tabulations, scoring by hand, manual tallying, totalling and grouping as appropriate. The researcher computed the relevant frequencies and presented percentages in rates as appropriate. The data was presented using tables and narrative form in order to bring out the information in line with the research objectives. The data collected from open-ended questions and interviews were analysed qualitatively to meaningfully describe the distribution of measurements under study.



## **CHAPTER FOUR**

### **DATA ANALYSIS, PRESENTATION AND INTERPRETATION**

#### **4.1 Introduction**

This chapter is based on the findings of the research, its presentation, interpretation and analysis. The analysis of the data was done using both the quantitative and the qualitative methods and presented in tables and figures. All the findings are wholly based on the responses obtained from the respondents. The main objective of the study was to investigate factors influencing accessibility to microfinance by persons with disabilities.

#### **4.2 Questionnaire Return Rate**

Questionnaires and interview guide were used as tools for the data collection. The sample size was 78. The researcher distributed 78 questionnaires to the respondents. The sixty three questionnaires were returned and were found to be useful for data analysis. The questionnaires return rate was 80%. According to Nachmias and Nachmias (2000) this percentage was found to be adequate. The interview was done to five people (one social worker, three financial officers and one opinion leader-chief)

#### **4.3 Demographic Information of respondents**

The study sought to find the demographic information of the respondents, by focusing on gender, age, education level and occupation of respondents

##### **4.3.1 Gender of respondents**

The study asked the respondent to indicate their gender as male or female

Table 4.1 Gender frequencies

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Male</b>	<b>34</b>	<b>54.0</b>
<b>Female</b>	<b>29</b>	<b>46.0</b>
<b>Total</b>	<b>63</b>	<b>100</b>

Table 4.1 the study findings revealed that 34(54 %) male and (29)46 % female among the self-help groups officials of Kimilili sub-county. This means that more men were involved in leadership and advocacy of rights of the PWD`s.

#### **4.3.2 Age of respondents**

The research asked respondents to indicate age their brackets. The findings were shown in table 4.2.

Table 4.2 Age of respondent

<b>Ages of respondents in years</b>	<b>Frequency</b>	<b>Percentages</b>
<b>16-25</b>	3	4.8
<b>26-35</b>	8	12.7
<b>36-45</b>	25	39.7
<b>Above 45</b>	27	42.8
<b>Total</b>	63	100

Table 4.2 shows that, 3(4.8 %) of the respondents were aged between 16 and 25 years. Those between 26 and 35 years were 8(12.7 %). Age bracket of 36-45, and above 45 years were 2(39.7 %) and 27(42 %) respectively. The findings showed that most respondents were above 35 years old.

### 4.3.3 Education Level

The study asked respondents to indicate their highest education level attained. The findings are shown in table 4.3

Table 4.3 Educational level of respondents

<b>Respondents</b>	<b>Frequency</b>	<b>Percentages</b>
<b>Primary</b>	35	55.6
<b>Secondary</b>	20	31.7
<b>Post-secondary</b>	2	3.2
<b>Vocational training</b>	6	9.5
<b>Total</b>	<b>63</b>	<b>100</b>

Table 4.3, shows that 35(55.6%) had attained primary level, 20(31.7%) had attained secondary, 2(3.2%) had attained post-secondary, 6(9.5%) had attained vocational training. The respondents' level of education showed that more than half were of primary level of education.

### 4.3.4 Occupation

The study sought the respondents to indicate their occupation. The findings were indicated in table 4.4.

Table 4.4 Occupation of respondents

<b>Occupation</b>		
<b>Respondents</b>	<b>Frequency</b>	<b>Percentages</b>
<b>Teacher</b>	3	4.8
<b>Farmer</b>	22	34.9
<b>Business</b>	26	41.3
<b>Civil servants</b>	3	4.8
<b>Others</b>	9	14.2
<b>Total</b>	<b>63</b>	<b>100</b>

Table 4.4 indicated that 3(4.8%) teachers 22(34.9 %) were farmers, 26(41.3 %) business, 3(4.8%) civil servants, and 9(14.2 %) others. Most of the respondents interviewed were business oriented while other occupations like civil servants and teachers had few respondents.

#### **4.4 Access to Information and Accessibility to Microfinance**

This research sought to find out how access to information influenced accessibility to microfinance by persons with disability in Kimilili sub-county. The findings were shown in table 4.5

Table 4.5 Access to Information

<b>Awareness on microfinance</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Yes</b>	38	60.3
<b>No</b>	25	39.7
<b>Total</b>	63	100
<b>If yes, what is the source of information</b>		
<b>Radio</b>	12	31.6
<b>Poster</b>	5	13.2
<b>Social worker</b>	1	2.6
<b>Friends</b>	4	10.5
<b>Others</b>	16	42.1
<b>Total</b>	38	100
<b>What were you told?</b>		
<b>A bank</b>	5	13.2
<b>MFI</b>	22	57.9
<b>Informal savings</b>	1	2.6
<b>Others</b>	10	26.3
<b>Total</b>	38	100
<b>Names of microfinance's operating in your area</b>		
<b>KWFT</b>	13	34.2
<b>Equity bank</b>	14	36.8
<b>Faulu</b>	1	2.6
<b>Others</b>	10	26.3
<b>Not aware</b>	0	0
<b>Total</b>	38	100
<b>Do you use computer/Modern Technology</b>		
<b>Yes</b>	0	0
<b>No</b>	63	100
<b>Total</b>	<b>63</b>	<b>100</b>

#### **4.4.1 Awareness of Microfinance Institution**

Table 4.5 shows that 38(60.3%) indicated that they were aware of MFIs while 25(39.7%) indicated that they are not aware. About source of information 12(31.6%) indicated that it was through radio, 5(13.2%) indicated through poster, 1(2.6 %) through social worker, 4(10.5 %) indicated through friends and 16(42.1 %) indicated as through others. The findings indicated that more PWD`s were informed about MFI`s institutions in Kimilili sub-county but through variety of means.

