

**INFLUENCE OF MICROFINANCE ON ECONOMIC EMPOWERMENT OF
WOMEN:
A CASE OF KENYA WOMEN FINANCE TRUST, NAKURU TOWN, KENYA**

BY

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DECLARATION

This research project report is my original work and has not been presented to any other institution.

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DEDICATION

I would like to dedicate my research project to my family, Beatrice Kigwa, Claire and Ryan for the patience, perseverance, support and encouragement during the study period.

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LIST OF ABBREVIATIONS AND ACRONYMS

GOK	Government of Kenya
MFI	Micro Finance Institution
MDG	Millennium Development Goals
MSE	Micro and Small Enterprises
KWFT	Kenya Women Finance Trust
PESCTE	Political, Economic, Socio-cultural and Technological
SWOT	Strengths, Weaknesses, Opportunities and Threat
ERS	Economic Research Service

ABSTRACT

Theoretically, microfinance is a critical tool to empower women belonging to poor households. Improving the women empowerment improves the infant and child survival, increases child schooling and results in increased expenditure on child education and health. If women were empowered to do more and be more, the possibility for economic growth becomes apparent. This study was therefore set to explore the influence of microfinance on economic empowerment of women: A case of KWFT in Nakuru Town. The study was carried out among women affiliated to KWFT that is a sample size of 338 members. The study was guided by four objectives: To assess how access to credit influence the economic empowerment of women; to assess how credit policy influence the economic empowerment of women; to determine how financial knowledge influence the economic empowerment of women; and to examine how training on finance influence the economic empowerment of women. The study used ex-post-facto survey design which employed use of questionnaires in gathering primary data. The population was 2750 members. A sample of 338 members was used. This sample was picked using stratified random sampling and proportionate sampling. Pilot testing was carried out on 10 members before the commencement of the study and errors in the data collection instruments were corrected. Data analysis was done using Statistical Package for Social Sciences and Ms Excel. Descriptive statistics was computed and data presented using tables. Study results were analyzed and presented qualitatively and quantitatively. In the first objective, the findings showed that 94.1% of the respondents accessed credit through introduction by staff. Access to credit had a positive influence on ownership of business enterprises and control over the business proceeds. It increased women's participation in economic activities, increased income levels enabling them to buy and own property and assets which generally improves their welfare. In the second objective, the study has shown that 95% of the respondents were comfortable with the credit policy established by the institution. Credit policy is a necessary requirement in defining and guiding the delivery of credit while commanding discipline in loan repayment for the institutional wellbeing. It defines the rules to be followed, state values and set standards which helps in protecting the interests of both the lending institution and the borrower. In the third objective, the study showed that 92% of the respondents had financial knowledge. This was as a result of attending the training programs offered by the institution. The study showed that financial knowledge and education of women helps in determining the success in business enterprise and management while enhancing women's confidence and bargaining power. In the fourth objective, the study showed that 97 % of the respondents had their business improved as a result of training offered. Training creates awareness on the issues affecting women and prepares or equips them on how to tackle and sustainably maintain a balancing act that meets their needs. It also determines the success in the management of business enterprises and their proceeds. It was recommended that the government should provide a level playing ground by offering inducing incentives that will nurture MFIs and bridge the gap left by formal lending institutions. MFIs are a powerful tool that can be used in realizing the MDGs in poverty alleviation and addressing the vision 2030 gender report in empowerment. MFIs need to build comprehensive training programs that will create and address gender empowerment in a holistic and enduring manner. Room for further studies is in the role of MFIs in addressing the youth unemployment challenge in the country. The society has to empower both men and women therefore; men empowerment can be studied further.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The heightened interest in the gender dimension of microfinance in recent times stems from the fact that women are often seen as instruments for societal change and development and as such, empowering them may be of great benefit to society. Access to credit by women has therefore become the main subject of many global and regional conferences, seminars and workshops. Experts have widely acknowledged the substantial contribution of small and micro enterprises (of which women participation constitute larger percentage) to the socio-economic development of a nation, therefore the need to support them to grow. It is therefore no exaggeration to state that, the most important goal, which every society in the contemporary world has set for itself, is to empower its women to be able to afford basic necessities of life such as food, clothing and shelter; as well as be part of decision making in the home and community. In many societies in Africa, which Kenya is no exception, women are not fully integrated into the socio-economic development process (Meyer, 1992) and one of the possible implications is that, these societies are deprived of their full utilization of their human resource capabilities and potentials.

In an effort to promote women empowerment, the U.N general assembly in 1974 passed a resolution emphasizing the priorities of women, their role and participation in socio-economic development and the need to integrate them fully into the development agenda. Subsequently, many world conferences like the first Women's conference in Mexico City in 1975, and others at regional levels have been held and continued to be held. All these conferences aimed at developing and emphasizing strategies for the advancement of women so as to overcome the obstacles that women in general encounter in trying to achieve equality, peace, respect and a say in the development of lives through sustaining their income-generating activities to enhance their economic power. In developing countries, many governments, in collaboration with NGO's have over the years implemented programmes aimed at empowering women economically and socially.

One of the major United Nations Millennium Development Goals (MDG) is the realization of Gender equality and empowerment of women. The concern of gender equality and empowerment of women became a global agenda in order to address the

existing differences arising from the socially constructed relationship between men and women which affect the distribution of resources between them and cause many disparities in development outcomes (World Bank, 2007). In many parts of the world- for example, sub-Saharan Africa and South Asia, 75% of agricultural producers are women. Women also play active roles as traders, processors and entrepreneurs despite facing many obstacles as compared to their male counterparts (World Bank 2007). Ignoring gender inequalities comes at a great cost to people's well-being and countries abilities to grow sustainably and thereby reduce poverty (World Bank, 2001).

In Kenya, women constitute 51% of the total population and they play very crucial roles as active contributors in the development of the economy but their contribution has been time and again limited by factors such as limited accessibility to financial services (Government of Kenya, 2003). In line with the global gender equality and women empowerment trends, the Government of Kenya as a signatory of the (MDG), enacted its gender policy in 2002 as a tool for implementing gender equality and women empowerment plans (Government of Kenya, 2002). The Kenyan government recognizes the important roles women play in its economic and general development. One of the areas where women play crucial roles is the development of the informal sector in trade and industry (Oriri, 2009).

The one of the most essential features of development is the transformation of society, which embraces the movement from traditional relations, social norms, and traditional ways of health care, education and traditional methods of production to more modern ones. All societies present a blend of the old or traditional and the new or modern. However, change from old to new is not an end in itself, but only a means to achieve the end. The changes associated with development provide societies as well as the individuals more control and influence over their own destiny. Development enriches the lives of individuals by widening horizons of the choices and freedoms and at the same time by reducing their sense of isolation. Hence, the development strategy must be aimed at facilitating the transformation of society in identifying the potential catalysts and barriers to change. Micro-finance interventions are well-recognized world over as an effective tool for poverty alleviation and improving socioeconomic status of rural poor (Singh, 2005).

During the last two decades microfinance has increasingly been in the spotlight of international development politics as well as public debate. On the one hand, it is widely held as one of the most effective tools in supporting development and its enormous potential has seen microfinance institutions mushroom in developing countries. On the other hand, microfinance came under fire in both academic circles and public debate. Its contribution to poverty reduction has been questioned and the potential risks for clients are increasingly a subject for discussion (Schicks, 2010; Schmidt, 2010).

The empowerment potential of micro financing has been articulated very forcefully in recent years, primarily because the key actors are women. Driven by the motivation to involve women in the development process in order to achieve sustainable growth and development – recognizing that women are the poorest of the world’s poor population and that they spend their earnings more on family welfare has led governments, development practitioners and donor agencies to focus on microfinance as a strategy capable of reaching and empowering women. The theme of the 2000 Microcredit Summit Campaign spelled this out very clearly:

The success of microcredit is best summarized by Noeleen Heyzer, Executive Director of the United Nations Development Fund for Women (UNIFEM): “Microcredit is about much more than access to money. It is about women gaining control over the means to make a living. It is about women lifting themselves out of poverty and vulnerability. It is about women achieving economic and political empowerment within their homes, their villages, their countries.” – Microcredit Summit Campaign 2000, looking ahead Micro-finance programs targeting women became a major plank of donor poverty alleviation and gender strategies in the 1990s. Increasing evidence of the centrality of gender equality to poverty reduction and women’s higher credit repayment rates led to a general consensus on the desirability of targeting women. Not only ‘reaching’ but also ‘empowering’ women became the second official goal of the Micro-credit Summit Campaign (Microcredit Summit Campaign 2000).

Kenya Women Finance Trust (KWFT) was founded in 1981 as an affiliate of Women’s World Banking (WWB) by professional women in Kenya to provide financial services to women in the country. KWFT’s stated mission is to advance and promote the direct participation of economically active women in viable business to

improve their economic and social status, by providing financial and non-financial services. The Trust's objectives are: to access credit and other non-financial services to the largest number of women entrepreneurs; to promote savings mobilization among members; to develop and implement a flexible growth plan for the agency, with emphasis on decentralization; to build and maintain human resources to manage KWFT's planned growth and a strong membership base; to build and maintain relationships with other agencies and credibility with funding partners; to evaluate impact on clients; to become a self-sustaining agency and to maintain a cost effective asset portfolio.

Though formally speaking KWFT is more than 20 years old now, it is fair to say that the Trust started a new life in 1991 with the coming of the present managing director. This marked an end of a difficult period for KWFT and the beginning of a period of growth in terms of active members, disbursements, outstanding loans, number of staff and programme self-sufficiency.