#### **4.4.2 Information on Microfinance Institutions**

Table 4.5 shows that 5(13.2%) indicated that MFI was a bank, 22(57.9 %) indicated that it was a MFI, 1(2.6 %) indicated an informal saving, while 10(26.3 %) indicated others. Most respondents were aware that there were microfinance institutions in the country which gave funds to the poor to improve their standard of living. But still great numbers had their own reasons why such institutions exist since none of them had directly appealed to them as members of the disabled persons. The microfinance highly mentioned was Equity Bank which seemed to have fully advertised in the area about their products.

The interview schedule also revealed that MFI like KWFT and Equity Bank had given financial information to the people within the community. Most popular products included farming loan, business loan, school fees loan and home improvement loan. The interview schedule findings showed non-governmental organizations which were active like ICFEM, Arise, KISEA Rescue step, Ministry of agriculture-NjaaMarufuku Kenya comprising of SHOMAP programs NALEP/ASDSP, as funded by both national and international funds and Kimilili Integrated Education Programmes dealing with organic farming .

#### **4.4.3 Computer use in accessing information**

In reference to table 4.5 the study revealed that computers technology had not been accessed by all respondents, who recorded no at 100%. The entire participants had no knowledge in computer in this case of Kimilili, Bungoma sub-county.

The interview schedule revealed that information was transmitted to people including handicapped through seminars, meetings, barazas, radio- vernacular stations, interpreters, sign language, cultural events, HIV- concerts and circulars.

#### **4.5 Social and Health Issues and Accessibility to Microfinance**

On Likert scale test of 1-4 agreement with statements, the respondents were interviewed on 7 aspects regarding service delivery and customer care at MFI's to PWD's. The areas of interest were: perceived general treatment when visiting MFI's, Perceived assistance to do transactions at MFI's, Existing special arrangements for PWD's at MFI's, Perceptions on handling of grievances and reports of PWD's at MFI institutions, Perception of personal health conditions to their engagement in business, Perception of their disability condition in conducting business and perceived trust on people they work with

##### **4.5.1 Perceived general treatment when visiting MFI's.**

The respondents were probed on whether they received same treatment with other customers visiting MFI's. The findings were as shown in table 4.6

Table 4.6 Perceived general treatment

<b>RESPONSE</b>	<b>SA</b>	<b>A</b>	<b>D</b>	<b>SD</b>	<b>UNDECIDED</b>
<b>FREQUENCY</b>	<b>0</b>	<b>3</b>	<b>17</b>	<b>22</b>	<b>21</b>
<b>PERCENTAGE</b>	<b>0</b>	<b>4.8</b>	<b>27.0</b>	<b>34.9</b>	<b>33.3</b>
<b>TOTAL</b>	<b>0</b>	<b>7.8</b>	<b>44.0</b>	<b>56.9</b>	<b>54.3</b>

Table 4.6 shows that none of the respondents strongly agreed, 4.8%(3) agreed, 27.0% (17) disagreed, 34.9%(22) strongly disagreed while 33.3%(21) were undecided on perception about equal opportunities and customer treatment at MFI's institutions. This showed that PWDs did not receive equal treatment as their counterparts.

The interview schedule revealed that PWD's did not enjoy any special treatment in the community. The research also revealed that PWDs lacked legal ownership to property and leducation and training. In most cases environment was not friendly for example no ramps in offices, no wheelchairs, vehicle transport had no climbing ladders, no braille machines for blinds no interpreters, no traffic lights and zebra crossing in the streets. This was due to reasons, the community believed that their disabilities was caused by demons which had dragged development. The research revealed that most PWD's were hard cores meaning that they had their own means of survival. They had taken their disabilities as an excuse for attaining free things. This made them not to change and be productive in society.

#### 4.5.2 Perceived assistance to do transactions at MFIs

The respondents were asked whether they receive assistance when they visited MFI. The findings were as shown in table 4.7

Table 4.7 Assistance to do transaction at MFI's

Issue	Do you agree?	Frequency	Percentages
<b>My interpreter assists me in following requirements of my bank</b>	<b>Strongly agree</b>	<b>3</b>	<b>4.8</b>
	Agree	2	3.1
	Disagree	24	38.1
	Strongly disagree	16	25.4
	Undecided	18	28.6
<b>Total</b>		<b>63</b>	<b>100</b>



Table 4.7 indicated that 3(4.8%) strongly agreed with the statement, 2(3.1%) agreed, 24(38.1%), disagreed 16(25.4%), strongly disagreed, while 18(28.6%) were undecided about the statement. This showed that majority of PWD`s needed an interpreter to assist them in following requirements of the bank.

#### 4.5.3 Existing special arrangements for PWD`s at MFI`s

On probed further whether MFI`s accorded special service and product arrangements for PWD`s. The responses were shown in table 4.8.

Table 4.8 Special Arrangement for PWD`s

Issue	Do you agree?	Frequency	Percentages
<b>MFI have special arrangements for PWDs</b>	<b>Strongly agree</b>	<b>0</b>	<b>0</b>
	Agree	3	4.8
	Disagree	8	12.7
	Strongly disagree	31	49.2
	Undecided	21	33.3
<b>Total</b>		<b>63</b>	<b>100</b>

The results in Table 4.8 indicated that none of the respondents strongly agreed, 3(4.8%), 8(12.7%) agreed, 31(49.2%) strongly disagreed while 21(33.3%) were undecided. The study showed that majority of the respondents strongly disagreed to the statement meaning that PWD`s were not accorded special arrangements during their visit at microfinance institutions.

The interview revealed that the most popular products include farming loan, business loan, and school fees loan home improvement loan but there was nothing special about it. There were no products PWDs in these institutions unless one was treated similarly to normal persons. The interview with social worker revealed that the government intended to review high interest, withholding of property for non-payment of loans (give more time to defaulters), give loan without interest, improving on loaning procedures such time taken before receiving money.

#### 4.5.4 Perceptions on handling of grievances and reports at MFI institutions

The research sought to find the MFI's efficiency and effectiveness in addressing the grievances reported by PWD's. The findings are shown in table 4.9

Table 4.9 Grievances and reports

Issue	Do you agree?	Frequency	Percentages
<b>My grievances are channeled/reported and addressed</b>	<b>Strongly agree</b>	<b>1</b>	<b>1.6</b>
	Agree	4	6.4
	Disagree	22	34.9
	Strongly disagree	25	39.6
	Undecided	11	17.4
<b>Total</b>		<b>63</b>	<b>100</b>

Table 4.9 shows that 1(1.6%) strongly agreed with the statement, 4(6.4%) agreed, 22(34.9%), 25(39.6%) strongly disagreed, while 11(17.4%) were undecided about have their grievances were handled. The finding showed that majority of PWD's had no channel to express their grievances or did not not have representative in this situation.

The interview with MFI's revealed that changes were being made in effort to serve persons with disability better .The institutions were committed to eradicating poverty without discrimination although they did not have special arrangement with PWD's. The financial officers pledged to open more bank branches in villages as their major mission.

#### 4.5.5 Perception of personal health conditions to their engagement in business

The perceptions of the respondents personal health as a hindering factor to engage in meaningful business was investigated. The findings were as shown in table 4.10.

Table 4.10 Personal health

	<b>Do you agree?</b>	<b>frequency</b>	<b>Percentages</b>
<b>My health hinders me from participating in meaningful business</b>	Strongly agree	2	3.2
	Agree	2	3.2
	Disagree	44	69.8
	Strongly disagree	14	22.2
	Undecided	1	1.6
<b>Total</b>		<b>63</b>	<b>100</b>

Table 4.10 shows that 2(3.2%) strongly agreed with the statement, 2(3.2%) agreed, 44(69.8%) disagreed, 14(22.2%) strongly disagreed, while 1(1.6%) were undecided about the statement. Majority of respondents disagreed with the statement about health status hindering participation in business.

The interview with social worker revealed that the major barrier was access to medical care. The PWD`s complained of doctors and nurses ignoring them and at times there was nobody to advocate for the PWD`s rights to medications.

#### **4.5.6 Perception of their disability condition in conducting business**

Further investigations on the respondents personal disability status being a hindering factor to engage in meaningful business done. The findings were shown in table 4.11.

Table 4.11 Disability as a hindrance to business

Issues	Do you agree?	frequency	Percentages
<b>My disability hinders me from participating in meaningful business</b>	<b>Strongly agree</b>	<b>4</b>	<b>6.3</b>
	Agree	7	11.1
	Disagree	39	61.9
	Strongly disagree	12	19.1
	Undecided	1	1.6
<b>Total</b>		<b>63</b>	<b>100</b>

Table 4.11 shows that 4(6.3%) strongly agreed with the statement, 7(11.1%) agreed 39(61.9%), disagreed, 12(19.1%) strongly disagreed while 1(1.6%) were undecided. The response showed that majority of the respondents disagreed to the statement meaning that disability was not a hindrance to participation in business.

The interview with social worker, revealed that some education institutions have problems in admitting learners in schools who did not participated in all round activities. The disabled themselves had the fear of unfriendly living environment like spacious door for wheel chairs, ramps for the persons with no limbs and lightening systems for low vision. A few of individuals complained of negative altitude that disabilities was inability. The same people did n't have documents to enable them not get loans. The leadership did n't value the people with disabilities` talents. This discouraged the PWDs from exposing their traits effectively. These were some of the reasons for undecided groups during the filling of questionnaires.

#### **4.5.7 Perceived trust on people they work with.**

Probing to know whether the respondents only work with persons who bestows trust them was done. The findings were recorded in table 4.12

Table 4.12 Work with people who trust me

	<b>Do you agree?</b>	<b>frequency</b>	<b>Percentages</b>
I work with people who trust me	Strongly agree	2	3.2
	Agree	7	11.1
	Disagree	44	69.8
	Strongly disagree	7	11.1
	Undecided	3	4.8
<b>Total</b>		<b>63</b>	<b>100</b>

Table 4.12, shows that 2(3.2%), strongly agreed with the statement, 7(11.1%) agreed 44(69.8%) disagreed, 7(11.1%) strongly disagreed, while 3(4.8%) were undecided about the statement. It emerged that majority of respondents disagreed to the statement meaning that PWD`s could work or interact with anybody in the community.

The interview with social worker revealed that not all PWD`s are registered and therefore the office had no updated information on population. The organizations working in the community to alleviate poverty include- USAID & PATH- (Programme for Appropriate Technology in Health), APHIA plus( for life skills), Life Straw(ministry of Health), KWFT(K), Faulu, church organizations, ICFEM, Youth Enterprise Fund, Women fund, CBO`s, One-Acre fund( Ministry of Agriculture), Red Cross-Ant jigger.