1.2 Statement of the Problem

Nakuru Town has a population of about 230,515 people and an urban population of 219,366(census, 1999). Poverty and food insecurity are some of the main challenges facing the population in the study area. The majority of the poor populations in Nakuru are women who form 60% of the vulnerable youth and the disabled (ERS, 2003).

While women's access to financial services has increased substantially in the past 10 years, their ability to invest in and benefit from this access is often still limited by the disadvantages they experience because of their gender. Some micro finance institutions (MFIs) are providing a decreasing percentage of loans to women as they grow and offer new loan products. Others have found that on average women's loan sizes are smaller than those of men, even when they are in the same credit program, the same community, and the same lending group. Some differences in loan sizes may be as a result of women's greater poverty, or the broader social discrimination against women which limits the opportunities open to them, raising the question of whether MFIs should do more to address these issues. In the vision 2030, one of the strategies of reducing gender disparities and vulnerabilities is by providing financial support to women to raise their incomes and reduce the gap in estimated earned incomes

between men and women. Women constitute more than 50% of the Kenyan population yet only 3% of the Kenyan women own title deeds according to the Vision 2030 report on gender therefore minimizing their opportunities to access loans. Women are basically the poorest of the poor. According to UNDP (2003) Human Development Reports, women make up the majority of lower paid and unemployed portion of most economies. Women also handle a large part of the world's work and end up receiving very small part of the reward of that work in terms of money which they can control and social position. According to World Bank (2001), gender inequality in developing societies inhibits economic growth and national development.

It was therefore important to identify and analyze the influence microfinance have on the economic empowerment of women since the informal information from KWFT staff in Nakuru indicate no such specific study has been carried out in Nakuru Town.

1.3 Purpose of the Study

The study sought to establish the influence of Microfinance on the Economic empowerment of women in Nakuru Town.

1.4 Objectives of the Study

The study was guided by the following objectives

1. To assess how access to credit influence the economic empowerment of women in Nakuru Town
2. To assess how credit policy influence the economic empowerment of women in Nakuru Town
3. To determine how financial knowledge influence the economic empowerment of women in Nakuru Town
4. To examine how training on finance influence the economic empowerment of women in Nakuru Town

1.5 Research Questions

The study was guided by the following research questions

1. How does access to credit influence the economic empowerment of women in Nakuru Town?
2. How does credit policy influence the economic empowerment of women in Nakuru Town?
3. How does financial knowledge have influence on the economic empowerment of women in Nakuru Town?
4. What influence does training on finance have on the economic empowerment of women in Nakuru Town?

1.6 Significance of the Study

The findings of this study will offer information in regard to Microfinance as a type of banking service which provides access to financial and non financial services to low income or unemployed people. Microfinance is a powerful tool to self empower the poor people especially women at world level and especially in developing countries. Microfinance activities can therefore give them a means to climb out of poverty.

By the end of 2000, microfinance services had reached over 79 million of the poorest of the world. As such the results of the study may create an understanding of how microfinance has the potential to make a significant contribution to gender equality and promote sustainable livelihood and better working condition for women. It may also be significant in giving out information that an increase in women resources or better approach for credit facilities results in increased well being of the family especially children.

Women in many communities are usually deprived in poverty reduction strategies, and that is where microfinance comes in. The results of this study may be crucial in showing how Microfinance plays a great role in the lives of millions of poor people particularly women as it acts as a poverty reduction strategy.

The result of this study will probably yield information that will create an understanding on the challenges faced in accessing KWFT services by showing the key constraints limiting the accessibility. The analysis of the results will provide information on the factors that hinder access to financial services by the women. The

research will yield information that may act as literature review for the future academicians who may write further research papers on related topics.

The result of the research will generate information that will contribute towards achieving some of the key pillars in the Vision 2030 and MDGs of eradication of extreme poverty and issues to do with gender equality and women empowerment. The general public will benefit from the findings of the study for their general awareness and understanding on the operations of the KWFT as Microfinance.

1.7 Limitation of the Study

The study focused on examining the economic empowerment of women influenced by access to KWFT Loans by the women entrepreneurs. It was limited to information of women who accessed KWFT's services only and had to rely on the staff for such information while they handled their own work. It required an extra mile in expenses to visit all the randomly identified women customers of the institution as some of them were far, so the study also concentrated on those who were readily available during group meetings. Due to sensitivity of the financial aspect of the study, the women suspected that the information might be used for taxation issues by the Kenya Revenue Authority and had to conceal crucial information. Language barrier was a limitation where the respondent communicated in their mother tongue and had to engage an interpreter.

1.8 Delimitation of the Study

Nakuru is a cosmopolitan town and has characteristics of both urban and rural ways of life, these together with the fact that all tribes in Kenyan societies are represented, will make it a suitable area of this study. The study covered administratively Nakuru Town which has a population of 230,515 people and an urban population of 219,366 (census, 1999). The study population was specific to those who were affiliated with KWFT. The study sample involved women because KWFT basically is a women's affair and the problems to be identified are women specific meaning more views are necessary from the women themselves. KWFT has its head office in Nairobi and various branches across the country. In Nakuru Town there are two branches, Nakuru East with a membership of 1500 while Nakuru west has 1250 members and an administrative office all within Nakuru town. The study was limited to the economic empowerment of women as a result of Microfinance services. The sample size was limited to the two branches and restricted to women members. However every effort was made to get most of the necessary information from the key stakeholders who were available.

1.9 Basic Assumptions of the Study

Mostly the study did focus on questionnaires so the following assumptions were made; That KWFT institution through its staff did grant access to their records and clients in Nakuru branches. The information given by the women was genuine and with no biasness. The researcher presented the exact situation and answers from the respondents without any alteration of the information. That all participants positively responded to the researcher and the questionnaires were dully filled.

1.10 Definition of Significant terms

Access to credit: In this study access is the opportunity of women to be given the financial services and make use of them. It will also refer to as women's access to factors of production on equal basis as men.

Collateral: It is the property that you agree to give to a bank if you fail to pay back money that you have borrowed. It may be land title deeds and other assets (say motor vehicle log book) as collateral for loan borrowed.

Control: Denotes the power to decide how a resource is used and who has access to it such that none dominates the other. It denotes women's control over the decision making process, to achieve equality of control over the factors of production and the distribution of benefits.

Entrepreneur: Refers to a woman who has a business opportunity and has obtained the necessary resources to initiate a successful business activity.

Economic empowerment of women: in this study it refers to the ability of women to access and have control of the factors of production and being able to generate income, taking charge of household decision making, provision of essential needs (food, clothing ,shelter ,education and health issues of family members), and ownership of assets. It means women taking charge of issues affecting their lives and being able to confidently come up with solutions and control.

Credit policy: These are statements devised by Microfinance in guiding and controlling their credit operations so that members adherers to be eligible.

Microfinance: Refers to small scale financial services primarily credit and savings to people who operate small enterprises. Micro-insurance and Micro-Savings also fall under this category as components of microfinance.

Empowerment: Refers to when individuals and organized groups are able to imagine their world differently and to realize that vision by changing the relations and structures of power that have been keeping them in poverty. It involves the empowered individual developing confidence in their own capacity and having control over the decisions and issues that affect their life.

Financial knowledge: this refers to the ability of women to have necessary skills to manage their businesses in financial matters and both efficiently and effectively without relying on other people.

Training: refers to equipping women members of Microfinance with knowledge and skills necessary for their lives and businesses.

1.11 Organization of the Study

It is important to note that none of the objectives and research questions highlighted above can be examined independently of one another. They are all mutually reinforcing. The social problems of women are due to gender stereotypes and roles that put women under enormous pressure. These gender roles have their roots in the Kenya tradition, but are used by men and the secret societies to perpetuate the status quo and consolidate their power. Customary law and traditional practices still prevail in rural areas mainly. Other problems that influence the lives of women emerge from poverty of individual households and the poverty of community households. This study was categorized in five chapters. The first chapter gave the introduction, background to the study, problem statement, the objectives, research questions, the significance of the study, delimitation, limitations, and assumptions of the study and definition of significant terms.

Chapter two was the literature review of relevant work done related to microfinance and women empowerment. It also contained the conceptual framework and sought to identify the gaps in research work done related to this topic.

Chapter three covers the Research methodology. It includes the research design, target population, description of the sample size and sample selection, research instruments used and their reliability and validity, elaboration of data collection procedures, ethical issues and operationalization of variables.

Chapter four contains data analysis, presentation and interpretations of the Research.

Chapter five has summary of findings, discussion, conclusions and recommendations of the study. It also suggested areas for further Research.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter is of literature review concerning Microfinance institutions in Kenya and the influence they have on the economic empowerment of women. This section also contains the conceptual framework showing the relationship between independent and dependent variables of the study. It also contains a summary of the gap in the research

2.1 The Concept of Microfinance

Micro-finance is the provision of a broad range of financial services such as credit and savings to poor and low-income household and their micro enterprises particularly women. These services include loans, savings, insurance, and remittances. The diversity of products and services offered reflects the fact that the financial needs of individuals, households, and enterprises can change significantly over time, especially for those who live in poverty. Because of these varied needs, and because of the industry's focus on the poor, microfinance institutions often use non-traditional methodologies, such as group lending or other forms of collateral not employed by the formal sector (Rhyne 2003). Micro finance institutions (MFIs) consist of agents and organizations that are engaged in relatively small financial transactions using specialized, character based methodologies to serve low-income households, micro enterprises, small farmers, and others who lack access to the banking system. Although some MFIs provide enterprise development services such as skills training and marketing, and social services, such as literacy training, proper home management and health care, they are not generally included in the definition of micro finance. It must be emphasized that, micro finance covers a broad variety of institutional arrangements and approaches. They range from small self-help groups with a handful of members to huge organizations that have nationwide coverage and millions of clients. MFIs can be non-governmental organizations (NGOs), Savings and Loans Companies, Credit Unions, Government Banks, Commercial Banks, or Non-Bank Financial Institutions (William 2011).