#### **4.5.8 Level of Financial and Management Skills and accessibility to microfinance by PWD`s.**

The research focused on how financial and management skills of PWD`s influenced accessibility included skills received in training, records maintained, and financial decisions made. The results are as shown in the table 4.13.

**Table 4.13: skills received in training for running the business**

<b>Respondents</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Entrepreneurship</b>	20	31.7
<b>Management</b>	12	19.1
<b>None</b>	25	39.7
<b>Total</b>	<b>63</b>	<b>100</b>

Table 4.13 shows that 25(39.7%) of the respondents indicated to have not received a training on how to run their businesses, 20(31.7%) indicated that they had received entrepreneurship training, 12(19.1%) had management skills and 6(9.5%) of the respondents had been trained on management and technical aspects respectively as helpful skills to run their businesses.. The study indicated that majority of PWD`s needed training in various skills to boast their integration in the society and earn profit.

#### **4.5.9 Records maintained**

The respondents asked if they had any ability to keep meaningful records of their businesses. The findings recorded in table 4.14.

Table 4.14 Records maintained

<b>Do you maintain any books (accounting records)?</b>		
<b>Respondents</b>	<b>Frequency</b>	<b>Percentages</b>
<b>Yes</b>	26	41.3
<b>No</b>	37	58.7
<b>Total</b>	<b>63</b>	<b>100</b>
<b>If yes, what kind of books</b>		
<b>Basic (one book)</b>	15	57.7
<b>Goods ( more than one book)</b>	4	15.4
<b>Others</b>	7	26.9
<b>Total</b>	<b>26</b>	<b>100</b>

Table 4.14 shows that 26(41.3%) indicated that they maintained books of account while 37(58.7%) indicated that they did n't maintain any records. For those who maintained records, 15(57.7%) maintained basic/ one book, 4(15.7%) maintained good books while 7(26.9%) said others. The basic books( one book) were books for writing the daily sales, credits debts and remaining stock. Those who had good(more than one book) meant that the business persons could display all the activities taking place in the business premises.

#### **4.5.10 How financial decisions are made**

The respondents were asked concerning strategies on how entrepreneurship decisions were made while in the business operation. The findings were shown in 4.15

Table 4.15 How financial decisions are made

<b>How do you make financial decisions for your enterprise?</b>		
<b>Respondents</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Guided/influenced by government officers</b>	5	14.3
<b>Assisted by friends</b>	9	14.3
<b>Profit determined</b>	12	19.1
<b>Demand driven</b>	19	30.2
<b>Dictated by capital</b>	14	22.2
<b>Based on records</b>	0	0
<b>Total</b>	<b>63</b>	<b>100</b>

Table 4.15 shows that 5(14.3%)were guided/ influenced by government policy and programs to make decision,9(14.3%)were assisted by friends, 12(19.1%) depend on profitability of business, 19(30.2%)were demand driven, 14(22.2%)were dictated by capital based while none of them focused on records .The findings showed that none of the respondents used records to make financial decisions or proof viability of the business but records kept were only for convience purposes.

#### **4.6 Availability of Collateral and Accessibility to Microfinance**

The influence of availability of collateral was investigated through several questions which were put forth through questionnaire against persons with disability.

##### **4.6.1 Property ownership**

Respondents were asked if they owned property or not. The findings were shown in table 4.16.



Table 4.16 Property ownership.

<b>Do you own property?</b>		
<b>Respondents</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Yes</b>	43	68.3
<b>No</b>	20	31.7
<b>Total</b>	<b>63</b>	<b>100</b>

From table 4.16 showed that 43(68.3 %), owned property and 20(31.3 %) did not own any property. Majority of the respondents indicated that they owned property which could be used as collateral requirement to access loan

#### **4.6.2 Business profitability**

The respondents were asked if they carried out profitable business. The findings were as shown in table 4.17.

Table 4.17 Profitability

<b>Do you carry out profitable business?</b>		
	<b>Frequency</b>	<b>Percentage</b>
<b>Yes</b>	22	34.9
<b>No</b>	41	65.1
<b>Total</b>	<b>63</b>	<b>100</b>

Table 4.17 shows that 22(34.9%) indicated that they earned profit from the operation of the business while 41(65.1%) indicated that their business were not profitable .The majority of the respondents of those interviewed did not operate profitable businesses.

### 4.6.3 Initial capital

The respondents were probed for the PWD's (entrepreneurs) source of capital for investing. The findings were shown in table 4.18.

Table 4.18 Initial capital for their business

<b>Respondents</b>	<b>Frequency</b>	<b>Percentages</b>
Friends	6	9.5
Salary	4	4.8
Wages	19	30.2
Savings	4	6.3
Parents	9	14.3
Organizations	21	33.3
loans	1	1.6
<b>Totals</b>	<b>63</b>	<b>100</b>

Table 4.18 shows that 6(9.5%) got initial capital from friends, 4(4.8%) got capital from salary, 19(30.2%) got from wages, 4(6.3%) from savings, 9(14.3%) from parents, 21(33.3%) from organizations, 1(1.6%) got from loans from financial institutions.. The study revealed that majority of the respondents raised capital from organizations.

The interview with government officials revealed that the major sources of income for Kimilili sub-county include farming- maize ,sugar cane , coffee, horticulture, fishing, livestock, weaving and knitting, , small businesses, quarrying. Most beneficiaries of gov't subsidies are women, and children. Other source included government funds through Community Development Fund (CDF), where severely PWD's and the elderly programme were given two thousands shillings per months. This programmes had not been fully implemented.

### 4.6.4 Adequacy of capital for business

The respondent were asked if their capital base was adequate for business engagement. The findings were shown in table 4.19

Table 4.19 The Adequacy of Capital for Business Investment

<b>Respondents</b>	<b>Frequency</b>	<b>Percentages</b>
Yes	13	20.6
No	50	79.4
<b>Total</b>	<b>63</b>	<b>100</b>

Table 4.19, shows that 13(20.6%) of the respondents indicated that their capital was adequate and 20(79.4%) indicated that their capital was not adequate. Most of the respondents did not have adequate capital for investment.

The interview schedule also revealed that sources of income in Kimilili Sub County included agriculture (livestock, agriculture and fish farming), friends and wages. This income did not satisfy the needs and demands of the PWD's.

#### **4.6.5 Access to loans and collateral provided**

The respondents were asked if they had ever asked for a loan from a bank or a financial institution and if collateral was required. The results were shown in table 4.20

Table 4.20 Access to loans and collateral provided

<b>Respondents</b>	<b>Frequency</b>	<b>Percentages</b>
Yes	6	9.5
No	57	90.5
<b>Total</b>	<b>63</b>	<b>100</b>

Table 4.20, shows that 6(9.5%) accessed loan in MFI and 57(90.5%) indicated that they have never accessed loans.. The findings revealed that the clients were required to write down name of security like animals , title deeds, household goods and payslips. Those who did not apply for loan cited various reasons which blocked them from accessing loans.

The interview for MFI indicated that they did not have any products for persons with disability. This means that very few PWDs had showed interest acquiring capital through loans.

#### 4.6.6 Reasons for not taking loan

The respondents who said no were supposed to give reasons to support their response. The findings were shown in table 4.21.

Table 4.21 The reasons for not taking loans

<b>Respondents</b>	<b>Frequency</b>	<b>Percentages</b>
Security problem	12	21.0
Small business	13	22.8
High interest	14	24.6
Fear	14	24.6
Others	4	7.0
<b>Total</b>	<b>57</b>	<b>100</b>

Table 4.21 show that 12(21%) cited security problems, 13(22.8%) indicated that their business were small, 14(24.6%) indicated that the interests charged was high, 14(24.6%) indicated that they had fear while 4(7.0%) indicated others. The findings indicated that they could not qualify for taking loans due to individual and institutional reasons as given by respondents.

During the interview with social worker it was revealed that condition for lending involved collateral/security e.g title deeds, payslips, logbook, savings, group membership, citizenship and guarantors, which have not been fully meant by the poor in the society. The same interview revealed that these people had not benefited much from MFI since the groups are not active. They lacked funds and fear repayment procedures offered by bank. They were discriminated and stigmatised by

the public, and communities' beliefs. They also lacked advocacy and representation at local levels(county).The disabled persons should access loans from different MFI committees formed where every committees comprised of at least a disabled persons. They needed to exempt the disabled persons from being licenced to carry out any business

#### 4.6.7 Savings on part of the income

The respondents were asked whether they saved part of their money. The findings were shown in the table 4.22

Table 4.22 Savings on part of income

<b>Respondents</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	26	41.3
No	37	58.7
<b>Total</b>	<b>63</b>	<b>100</b>
<b>If yes, where?</b>		
Banks	1	3.8
Groups	15	57.7
Others	10	38.5
<b>Total</b>	<b>26</b>	<b>100</b>

Table 4.22 shows that 26( 41.3%) saved part of their money, and 37(58.7%) did not save. For those who saved, it was further revealed that 1(3.8%) saved in bank, 15(57.7%) saved with groups and 10(38.5%) saved through other means. A majority of the respondents did not save any money. The respondents saved through groups as creation of membership, for the purpose of acquisition of loans, because of institutional rules to save and others saved for future purposes.

During the interview with social worker revealed that the government had plans put in place which included the following – give free seeds to farmers, give free fertilisers, avail money for land preparation ,liase with experts in all fields and organization and sensitise PWDs on poverty eradication through group formation and management.

The groups were supposed to be fully registered with active bank a/c and engaged in meaningful activities. The group spirit would enable them to save for future.

#### **4.7 Summary of the chapter**

The chapter summarizes questionnaire return rate, demographic information, statistical analysis and interpretation of objectives (access to information for PWD, social and health issues, level of financial management skills, availability of collateral and accessibility to microfinance).

## CHAPTER FIVE

### SUMMARY OF FINDINGS, DISCUSSION, CONCLUSIONS AND RECOMMENDATION

#### 5.1 Introduction

This chapter deals with the summary of the findings, discussions, conclusions and recommendations of the study.

#### 5.2 Summary of the Findings

Regarding access to information by PWDs, the findings indicated that more PWDs were informed about MFI's institutions in Kimilili sub-county but through variety of means. Most respondents were aware that there were microfinance institutions in the country which gave funds to the poor to improve their standard of living. But still great numbers had their own reasons why such institutions existed since none of them had directly appealed to them as members of the disabled persons. The microfinance highly mentioned was Equity Bank which seemed to have fully advertised in the area about their products. MFIs like KWFT and Equity Bank have given financial information to the people within the community. Most popular products included farming loans, business loans, school fees loans and home improvement loans. Non-governmental organizations which were active included ICFEM, Arise, KISEA, Rescue Step and Kimilili Integrated Education Programmes. The entire participants had no knowledge in computer in this case of Kimilili- Bungoma sub-county. The information is transmitted to people including handicapped through seminars, meetings, barazas, radio- vernacular stations, interpreters, sign language, cultural events, HIV- concerts and circulars.