Most micro finance organizations target poor women and usually those from socially excluded groups. The reason for the targeting of women under microfinance schemes

is the relationship between gender and development. Various researches conducted by institutions such as UNDP (1995) and the World Bank (2001) indicate that gender inequalities inhibit growth and development.

Women are basically the poorest of the poor. According to UNDP (2003) Human Development Reports, women make up the majority of lower paid and unemployed portion of most economies. It is believed that the welfare of a family is enhanced, when women are helped to increase their incomes. This is due to the fact that women spend most of their incomes on their households. Hence, assisting women generates a multiplier effect enlarging the impact of the family needs and, therefore, another justification for giving priority to them.

Women are believed to be better in their repayment records and cooperativeness (Cheston and Kuhn, 2002). Women's repayment rates also excel that of men and their lower arrears and loan rates have an important effect on their efficiency and sustainability of the institutions. Women's equal access to financial resources is also a human rights issue (Beijing platform for action, 1995).

As indicated previously, microfinance services initially target women. However, it is not sufficient only to cater to women clients to solve gender issues. A gender sensitive approach is inclusive rather than exclusive (Jahan, 1995). Gender sensitivity is assured when taking into account the needs and constraints of both women and men during the design and delivery of finance. On the other hand, the "women only" targeting approach might further exacerbate gender inequalities.

2.2 How Access to Credit Influence the Economic Empowerment of Women

Microfinance is a powerful tool to self-empower the poor people especially women globally and particularly in developing countries. From early 1970's, women movements in a number of countries are increasing to alleviate poverty through microfinance programs. The problem of women's less access to credit has been given a particular concentration at First International Women Conference in Mexico in 1975. Microfinance services lead to women empowerment by influencing their decision making power at household level and their overall socioeconomic status (Rehman and Khan, 2007). Hashemi *et al.* (1996) narrated that microfinance has positive effect on empowerment even controlling for women's independent contributions to household income (Pitt *et al.*, 2003b; Cheston and Kuhn, 2002).

Kenya like many developing countries, has given special attention to Microfinance. It has streamlined Microfinance operation through enacting a Microfinance Bill, 2006 which seeks to provide a legal framework to the sector. The focus on microfinance followed the realization that opportunities for formal sector employment were squeezed while the informal sector was expanding (Republic of Kenya, 2006). The greatest challenge at hand in Kenya was the fact that there was little interface between the informal sector and the banking sector due to collateral requirements that deterred informal sector entrepreneurs from seeking commercial bank loans. Thanks to Microfinance service that has filled this gap through providing not only micro-credit but also numerous products and services tailor-made to the convenience of the uncollateralized by using group approach as a security.

According to the World Bank's gender statistics database, women have a higher unemployment rate than men in virtually every country. In general, women also make up the majority of the lower paid, unorganized informal sector of most economies. These statistics are used to justify giving priority and increasing women's access to financial services on the grounds that women are relatively more disadvantaged than men.

It is important to understand patriarchy in order to understand present day relations between women and men. Eshetu (2000) defines patriarchy as father rule, male domination on women's productive labor power, property and other economic resources. Empowerment of women and gender equality are prerequisite for achieving political, social, economic, cultural and environmental security among people. (Beijing, 1995). Access to credit is an important mechanism for reducing Women's poverty and to empower them.

As stated by Narayan (2002), in most poor countries, men's domination of women is strongest within the household. Access to credit and participation in income-generating activities is assumed to strengthen women's bargaining position within the household thereby allowing them to influence a greater number of strategic decisions.

Microfinance institutions should be seen as contributing to women's knowledge and self confidence. They also give women the tools and skills they need to participate more effectively and successfully in and to informally influence decisions and policies that affect their lives. Microfinance also play a role in creating employment

and income opportunities to women and subsequently in empowering them to play an active role in the economic, political and socio-cultural sphere in the society.

2.3 How Credit Policy Influence the Economic Empowerment of Women

Micro finance plays a key role in poverty reduction as it contributes to the household income and empowers women as is stated in Otero (1999). The aim of microfinance according to Otero (1999) is not just about providing capital to the poor to combat poverty on an individual level, it also has a role at an institutional level. It seeks to create institutions that deliver financial services to the poor, who are continuously ignored by the formal banking sector. The poor are generally excluded from the financial services sector of the economy so MFIs have emerged to address this market failure. By addressing this gap in the market in a financially sustainable manner, an MFI can become part of the formal financial system of a country and so can access capital markets to fund their lending portfolios, allowing them to dramatically increase the number of poor people they can reach (Otero, 1999). The formal financial institutions consider lending to small businesses as a very time consuming and a costly venture since microenterprises lack proper accounting procedures and owners frequently mix their business and personal finances, so their financial statements are often unreliable. Without access to formal financial service, most microenterprises are compelled to raise greater percentage of their start-up capital through their own internal savings and from family members but these are always inadequate.

In order for women to play meaningful role in economic development, they must be empowered by making credit easily accessible to finance their small and micro enterprises. Policies must be implemented by the government in collaboration with other stakeholders aimed at helping women access funds to expand their businesses.

The goal of empowerment can be achieved through microfinance programs that are broad based, gender focused and financially sustainable. A gender based policy involves more than just targeting women. Creating gender- based policy involves a process through which an institution re-examines all of the underling structures and assumptions about gender roles, rights and responsibilities that have historically discriminated against women as borrowers and employees. It is also important for microfinance institutions to set guidelines pertaining to employee recruitment, promotion, roles and responsibilities.

In this regard, the formulation and enforcement of the guidelines is expected to bring about positive social changes. Further more, involving women both as staff and borrowers has the potential for increased levels of economic empowerment and financial stability that will benefit the individual, their families and communities (Mayoux, 2002)

The following are some general considerations that should be made when designing programs with the aim of creating gender based strategy (Vyas, 2002). First, a program must contribute to the self esteem, confidence and competency of women. This is because women often find it difficult to express their concerns about harmful political and economic policies much less discuss their consequences for gender empowerment.

Second, there must be a strong female contingency in the leadership and planning roles of microfinance program. Filling management positions with women would help to break the belief that women are not capable of handling jobs traditionally held by men. With proper education and increased self esteem, women will have the ability to break traditional cycles of subordination and inherent cultural procession. Lastly, a microfinance program with a focus on gender must have an idea, founded on solid research and reliable information of the financial senses that will be most beneficial to women clients.

Agencies also need to develop approaches that provide opportunities for women to decide for themselves about their needs and interests and how positive change can be achieved.

Promoting empowerment also requires some fundamental changes within agencies in reviewing their structures and procedures to increase their accountability to the women whose empowerment they aim to support. Generally, it is essential that empowerment strategies are designed to enable women to gain greater access to information, access and control over resources and the ability to make decisions themselves. (Kabeer, 2005).

In order to enhance women's access to credit, the establishment of new and strengthening of existing micro credit mechanisms and microfinance institutions need to be undertaken to enhance the out reach of credit (Cheston and Kuhn, 2002). In

addition other supportive measures should be undertaken to ensure adequate flow of funds.

2.4 How Financial Knowledge Influence the Economic Empowerment of Women

In many societies in Africa, which Kenya is no exception, women are not fully integrated into the socio-economic development process (Meyer, 1992) and one of the possible implications is that, these societies are deprived of their full utilization of their human resource capabilities and potentials. Education, in its true sense brings some level of empowerment and once a woman is empowered it will subsequently lead to a reduction in poverty in various societies, education helps women to contribute meaningfully to development through participation in decision making which has been perceived to be the prerogative of men. Women entrepreneurs around the world are making a difference. They contribute numerous ideas and a great deal of energy and capital resources to their communities, and generate jobs as well as create additional work for suppliers and other spin-off business linkages (Commonwealth secretariat, 2002). Siwadi and Mhangami (2011) adds that it is undeniable that women entrepreneurs are the major actors in that sector and contributors to economic development and are becoming increasingly visible in the local economies of the developing counties.

Educating girls and women is critical to economic development. Research conducted in a variety of countries and regions has established that educating girls is one of the most cost-effective ways of spurring development. Female education creates powerful poverty-reducing synergies and yields enormous intergenerational gains. It is positively correlated with increased economic productivity, more robust labor markets, higher earnings, and improved societal health and well-being.

A woman's level of education affects her decision making process when it comes to questions about contraception, age of marriage, fertility, child mortality, modern sector employment and earnings (Blumberg, 1989a). Each additional year in school raises a woman's earnings by about 10 percent compared to 11 percent for a man. The benefits of female education according to King and Mason (2001) are enormously positive and affect the whole society. Starting and operating a small business includes a possibility of success as well as failure. Because of their small size, a simple management mistake is likely to lead to sure death of a small enterprise hence no

opportunity to learn from its past mistakes. Lack of planning, improper financing and poor management have been posited as the main causes of failure of small enterprises (Longenecker, *et al.*, 2006).