On focusing on social and health issues, the study showed that PWDs did not receive equal treatment as their counterparts. PWDs did not enjoy any special treatment in the community. PWDs lacked legal ownership to property and education or training. Most PWDs were hard cores meaning that they had their own means of survival, although most of them had taken their disabilities as an excuse for attaining free things. Majority of PWDs needed an interpreter to assist them in following requirements of the MFI or be accorded special arrangements during their visit. There

were no products for PWDs in these institutions unless one is treated similarly to normal persons. The government intended to review :- high interest, withholding of property for non-payment of loans (give more time to defaulters), give loans without interest, improving on loaning procedures such as time taken before receiving money. The major barrier faced by PWDs was access to medical care. The PWD`s complained of doctors and nurses ignoring them and at times there was nobody to advocate for the PWD`s rights to medications.

Disability was not a hindrance to participation in business. Some education institutions had problems in admitting learners in schools who did not participated in all round activities. The disabled themselves had the fear of unfriendly living environment like spacious door for wheel chairs, braille machines, ramps for the persons with no limbs and lightening systems for low vision. A few of individuals complained of negative altitude that disabilities were inability. The same people had no documents to enable them not get loans. Since the leadership did not value talents, PWDs were discouraged from exposing their traits effectively. These were some of the reason for undecided groups during the filling of questionnaires.

On level of financial and management skills, the study indicated that majority of PWD`s need training in various skills to boast their integration in the society and earn profit. The basic books (one book) are books for writing the daily sales, credits debts and remaining stock. Those who had good books (more than one book) mean that the business persons could display all the activities taking place in the business premises. None of the respondents used records to make financial decisions or as proof viability of the business but kept records were only for convenience purposes.

Regarding availability of collateral , majority of the respondents owned property which could be used as collateral requirement to access loans and do not operate profitable businesses. Majority of the respondents raised capital from organizations. major sources of income for Kimilili sub-county included farming- maize, sugar cane, coffee, horticulture, fishing, livestock, weaving and knitting, small businesses,



quarrying. Clients were required to write down name of security like animals, title deeds, household goods and payslips. Those who did not apply for loans cited various reasons which blocked them from accessing loans. They could not qualify for taking loans due to individual and institutional reasons as given by respondents.

A majority of the respondents did not save any money except through groups as creation of membership, for the purpose of acquisition of loans. The government had plans put in place the following – give free seeds to farmers, give free fertilisers, avail money for land preparation ,liaise with expertise in all fields and organization, Sensitise PWD`S about poverty eradication through group formation and management. The groups should be fully registered with active bank a/c and engage in meaningful activities. The group spirit would enable them to save for future.

### **5.3 Discussions of the Findings**

The findings on influence of access to information is in agreement with Bwire&Mikasa, (2009) that persons with disabilities are often misinformed about MFIs' terms and services and don't know how to tap these opportunities, lack of leadership position at different levels in the county, negligence, spirits and charms e.g. albinos are traded for money. This makes them much more vulnerable to pressure. The idea of improving access to financial services by disabled persons is not new. The same findings agreed with Handicap International (2006) that the disability itself can be a major barrier to access offices or information. According to Wright (1997), for MFI to attracts more clients and instils confidence in them, they should use various marketing tools. MFI should work beyond traditional forms of advertising such as radio, television, posters. Since some individuals with disabilities e.g. visual handicaps do not see or read from the posters.

The findings on financial and management skills are in agreement with the functions of MFI`s by Loth R. (2002) which suggested that Micro-financing functions include offering financial assistance, advisory services, training and encouraging operation of

small business development services, encouragement of savings and supervision as well as monitoring the people to whom they give loans. This means that the loan beneficiaries should be assisted in all ways to stabilize in their business. These people should be assisted basing on human rights stand on PWD`s. the findings further agrees with Helms (2006) said that the general misunderstanding in society is that persons with disabilities are destitute without knowledge, skills and opportunities to successfully operate businesses.

According to Mersland (2005), traditional financial institutions like banks have not provided financial services such as loans to clients with little or no cash income. The argument goes that banks incur substantial costs to manage a client account regardless of how small the sums of money that are involved. In this regard MFI officials shy away members with little cash or credit to save profit margin of the branch. But undecided group also suggested PWD`s do not know their rights or demand for what is available.

While focusing on social and health issues, the findings agreed with Credit Suisse of India (2012) who advocated to the government on progressive policy and development with regards to access for accessibility to financing for PWDs. Credit Suisse established that PWDs had many options available for financial services and products, but cites high barriers for access, such as unfamiliarity with banking systems and the inability to provide adequate documentation. Other barriers include access to medical care. Doctors and nurses ignore them that time is nobody to advocate for the PWDS right for medications; they are also denied chances for higher leaving. Same institutions wants learners who participate in all round activities and also the fear of unfriendly by leaving environment like spacious door for wheel chairs, ramps for the persons with no limps and lightening systems for low vision.

The study also confirmed that PWD`s have the perception that they are discriminated against just like in the context with De Klerk, 2005, ILO (2002) and Lewis (2004) who observed that persons with disabilities are given low priority and are ill- treated

as a target group when it comes to socio-economic integration. But the findings also showed high percentage of those who are not decided meaning they are in comfort zone or suffer from other stereotype. Persons with disability face various barriers and exclusion which cause them low self-esteem (self -perception) and exclusion by MFI staff, including management.

The findings on influence of availability of collateral agreed with views of four exclusion mechanisms by Simanowitz,2001, ILO (2002) and Mersland (2008), whose findings showed that PWDs own property but fear being exposed to serious commitments since most of the don't go in for loans due to fear. The high interest poses a challenge given that they cannot calculate or manipulate financial records. The study also agreed with Marshland (2005) & Handicap International (2006); argue that one of the main obstacles facing the self-employed is access to capital either in form of loans or accumulated savings. This statement can also be improved if the saving culture is instilled in them. However, since most persons with disabilities tend to be excluded from mainstream micro-finance services, their economic activities tend to remain small since they have no confidence in most institutions. This research showed that despite of the respondents owning property only few had ever applied for a loan.

#### **5.4 Conclusion**

Most respondents were aware that there were microfinance institutions in the country which gave funds to the poor to improve their standard of living. MFIs like KWFT and Equity Bank have given financial information to the people within the community. Most popular products included farming loans, business loans, school fees loans and home improvement loans. Non-governmental organizations which were active included ICFEM, Arise, KISEA, Rescue Step and Kimilili Integrated Education Programmes. The information is transmitted to people including handicapped through seminars, meetings, barazas, radio- vernacular stations, interpreters, sign language, cultural events, HIV- concerts and circulars.

On focusing on social and health issues, the study showed that PWDs did not receive equal treatment as their counterparts. PWD`s did not enjoy any special treatment in the community. PWDs lacked legal ownership to property and education or training. Majority of PWD`s needed an interpreter to assist them in following requirements of the MFI or be accorded special arrangements during their visit.. The government intended to review :- high interest, withholding of property for non-payment of loans (give more time to defaulters), give loans without interest, improving on loaning procedures such as time taken before receiving money. The major barrier faced by PWDs was access to medical care. Disability was not a hindrance to participation in business.

On level of financial and management skills, the study indicated that majority of PWD`s need training in various skills to boost their integration in the society and earn profit. None of the respondents used records to make financial decisions or as proof viability of the business but kept records were only for convenience purposes.

Regarding availability of collateral , majority of the respondents owned property which could be used as collateral requirement to access loans and do not operate profitable businesses. Majority of the respondents raised capital from organizations. Clients were required to prove ownership of security like animals, title deeds, household goods and payslips. They could not qualify for taking loans due to individual and institutional reasons as given by respondents. A majority of the respondents did not save any money except through groups as creation of membership, for the purpose of acquisition of loans. The group spirit would enable them to save for future.

### **5.5 Recommendations to the study**

The study recommended that:

- a) There is need for microfinance institution to create awareness to persons with disability about microfinance products offered in order to alleviate poverty.

b)The government and ministry of gender to open rehabilitation centre to train relevant disability groups in various skills in the early stages to reduce dependence ratio to the parents and relatives.

c) The digital era should be embraced by all stakeholders, the computer programmes and special software should be made available and affordable to PWD`s.

### **5.6 Suggestions for Further Research**

The same study can be carried out but focusing on a single disability group.

The research can be carried out on factors influencing accessibility to credit by rural disabled persons.

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**APPENDICES**

**APPENDIX I**

**LETTER OF INTRODUCTION**

UNIVERSITY OF NAIROBI

KAKAMEGA EXTRA-MURAL CENTRE

P.O BOX 422

KAKAMEGA

Dear sir/ madam

I am Muricho Catherine Nasimiyu, an MA(Project planning and management)student of University of Nairobi, registration number L50/69784/2011.I am conducting a study to investigate factors influencing accessibility to micro finance services by persons with disability a case of Kimilili - Bungoma sub-county Kenya.

To facilitate this exercise, you have been randomly selected as a participant in this study.

You are kindly requested to participate in answering the questionnaire. Please be assured that any information obtained will be treated with utmost confidence and will only be used for the purpose of this study.

Thank you

Yours Faithfully

Muricho Catherine Nasimiyu.

## **QUESTIONNAIRES**

### **QUESTIONNAIRE FOR FACTORS INFLUENCING ACCESSIBILITY TO MICROFINANCE SERVICES BY PERSONS WITH DISABILITY IN KIMILILI SUB-COUNTY**

#### **INSTRUCTIONS**

Fill in the space provided and tick where **APPROPRIATE**

#### **SECTION A: DEMOGRAPHIC INFORMATION**

Personal details of respondent

**Gender;**      Male           

Female

**Age in years;**

16-25                         

26-35                         

36-45                         

Over 45                       

**Level of education;**

Primary                                   

Secondary                                   

Post- secondary                           

Vocational training for special handicaps

Others

**Occupation;**

- Teacher [ ]
- Farmer [ ]
- Business [ ]
- Civil servant [ ]
- Others [ ]

**SECTION B: ACCESS TO INFORMATION**

- 1. Have you heard of microfinance institution? YES [ ]  
NO [ ]
- 2. How did you come know about microfinance institution?
  - Radio [ ]
  - Posters [ ]
  - Friends [ ]
  - Social worker [ ]
  - Others [ ]
- 3. What were you told?
  - A bank [ ]
  - MFI [ ]
  - Informal saving [ ]
  - Others [ ]
- 4. Which MFI operate in your area?
  - KWFT [ ]
  - Faulu [ ]
  - Equity Bank [ ]
  - Others [ ]
  - Not any aware of any [ ]
- 5. If (**others**) name them-----
- 6. Do you use computer/ modern technology? Yes [ ]  
No [ ]