Women with larger enterprises also need more advanced training in managerial skills, legal issues, production management, sale, marketing, branding... Therefore, it might be useful to consider special, focused entrepreneurial training for the owners of established firms with a large number of employees in addition to programs focused at the small and start-up level.

Access to education and training is a strong demand of micro and small enterprise owners and operators. However, high training cost has hindered their access to the service. Interviews with business in several Cities show that micro and small enterprises cannot afford participation in training courses on communication skills, leadership skills, general management, human resource management, process management, marketing, computer skills – the important knowledge and skills which are indispensable to improve the performance and productivity of their business.

Women business owners in Vietnam express a strong need for entrepreneurial education and training. The IFC study on women entrepreneurs conducted in 2006 shows that women business owners do not only desire general business management skill development, but also specific training and technical assistance in the areas of financial management and accessing new markets.

The government should therefore work to make demand-based training and post-training support services available to owners and operators of small and micro enterprises, with the needs of women-led enterprises being taken into account.

Financial management knowledge is important especially for the financial transaction whereby large proportion of income is financially managed, that is, saved, borrowed, lent and paid or received for insuring. Financial management is not a choice but a necessity for survival. It is important to get money in order to ‘keep the household running’ or in order to ‘manage’. There is also the discomfort to borrow. The incomes of poor households are generally of low value, often irregular and unpredictable. This is the case with the salaries of employed workers or employees. Seasonality of income also exists in agriculture, thus the need for financial management. These incomes meet regular and additionally irregular and unexpected expenditure needs. The

expected and unexpected gaps between income and expenditure streams of poor households and individuals constitute basic necessity for financial management.

2.5 How Training on Finance Influence the Economic Empowerment of Women

The increasing role of women in the world's economy in the developing countries is undisputed. A World Bank (2001) observed that women already contributed to the economy and to the family than is generally reflected in official labour statistics. Sweetman (2002) states that, women around the world were for a long time seen as housewives with one thing in common, performing activities that had a link to the home and its occupants. However, in reality, the pattern of stay-at-home-wife and male breadwinner is inconceivable for the majority of women especially in Africa because their men are either too poor or have left the household. As countries get poorer, the pressure on women to earn intensifies. However most women cannot obtain work in the formal sector, women therefore tend to take up any kind of work in the informal sector majorly in micro-enterprises or petty trade (IFAD, 2009).

Although women's contribution is substantial, their productivity is low due to constraints of culture and tradition (Ndeti, 2005). Most women do not possess any assets and cannot normally offer the necessary securities against loans. In addition, offering tangible security (usually land) implies involving male partners in the transaction, thereby, reducing the women's control over means of production and critical decision making. Robinson, (2001) estimates that about 90 per cent of the people in developing countries lack access to financial services from formal banking institution. Inadequate service is prompted by the perception that the low incomes are high risk borrowers and expensive to reach. The United Nations' acknowledged microfinance as a key instrument to achieving the Millennium Development Goals (MDGs) which is a set of concrete, time bound quantitative targets for action to be achieved in 2015. Notable are Goals one and three on the eradication of extreme poverty and hunger and the promotion of gender quality and empowerment of women respectively.

Women are the backbone of Kenya's economy and they complement the male folk in the country's socio-economic development. Improving the productivity of women is therefore a social objective to advance economic development and also towards investment in food, healthcare, and schooling of children. To realize the full potential

of women, they must access credit and loan programmes since credit for both men and women is an important dimension of plan. According to (FAO, 2001), women account for 70 per cent of the world's poor and supporting equal access to finance for women is essential. Credit facilities enable them to tap financial resources beyond their own and take advantage of potentially profitable investment opportunities. As such, micro-finance sector has proved to be a viable intervention point to assist women start sustainable projects that improve their livelihoods and towards ending poverty and therefore increasing their ability to economically independent. Women entrepreneurs around the world are making a difference. They contribute numerous ideas and a great deal of energy and capital resources to their communities, and generate jobs as well as create additional work for suppliers and other spin-off business linkages (Common wealth secretariat, 2002). Siwadi and Mhangami (2011) adds that it is undeniable that women entrepreneurs are the major actors in that sector and contributors to economic development and are becoming increasingly visible in the local economies of the developing countries.

Most mothers not fathers in the majority of the poor nations have the most influence on their children. They dictate the decisions on whether or not children are sent to school, what school they go to, and how much time they spend on working for the family. Until women are given the same opportunities that men are, the entire societies will be destined to perform below their true potentials. Women entrepreneurs in Kenya are the key to economic growth because they are generating employment. But women owned businesses could contribute more than what they are doing today. A growing amount of research shows that countries that fail to address gender barriers are losing out on significant economic growth. Without increased attention to the gender dimensions of economic development, Kenya is therefore unlikely to meet its growth targets. This therefore demonstrates that addressing gender barriers in Kenya could generate significant economic growth for the country. The Kenyan government recognizes that women entrepreneurs have not been on an equal footing when it comes to their access to opportunities and assets but it has yet to effectively address the barriers facing women in business (Athanne, 2011).

There are direct relationships between women's economic, educational and empowerment status. Disadvantaged women to become successful entrepreneurs, should be given training in technical skills as obtaining business licenses and

government procurement and in business skills as cash flow management, accounting or bookkeeping. Starting and operating a small business includes a possibility of success as well as failure. Because of their small size, a simple management mistake is likely to lead to sure death of a small enterprise hence no opportunity to learn from its past mistakes. Lack of planning, improper financing and poor management have been posited as the main causes of failure of small enterprises (Longenecker, *et al.*, 2006). Lack of credit has also been identified as one of the most serious constraints facing SMEs and hindering their development (Oketch, 2000; Tomecko & Dondo, 1992; Kiiru, 1991).

Education is one of the factors that impact positively on growth of firms (King and McGrath, 2002). Those entrepreneurs with larger stocks of human capital, in terms of education and (or) vocational training, are better placed to adapt their enterprises to constantly changing business environments (King and McGrath, 1998). Providing every individual with an education is an integral part of the ultimate goal of improving individual well-being and so is an end in itself. In addition, as long recognized and emphasized once again by the 2005 World Summit, both formal and informal education are vital to developing productive human potential. Universal and equitable access to quality education is therefore an indispensable part of the effort to eradicate poverty and promote full and productive employment, as well as being a necessity for achievement of other goals. Human capacity building is a key element of sustainable development; entrepreneurial skills will help them acquire the mind set and know-how necessary to make self employment a viable career option. This will empower them to become self employed and engage in a productive livelihood which will also help them escape the trap of poverty and become active contributors in the economic and social activity of their community (Smith, 2006).

2.6 Women Economic Empowerment

Empowerment (irrespective of gender) is defined as the ability of the people, in particular the least privileged to: a) have an access to productive resources that enable them to increase their earnings and obtain the goods and services they need and b) participate in the development process and the decision that affect them. These two aspects are related and one without the other is not empowerment According to Sen and Batliwala (2000), women empowerment leads to a growing intrinsic capability, greater self-confidence and an inner transformation of one's consciousness that enable

one to overcome external barriers (Malhotra et al., 2002). Empowerment of women generally means to let women survive and let them live a life with dignity, humanity, respect, self-esteem and self-reliance. Kabeer (1998) stressed that women's empowerment is the process to acquire the ability to make the strategic life choices restricted through poverty particularly and societal or religious norms generally. Their ability to exercise choice incorporates three interrelated dimensions, that is, resources, agency and achievements. According to UNIFEM (2000), to generate choices, gaining the ability and exercise bargaining power, developing a sense of self worth, to secure desired changes, belief in one's ability and the right to control one's life are important elements of women empowerment. Women empowerment is also defined as a change in the context of a woman's life, which enables her increased capability for leading a fulfilling human life. Kutty (2003) defined that empowerment of women means developing them as more aware individuals, who are politically active, economically productive and independent and are able to make intelligent decisions in matters that affect them and their nations. Women's empowerment also refers to the ability of women to transform economic and social development when empowered to fully participate in the decisions that affect their lives through leadership training, coaching, consulting and the provision of enabling tools for women to lead within their communities, regions and countries.

Power tends to accrue to those who control or are able to influence the beliefs, values, attitudes, behaviors and resources that govern social relations at both public and private levels. Empowerment of women processes tend to identify power in terms of the capacity of women to increase their own self reliance and internal strength, and gain, and use power in alternative constructive way (Oxaal and Baden, 1997).

Empowerment is usually associated with women not only because they have been historically disadvantaged in access to material resources like credit, property and money, but they have also been excluded from social resources like education or inside knowledge of some businesses (Zafar, 2002).

Access to resources does not by itself translate into empowerment or equality unless women acquire the ability to use the resources to meet their goals. For resources to empower women they must be able to use them for the purposes of their choice. The effective use of resources requires agency, which is, the process of decision making, negotiation and manipulation (Kabeer, 2005). Women who have been excluded from

decision making for most of their lives often lack this sense of agency that allows them to define goals and act effectively to achieve them.

Movements which seek the empowerment of women as group increase opportunities available to individual women, and economic empowerment can increase women's status in their families and societies. The lack of empowerment, on the other hand, eventually slows down economic and political development, just as the lack of progress in meeting people's basic needs will limit empowerment because poverty itself is disempowering (Skarlatos, 2004).

2.7 Micro Finance and Poverty Eradication

Most of the women are not in formal employment and some run small scale business which include; roasting of green maize, selling some cereals, hawking second hand clothes. Some of the challenges that face the sector include; unfavorable policy environment exhibited with weak implementation framework and poor monitoring framework, inhibitive legal and regulatory environment, limited access to markets, limited access to affordable financial services, inadequate access to skills and technologies, limited access to infrastructure, inadequate business skills, limited commercial linkages, gender inequality, unfavorable taxation regimes, entry barriers and HIV/AIDS.

Poverty is one of the most enduring challenges hindering development in Kenya as in most developing countries. Kenya has an estimated population of 30 million people consisting of 52% women and 48% men. The per capita income of Kenya is US \$ 260 (ERS, 2003). Kenya's economic performance since the 1980's has been below its potentials due to a number of factors which include mismanagement of the resources, structural adjustment programmes, the impact of HIV and AIDS, and gender discrimination, among others (Republic of Kenya, 2005). The combined effect of these factors is the decline in the state of the economy and increasing levels of poverty, unemployment, food insecurity, disease burden, gender inequality and other social, economic and political deterioration. Poverty levels in Kenya currently stand at about 48% of the county's population (Republic of Kenya, 2007). The majority of the populations affected by this economic downturn are women, the youth, children and other vulnerable groups such as pastoralists, the disabled, the destitute and HIV and AIDS victims. In an effort to resuscitate its economic growth the government through

the Economic Recovery Strategy policy has put in place economic measures that include the establishment of micro finance policy which embraces the coming into play of microfinance institutions as tools for engineering the poverty reduction initiatives (ERS, 2003).

Lack of access to financial services has been identified as one of the major constraints in the development of the sector especially for the poor. Microfinance according to Otero (1999, p.8) is the 'provision of financial services to low income poor self-employed people'. These according to Otero (1999) generally include savings and credit but can also include other financial services such as insurance and payment services. In Kenya, micro finance institutions have also been seen as avenues through which development can be channeled to reduce poverty and improve peoples' livelihoods. The government and development partners and practitioners have realized that the provision of financial services such as credit to the poor and the vulnerable most of whom are women, disabled and youth (young boys and girls) can go a long way in improving their livelihoods and hence welfare (Johnson and Rogaly, 1997).

Conventionally, women and other poor and vulnerable categories of the community cannot access credit from formal banking institutions because they do not own land or any other capital that is required as collateral by these commercial banks. Availing accessibility to the services of micro finance institutions to these poor individuals and groups who have no formal collateral will therefore contribute to their socio-economic empowerment and gradually reduce the inequalities in society (Strategy for revitalizing Agriculture (SRA), 2004; Moghadam, 2005). For these under-privileged women to access credit, alternative approaches on collateral requirements have been adopted through the emphasis on social capital tools such as trust and network relations for securities. Peer groups who have known each other for a while and therefore have developed trust based on previous relations are being used instead of economic collaterals such as title deeds, prime property or a salary pay slip often required by formal banking institutions. The poor and other vulnerable groups such as women and the unemployed youth have limited access to land due to socio-cultural barriers. (Ndubi and Karanja, 2008).

Due to the existing favourable business environment provided by the government together with its recognition of the crucial role being played by the micro finance institutions in poverty reduction, a large number of financial institutions owned by the

state, Non Governmental organizations and civil society organizations are vibrant in Kenya. Consequently, Kenya has one of the most diverse financial systems in the East African region. These include 2 mortgage companies, 3 building societies, 2 finance companies, 43 insurance companies, and thousands of saving cooperatives (Government of Kenya, 1999). The country's demand for micro finance services has been growing steadily since the government's poverty reduction strategy (Economic Recovery strategy for wealth and Employment Creation-ERS 2003.) Identified access to financial services especially by the poor as a means of promoting growth and reducing poverty and as a result micro and small enterprise (MSE) sector in Kenya contributes significantly to the economic development of the country. It is estimated that 2.3 million (20%) of those employed in Kenya are engaged in (MSE) sector contributing to approximately 18% of the country's gross domestic product yet only about 20% of (MSE) have access to credit and other financial services (Government of Kenya, 1999).

2.8 Theoretical Framework

There are various theories that delve into women empowerment but Mayoux (2005) identifies three contrasting paradigms with different underlying aims, understandings, different policy prescriptions and priorities in relation to microfinance and gender policy. The three paradigms, namely the feminist empowerment, poverty reduction and financial sustainability, also have different emphasis in the way they perceive the inter-linkages between microfinance and women's empowerment.

The feminist empowerment paradigm has a focus on gender awareness and feminist organization, microfinance is promoted in the light of a wider strategy for women's economic and socio-political empowerment. In this regard, microfinance must be part of a sectional strategy for change that identifies opportunities and constraints within industries which can raise the prospects for women, when addressed. In addition, microfinance should be based on participatory principles to build up incremental knowledge of industries and enable women to develop their strategies for change.

The poverty reduction paradigm is touched by many NGO integrated poverty-targeted community development programs. The main focus of such programs is the development of sustainable livelihoods, community development and social service

provision like literacy, health care and infrastructure. The programs typically target the poorest of the poor.

The strategies target women because of higher levels of female poverty and women's responsibility for household well-being. The assumption is that increasing women's access to microfinance will enable them to make greater contribution to household income which is believed to translate into well being for women and result in changes in gender inequality.

The financial sustainability Paradigm underlies the models of microfinance promoted since the mid-1905 by most donor agencies. Large programs which are profitable and self supporting and that, compete with other private banking institutions and capable of raising funds from international financial markets, is the ultimate aim of such endeavors. Financial sustainability is seen as addition to create institutions which reach significant number of the poor. The success of the programs is measured in terms of covering costs from incomes. The need for targeting women is justified on grounds of high female repayment rates and the need to stimulate women's economic activity. It is believed that increasing women's access to microfinance services will in itself lead to individual economic empowerment though enabling women's decisions about savings and credit use to set up micro enterprise, increasing incomes under their control.

The impact of microfinance on income has been observed to be variable. It appears that for the majority of borrowers income increases are small and even in some cases negative. This is due to the fact that most women invest in existing activities which are low profit and insecure. In addition, women's choices and ability to increase income is constrained by gender inequalities in access to other resources for investment in household responsibility and lack of mobility (Mayoux, 2002).

Hence, the presumption that access to credit automatically leads to women's empowerment is not often true. This is because women with access to credit are usually unable to gain and maintain control of it. In addition there are additional disadvantages that women face including inability to access information, productive resources and social networks that hinder their access to and control of resources (Mayoux, 2002). As mentioned earlier, access to microfinance, by and large, has a positive economic impact. The impact becomes larger for those closer to the poverty

line and it also increases with the duration of membership or intensity of loans as members begin to invest in assets rather than consumption (Morduch and Haley 2001). Microfinance delivery in various points of the world has improved the economic position of households, enhancing the asset base and diversification in to higher return occupations among members.

There are also a number of issues within the women's empowerment framework that impede the poverty reduction capacity of microfinance (Skarlatos, 2004). First the size of the loans is too small which does not enable the women to make long lasting income change for the household. Secondly, the increased access to credit in the same geographic area could contribute to market saturation of products provided by women.

This is because poor women usually engage in similar businesses. Thirdly, there is the possibility that the women's successful business might have a negative impact on the girl child who might be required to help her mother leaving the school. The economic impact of microfinance on women depends on whether they have full control over the loan secured and their voice in house hold decision making (Goetz and Gupta, 1996).

2.9 Conceptual Framework

The conceptual framework is the foundation on which the entire research project is based. It identifies the network of relationships among the variables considered important to the study of given problem. The dependent variable is economic empowerment of women which was measured using four parameters. Empowerment of women was measured on four indicators such as decision making, control over business, acquisition of assets and ownership and provision of essential needs. The independent variable is KWFT itself as the microfinance institution that offers loan and other microfinance services. The intervening variables are Government policy and the general environment i.e. the political, social, economical and technological environment under which the loans are offered by the KWFT. This is portrayed in figure 2.1.

The study attempted to find out the influence of MFI on the economic empowerment of women. The study had four variables that the researcher found critical to women economic empowerment. Access to credit was selected as a key variable to the study. This was assessed to determine the influence it had on women decision making, control

over business, asset ownership and acquisition, and in the provision of essential needs as such food, clothing, health and education. Access to credit empowers women by putting capital on their hands and allowing them to earn an independent income and contributing financially to their households and countries.

Credit policy was identified as critical to the economic empowerment of women due to the terms and conditions of eligibility and loan repayment procedures. Policies define and guide the delivery of credit. They define the rules to be followed, state values and set standards. On the whole they protect the interests of both the lending institutions and borrower. Credit policy is central in safeguarding the interests and requirements of the institutional loan repayment procedures.

Financial knowledge influenced the economic empowerment of women as crucial to creating order, effectiveness and efficiency in financial management of their businesses, income and service delivery.

Training on finance influenced the economic empowerment of women by improving on their business management and profitability. Training improved or transformed their lives by changing their mindset to be economically independent by starting up business ventures, access funds and manage it effectively to realize their goals in business and in household needs.

In conclusion, within the wider environment, other factors were identified which may have an impact on the economic empowerment of women. These were government policy, social political, economic and technological environments. This relationship is presented in figure 2.1 by broken line.