7. If yes does your computer have special software? Yes
- No

**SECTION C: SOCIAL AND HEALTH ISSUES**

**Table 5.1 1 SOCIAL AND HEALTH ISSUES**

	Tick <input type="checkbox"/> where appropriate in brackets				
	Strongly agree	agree	Disagree	Strongly disagree	Undecided
I am treated the same with others when I visit the MFI/bank	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My interpreter assists me in following the requirements of my bank	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
MFI have special arrangements for PWD`s	<input type="checkbox"/>				
My grievances are channelled /reported and addressed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My health hinders me from participating in meaningful business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My disability hinders me from participating in meaningful business					
My work with people who trust me					



**SECTION D: FINANCIAL AND MANAGEMENT SKILLS**

8. Tick the skills below which you ever received any training in that is helpful in running business enterprise?

Technical [ ]

Entrepreneurship [ ]

Management [ ]

None [ ]

9. Do you maintain any books accounting records? Yes [ ]

No [ ]

10. If yes to the above what kind of books?

Basics (1 book) [ ]

Good (more than one) [ ]

Gone [ ]

11. How do you make financial decisions for your enterprise?

**SECTION E: AVAILABILITY OF COLLETERAL**

12. Do you own property? Yes [ ]

No [ ]

13. Do you carry out profitable business? Yes [ ]

No [ ]

14. How did you raise initial capital?

15. Is you capital adequate? Yes [ ]

No [ ]

16. Have ever asked for a loan from a bank or a financial institution?

Yes [ ]

No [ ]

17. If yes were you required to provide collateral?

18. What collateral did you provide?

19. If not; why?

Security [ ]

Fear of high interest [ ]

Business is small [ ]

Others [ ]

20. Do save part of your money? Yes [ ]

No [ ]

21. If yes where? Bank [ ]

Groups [ ]

Others [ ]

22. Why do you save?

Thank yo

## **APPENDIX II**

### **INTERVIEW**

#### **SECTION (A) FOCUS GROUP DISCUSSION FOR PERSONS WITH DISABILITY**

1. Which MFI have you ever visited?
2. Where do you save?
3. Where do you obtain financial information?
4. Which financial products are offered?
5. What do you like/ dislike about MFI products and services?
6. What procedures should the MFI change?

#### **SECTION (B) INTERVIEWS FOR MFI**

1. Is your institution a felt need in terms of providing financial services?
2. Who are your most regular clients?
3. In which area have you succeed/failed to deliver?
4. Which product (one) is most popular with the clients?
5. Do you have any products for persons with disability?
6. Which changes/ area have you made in effort to serve persons with disability better?

#### **SECTION (C) INTERVIEWS FOR ORGANIZATIONS, KEY/ OPINION LEADERS AND GORVERNMENT MINISTRIES/FAMILY MEMBERS FOR PWD`s**

1. Which organizations are working in the community to alleviate poverty?
2. Which are source of income in Kimilili sub-county?
3. Which conditions are applied during the leading process?
4. What plans has the sub-county put in place to support persons with disability?

5. How have PWD`s benefited from MFI available in the society?
6. Who are most beneficiaries of government subsidies?
7. How is information transmitted to relevant people including the handicapped?
8. do you think PWD`s enjoy equal treatment as their counterpart without disability?
9. Which other barriers are experience by PWD`s?
10. What are you doing to improve service delivery?

### APPENDIX III

This is a map of Kenya showing all the 47 counties. Kimilili is a sub county in Bungoma County.



Figure 2 1 Map of Kenya showing all 47 counties and the Western Kenya counties

Source: <http://www.usaid.kenya.gov>

## Kimilili Sub-County map

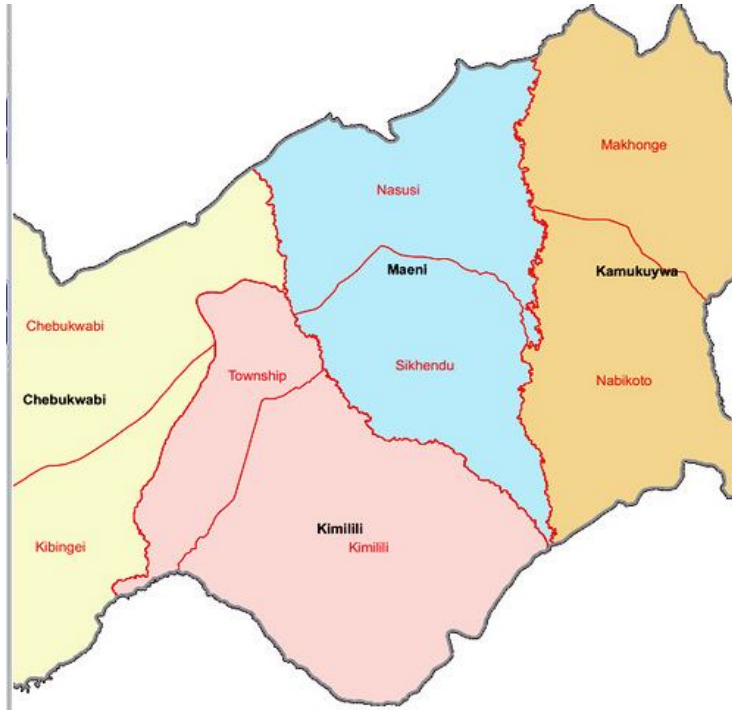


Figure 3 1 Map of Kimilili Sub County showing wards.

Source: <http://www.flickr.com>