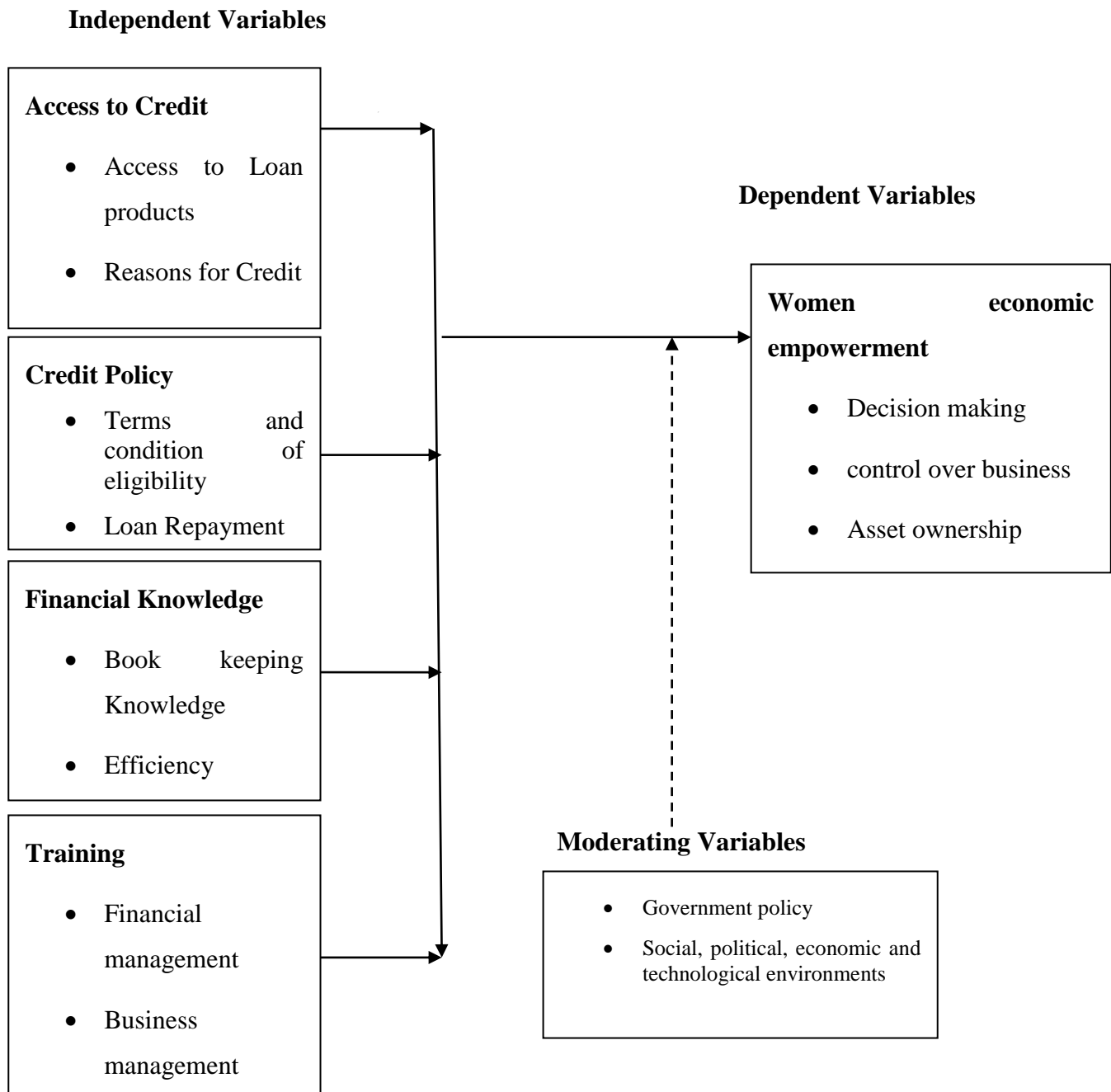


Figure 2.1: conceptual framework

From the reviewed literature there is a lot of conflicting information in regard to the influence of Microfinance on the economic empowerment of women. Microfinance through their access to financial products, training and insurance aspects do influence and have an impact on the holistic development of society. There are divergent theoretical perspectives on the societal arrangement and structures which is articulated by the opposing views on ownership and control of resources between men and women. Therefore, there exists a gap on the economic empowerment of women members of Microfinance in Nakuru. This research was studying the influence of Microfinance on the economic empowerment of women a case of Kenya Women Finance Trust in Nakuru Town.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presented a detailed description of the Research design that was adopted for the study according to the research objectives. It also presented the definition of the target population, the sampling procedure as well as the methods to be employed in collecting data from the respondents.

The chapter provided an explanation of how validity and reliability of the research instrument was met, the operationalization of the variables and further identified the method of data analysis techniques used and ethical considerations.

3.2 Research Design

To understand the influence of MFI on the economic empowerment of women a case of KWFT in Nakuru Town, the researcher used ex post facto design. The researcher used this design as it was appropriate because it enabled the use of descriptive statistics and explanations for analysis. It enabled use of possible antecedents of events that already occurred and could not be manipulated. Further, it was possible to explore and describe phenomena. The design was effective in obtaining information relating to people's thoughts, feelings and opinions. Generalizable information was collected from the population. To find out the women's responses on their economic empowerment based on the influence of MFI, the design enabled the researcher to collect and analyze data. This design is also supported by Kerlinger (1970) as that in which the independent variable has already occurred and in which the researcher starts with the observation of a dependent variable. The independent variable was then studied in retrospect for their possible relationship to, and effects on, the dependent variable. This research design attempts to explore cause and affect relationships where causes already exist and cannot be manipulated. It used what already exists and looked backward to explain why. It guided the researcher in field work to collect primary data using questionnaires from the respondents. The research focused on one specific organization and involved document analysis that facilitated information in regard to the women participants of KWFT. The researcher also used observation

method to help validate the oral information by noting the non-verbal expression of the respondents.

3.3 Target Population

Population refers to a group of individuals or items that share one or more characteristics from which data is been gathered and analyzed. Since the focus of this study was to explore the influence of MFI on the economic empowerment of women a case of KWFT in Nakuru Town. The 2750 women members of the two branches of KWFT in Nakuru Town constitute the population of the study. This is also supported by Mugenda and Mugenda, (1999) who define target population as all individuals, objects or things that the researcher can reasonably generalize his/her findings to. These are members of the two branches of KWFT in Nakuru whose information was sourced from KWFT; Nakuru East branch has 1500 members while Nakuru West has 1250 members (Table 3.1). The target population provided information leading to the influence of Microfinance on the economic empowerment of women in the study area.

3.4 Sample Size and Sampling Procedures

The study considered a sample of 338 respondents. According to Krejcie and Morgan table of Determining Sample Size for Research (1970) with a 95% level of confidence and a 5% margin of error, the formula as below was used to arrive at the sample size. The sample size included 338 women.

$$S = \frac{X^2 NP(1-P)}{d^2(N-1) + X^2 P(1-P)}$$

Where s = the required sample size

X^2 = table value of chi-square for one degree of freedom at the desired confidence level 0.05) which is equal to 3.841(or 1.96^2)

N = the population size

P = the proportion for the population, assumed to be 0.50 since this would provide the maximum sample size.

Applying the formula, a population N of 2750

$$S = 3.841 * 2750 * 0.50(1-0.5) / 0.05^2(2750-1) + (3.841 * 0.5(1-0.5))$$

$$= 3.841 * 2750 * 0.5 * 0.5 / (0.0025 * 2749) + (3.841 * 0.5 * 0.5)$$

$$= 2640.6875 / 7.83275$$

$$= 337.134 \text{ or approximated to } 338 \text{ (see also appendix 3)}$$

In total, 338 respondents filled questionnaires as shown in Table 3.1 which was sourced from KWFT final report 2012. The study used stratified sampling since two branches were considered. Proportionate sampling was used because each branch was allocated a sample depending on its proportion to the total number of members. Proportionate sampling enabled the researcher to achieve greater representativeness in the sample of the population hence, reducing sampling error/biasness. This was accomplished by selecting individuals at random from subgroups (stratified random sampling) in proportion to the actual size of the group in the total population (Van Dalen, 1979).

Table 3.1 Total number of KWFT members and total sample selected

KWFT Branch	Total number of members	Sample size
Nakuru East	1500	184
Nakuru West	1250	154
Total	2750	338

3.5 Research Instruments

To facilitate quality control and ensuring acceptable levels of validity and reliability of the study, random selection of the participants/randomization technique was done from sample population while at the same time controlling the extraneous variables. The researcher used Questionnaire to collect data. The questionnaires obtained data from 338 respondents. Questionnaire was chosen because a large population was considered and too, its simplicity of administration on a large population sample (Babbie, 2001).

3.5.1 Pilot Testing

The research instrument was administered on a scouting basis among few selected women of KWFT Njoro branch to help in pre-testing of the data collection tools

instruments. This allowed fine tuning of the research instruments before the actual study was done especially on the questions which made respondents feel uncomfortable. It was also crucial in the training of data collectors. The responses from the pilot study were however not utilized in the data analysis stage.

3.5.2 Validity of the Instruments

Mugenda and Mugenda (1999) defined validity as the accuracy and meaningfulness of inferences based on the data obtained. In this study, the instruments were first discussed between the researcher and the supervisor who provided his expertise and ensured that the instruments measured what they intended to measure as recommended by Kumar (2005). This was further ascertained by a panel of experts from microfinance institutions. The panel ensured that the items adequately represented concepts that cover all relevant issues under investigation, which complied with recommendations of Mugenda and Mugenda (2008). The instrument was found to be valid and hence used in the main research study.

3.5.3 Reliability of the Instruments

Reliability is the extent to which a measuring device is consistent in measuring whatever it measures. It is a measure of the degree to which a research instrument yields consistent results or data after proper repeated trials. The researcher used parallel forms or equivalent forms method. The two instruments were designed as equivalent to each other as possible. Responses from the instruments administered to the same group and during the same period when compared yielded the same results consistently.

3.6 Data Collection Procedures

The researcher started by acquiring authority to conduct Research from the District Commissioner, Ministry of Education and from National Council of Research and Technology. This was followed by visiting of the study area to meet provincial administration, local leaders, opinion leaders and group leaders. KWFT officials working in the study area were briefed of the intended research. During this period, questionnaires were pretested and ambiguous questions clarified. Any omissions made were inserted and irrelevant questions omitted. Then actual field work was carried out which entailed collecting primary data from the respondents using drop and pick method. Some questionnaires were filled and collected while others were

collected after two days. Responses to questionnaires were recorded objectively and accurately.

3.7 Data Analysis techniques

Raw data collected from the field is usually unorganized; the same needed to be compiled and cleared for potential errors for purpose of checking on completeness, clarity and consistency in answering research questions. The next step involved coding before entering into a computer. Descriptive statistical analysis of quantitative data was made possible using computer software known as computer package for social science, (SPSS) where measures of central tendencies were used to express averages of responses of independent variables. The researcher made use of percentages and frequencies to report on proportions of independent variables. Qualitative data observed in the field was expressed in write-ups to help enrich the descriptive analysis in the quantitative methods. The study findings were presented using percentages and tables in making interpretations.

3.8 Ethical considerations

A letter of introduction was obtained from the necessary institutions. The letters were presented to all involved in the research study and explained the purpose of the study and sought permission and cooperation where necessary. The researcher gave assurance to the respondents that information sought was for the purpose of research only and will be treated with utmost confidentiality. The participants were notified of their voluntary participation and all their rights even as to the results of the study.

3.9 Operational Definition of Variables

The operational definition of variables is given in Table 3.2. It includes the research objectives, variables and the indicators and how they will be measured. Presented in this section also is the scales of measuring the different indicators and data analysis techniques.

TABLE 3.2 Operational Definition of Variables of the Study

Objectives	Variab les	Indicators	Measure(s)	Data Collection	Measure ment Scale	Tools Analysis
Economic empowerment of women	Dependent	Higher income Rise in standard of living	Loan use taken by Woman Control over business Acquisition of Assets Education for children	Questionnaire Questionnaire Questionnaire Questionnaire	Ordinal Ordinal	Frequencies Median and percentages
To assess the influence of access to credit on the economic empowerment of women in Nakuru Town	Independent	Questionnaire Questionnaire	Nominal	Means and Percentages	Nominal Nominal Nominal Nominal	Frequencies and Percentages
To assess the influence of credit policy on the economic empowerment of women in Nakuru town	Independent	Terms and condition of Eligibility	-loan repayment -No. of loan application -No. of defaulters	Questionnaire Document analysis	Ratio Ratio Ratio	Frequencies and Percentages
To determine the influence of financial knowledge on economic empowerment of women in Nakuru Town	Independent	-Business Management	-Book keeping Skills -Efficiency -Effectiveness	Questionnaire Questionnaire	Nominal Ordinal	Means and Percentage
To examine the influence of training on the economic empowerment of women in Nakuru Town	Independent	Financial management Business Training	-Control over Resources -Decision making	Questionnaire	Nominal	Means and Percentages

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1. Introduction

This chapter contains data analysis, presentation and interpretation of research findings. The study intended to assess the influence of microfinance on economic empowerment of women a case of Kenya Women Finance Trust in Nakuru. The chapter discusses the results of the study under the following headings: questionnaire return rate, description of the study subjects, influence of access to loan on economic empowerment of women, influence of credit policy on economic empowerment of women, influence of financial knowledge on economic empowerment of women and influence of training in finance on economic empowerment of women.

4.2. Questionnaire return rate

The questionnaire return rate was 100%, as 338 questionnaires were used. This was possible since the questionnaires were administered by trained research assistants who administered questionnaires, waited for the respondent to complete and collect immediately. In cases where the questionnaires were left behind, they were collected the following day. This ensured that the sample size remained as designed thus ensuring representativeness of the target population.

4.3. Demographic Characteristics of the Respondents

The study sought to explain the significance of demographic characteristics of the respondents and the impact they had on the bearing of the study. These were marital status, age, household size, and the level of education. These attributes provided information that was valid, reliable and relevant to the study. The results showed that majority of the active women were between 36 and 45 years. This therefore implied that they were suitable in obtaining credit and to undertake serious activities for their livelihoods.

4.3.1 Distribution of the respondents by Marital Status

The respondents who were women registered to KWFT in Nakuru Town were asked to state their marital status. The responses are as shown in Table 4.1

Table 4.1 Marital Status of the Respondent

Marital status	Frequency	Percentage
Married	191	56.5
Single	120	35.5
Divorced/Separated	21	6.2
Widowed	6	1.8
Total	338	100.0

The findings indicated that 191 respondents (56.5%) were married, 120 respondents (35.5%) were singles, and 21 respondents (6.2%) were either divorced or separated while 6 respondents (1.8%) were widowed. Marital status has an influence on credit control and use, decision making on loan application and use. The aspect of women empowerment is best captured in the marriage scenario especially in decision making in the use and control of credit by the woman who access it. Women are subordinated and may be used as conduit in accessing credit by their husbands. This scenario gives a picture of female headed house holds and implication on decision making. (See also table 4.21)

4.3.2 Distribution of the respondents by age

The respondents were asked to indicate their ages from among choices of age classes given. The use of these classes minimized the number of individual responses and allowed easy classification and analysis of the information. The respondent's responses are shown in Table 4.2

Table 4.2 Respondents age

Age of respondent	Frequency	Percentage
16-25	55	16.3
26-35	65	19.2
36-45	191	56.5
46-55	21	1.8
Over 55	6	6.2
Total	338	100

The findings show that 191 respondents (56.5%) were in age bracket of 36-45 years and 65 respondents (19.2%) were in 26-35 years. Therefore, the research findings show that majority of the respondents 191(56.5%) were in age bracket of 36-45 years. This indicates that majority of the respondents are in their middle age and therefore suitable in obtaining credit to undertake activities for their livelihoods. This age bracket has a category of women who mostly are burdened with many responsibilities in the household; education of children, health related needs, asset acquisition. This is an age bracket of mature women who are serious in their livelihoods and will require finances to supplement their unlimited needs.

4.3.3 Household size of respondent

The respondents were asked to indicate their household size. Table 4.3 shows the distribution of the respondents by household size.

Table 4.3 Household size of the respondent

Households size (persons)	Frequency	Percentage
1	3	0.9
2	8	2.4
3-5	207	61.3
6-8	105	30.7
9-11	9	2.8
over 11	6	1.9
Total	338	100.0

The results indicated that 207 households (61.3%) had 3-5 persons while 105 households (30.7%) had 6-8 persons. Therefore, 312 households (92%) had 3-8 persons. This implied that the household size was a factor influencing application of loan due to increased responsibilities and needs.

4.3.4 Distribution of Respondents by Level of Education

The respondents were asked to indicate their levels of education achieved. The study sought to establish the level of formal schooling completed by the respondent at the time of the study. The respondents were asked to indicate their highest level of education and Table 4.4 shows the results.

Table 4.4 Respondents level of education

Level of education	Frequency	Percentage
Primary	10	3
Secondary	229	67.7
College	81	24
University	18	5.3
Total	338	100.0

The findings indicated that 229 respondents (67.7%) have attained secondary level of education while 81 respondents (24%) had attained college level of education.

The high level of education enabled the KWFT clients to have financial control and management ability in their business ventures. This also enabled them to fill questionnaires with ease. This also was very important in making easier for the women to understand and adapt fast to the training programs offered by KWFT.

4.4. Influence of access to loan on economic empowerment of women

One of the initial aims of this research report was to assess whether access to credit was effective in influencing the economic empowerment of women. Under this several things were tested to ascertain the awareness of respondents to credit facilities and the products. The needs analysis and sources of income influences the access and frequency of credit which will lead to the economic empowerment of women when their needs are met and accomplished adequately. The areas tested were on the respondents' awareness of credit facilities and the mode of introduction, what their sources of income were and what needs would propel them access credit and the frequency.

The study established that majority of the respondents were fully aware of the products offered and were introduced by KWFT staff through their recruitment programmes. The study established that the institution had aggressively marketed their products and offered a variety to meet the respondents' identified needs. The

study showed that 92.3% of the respondents have their needs as capital for starting up business enterprises which account for 64.5% of investment in business as compared to 21.6% of farm produce and 13.9% to supplement the salary.

4.4.1 Whether respondents were aware of KWFT products

The respondents were asked to indicate whether they were aware of KWFT products. Table 4.5 shows the results.

Table 4.5 Awareness of KWFT products

Whether aware of KWFT products	Frequency	Percentage
Yes	338	100
No	0	0
Total	338	100

The study indicated that all 338 respondents (100%) were aware of the KWFT products. This is because the study focused on respondents who had been introduced to KWFT products by KWFT employees through their recruitment programme.

The respondents were further asked to state whether they were introduced by KWFT staff or own volition. Results are shown on Table 4.6

Table 4.6 whether the respondents were introduced by KWFT staff or own volition

Introduced to KWFT products by	Frequency	Percentage
KWFT staff	318	94.1
Own volition	20	5.9
Total	338	100

The findings indicated that 318 respondents (94.1%) were introduced into the KWFT by a staff member of the organization while 20 respondents (5.9%) joined KWFT by their own volition. This indicated that there was a very positive response and greater demand for access to credit facilities.

4.4.2. Sources of Income

The respondents were asked to state their sources of income. Table 4.7 shows the various sources of income.

Table 4.7 Sources of income

Source of income	Frequency	Percentage
Business	218	64.5
Farm produce	73	21.6
Salary	47	13.9
Total	338	100

The results showed that 218 respondents (64.5 %) indicated business as their source of income, 73 respondents (21.6%) indicated farm produce as their source of income while 47 respondents (13.9%) indicated salary as their source of income. This implied that access to credit resulted in women starting up business enterprises and expansion. This was important in ensuring that women have the capacity to increase their own self reliance and internal change that is, the right to determine choices in life and to

influence the direction of change through the ability to gain control over material and non material resources.

4.4.3 Reasons for applying for a loan

The respondents were asked to state the reasons for applying for loan. Table 4.8 show the responses

Table 4.8 Reasons for applying for a loan

Reason for a loan	Frequency	Percentage
Capital for business	312	92.3
Household needs	5	1.6
Education for children	11	3.2
Health related expenses	10	2.9
Total	338	100

The findings indicated that 312 respondents (92.9%) borrowed loan for Business Capital, 5 respondents (1.6%) borrowed loan for household needs, 11 respondents (3.2%) for educating their children and 10 respondents (3.2%) for health related expenses. Therefore majority started or expanded their businesses after receiving the loan. Access to credit was imperative in meeting the analyzed needs of the respondents adequately to ensure loyalty, frequency of consuming the services and attracting more clients through referrals.

4.4.3 Application for top up loans

The respondents were asked whether they had ever applied for loan while servicing another. Their responses are in Table 4.9.

Table 4.9 Application for top up loan

Top up loan	Frequency	Percentage
Yes	66	19.5
No	272	80.5
Total	338	100

The findings indicated that majority of the respondents 272 respondents (80.5%) serviced their loans up to the end before applying for another which also indicates that the respondents were not willing to over burden themselves with top ups. This was because over indebtedness is a key cause for defaulting on loans.

Table 4.5 on the other hand shows that 84.9% of the respondent have applied loan with success while 15.15 of the respondents have applied at least once without success.

4.5. Influence of Credit Policy on economic empowerment of women

The research embarked on determining the extent to which credit policy influenced economic empowerment of women. Several questions related to this variable were therefore raised. These were the suitability of the terms and conditions of repayment and the frequency in which the services were applied for with and without success.

The study established that majority of the respondents were comfortable and willing to abide by the rules and regulations established by the institution. This was a positive indicator that the terms were favorable to both parties and majority did not strain so much in accessing credit 84.9% applied for loan with success. This was a positive move towards attracting many clients to access loan products to meet their demands or needs as shown on Table 4.12

4.5.1 Whether comfortable with loan repayment terms and conditions

The respondents were asked to state whether they were comfortable with terms and conditions of loan repayment. The responses are in Table 4.10.

Table 4.10 whether comfortable with loan repayment terms and conditions

Comfortable with loan payment	Frequency	Percentage
Yes	321	95.0
No	17	5.0
Total	338	100.0

The findings showed that 321 respondents (95.0%) of the respondents were comfortable with terms and condition of loan repayment outlined by KWFT. This is an indicator that KWFT has made its products appealing to its clients while at the same time safeguarding the institutional requirements in loan repayment procedures. This is an indicator that majority of the women respect and will abide to the repayment policy regulation in controlling or guiding their payment efforts.

4.5.2 Number of times the respondents applied for loan

The respondents were asked to state the number of times they applied for loan with success. The responses are in Table 4.11

Table 4.11 Number of times they applied for loan with success

Number of times	Frequency	Percentage
0	1	0.3
1	31	9.2
2	179	53.0
3	96	28.3
4	27	8.0
5	3	0.9
6	1	0.3
Total	338	100

The findings indicate that 179 respondents (53.0%) applied for loan twice with success, 96 respondents (28.4%) had applied for loan three times with success. Only one person had applied six times with success. This implies that the confidence in loan application increased with time thus strengthening membership. Responses of those who applied for loan without success are shown on Table 4.12.

Table 4.12 Shows those who applied for loan without success

Number of applications	Frequency	Percentage
0	287	84.9
1	39	11.5
2	12	3.6
Total	338	100

The findings indicated that 287 respondents (84.9%) applied for loan with success while 51 respondents (15.1%) applied for loan at least once without success. Those who did not succeed in loan application were due to failure to follow loan terms and conditions.

4.6 Influence of financial knowledge on economic empowerment of women

The study sought to establish the influence financial knowledge had on the economic empowerment of women. Knowledge of accounting was not restricted to book keeping, it referred to women's general ability of doing calculations necessary to determine the profitability of business ventures and timings in making profit moves. Questions were asked to find out on who controls or makes decision in regard to loan use and proceeds from the business. The study showed that majority of the respondents 78.7% make decision on the credit received independent from the husband. The respondents were asked to indicate whether they had financial knowledge. Table 4.13 shows the results.

Table 4.13 Financial knowledge

Financial knowledge	Frequency	Percentage
Yes	310	92
No	28	8.0
Total	338	100.0

The findings indicated that 310 respondents (92%) had financial knowledge while 28 respondents did not have financial knowledge. The financial knowledge was acquired from KWFT trainings. Those who did not have financial knowledge were most often absent from the trainings.

The respondents were further asked to state a bout who decides how credit received is used. Table 4.14 show the results

Table 4.14 Decision on how received credit is used

Makes decision on loan use	Frequency	Percentage
Husband	6	1.8
Self	266	78.7
Both	66	19.5
TOTAL	338	100.0

The findings indicated that majority of the respondents 266 (78.7%) make decisions on how the received credit or loan is used,66 respondents said both the wife and husband decides on how the loan is used while 6 respondents (1.8%) wait for husbands to decide. This implied that majority of women were empowered and responsible of their own decisions to loan use.

The respondents were further asked about who decides on how the business proceeds are used. Table 4.15 shows the results.

Table 4.15 Decision on how business benefits are used

Makes decision on business benefits are used	Frequency	Percentage
Husband	14	4.1
Self	229	67.8
Both	95	28.1
TOTAL	338	100.0

The findings indicated that majority of respondents 229 (67.8%) make decision on how business benefits are used,95 respondents(28.1%) involved both partners while 14 respondents (4.1%) leave decision making on how to use the business benefits solely to husbands. This implied that majority of women were empowered and responsible of their own decisions to use of proceeds from business.

The respondents were asked whether they own property or not. Their responses are shown on table 4.16.

Table 4.16 Ownership of property

Own property	Frequency	Percentage
Yes	191	56.5
No	147	43.5
TOTAL	338	100.0

The findings indicated that 191 respondents (56.5%) own property. This property ownership was as a result of access to credit.

4.7. Influence of Training in finance on economic empowerment of women

The final objective delved on establishing the influence of Training in finance on the economic empowerment of women. Training of women was important in capacity building and offering a platform which women can use in addressing the problems affecting them and finding amicable solutions. Women when given the ability to emancipate themselves from the problems affecting them, boost their confidence levels in utilizing the skills also for economic development. The respondents were asked questions that related to the variable as such, what training they have been offered what training they need in transforming them and any improvement noted after training. The responses are shown on Table 4.17

Table 4.17 Training to Respondents

Training	Frequency	Percentage (Yes)	Frequency	Percentage (No)	Frequency	% Non Response
Loan Use	124	36.7	202	60.0	12	3.3
Loan Repayment	98	29.0	225	66.7	15	3.3
Business Management	150	44.4	178	52.3	10	3.3
Financial Control	43	12.7	284	84.0	11	3.3
Credit Access	50	14.7	277	82.0	11	3.3

The findings indicated that majority of respondents 44.4% had received training on Business management while on 12.7 % of the respondents had received financial control training. Financial control training had the least number of those trained which is 12.7%. Trainings offered by KWFT improved the respondent's business performance.

The respondents were further asked of trainings which would transform them. Their responses are in Table 4.18

Table 4.18 Training that transforms you

Training	Frequency	Percentage
Business Management	121	35.8
Saving	88	26
Financial Control	40	11.8
Loan Use	30	8.9
Loan repayment	21	6.2
No Response	20	5.9
Credit Access	18	5.3
Total	338	100.0

The findings showed that 121 respondents (35.8%) were transformed by Business management training while only 18% of the respondents said the credit access training transformed them. Training was important in enabling women to manage their own business successfully and profitably.

The respondents were further asked to state whether they needed training on access for funds. Table 4.19 shows their responses

Table 4.19 Need Training on Accessing funds

Need for training on access for funds	Frequency	Percentage
Yes	308	91.1
No	27	8.0
No response	3	0.9
Total	338	100.0

The findings revealed that 308 respondents (91.1%) wanted training on accessing funds. This is an indicator of great demand to financial services. It is important for the respondents to be guided on how they would access loan products.

The respondents were further asked whether their business improved as a result of trainings offered. Table 4.20 shows their responses

Table 4.20 Business improvement as a result of trainings offered

Whether business improved	Frequency	Percentage
Yes	328	97.0
No	10	3.0
Total	338	100.0

The findings showed that 328 respondents (97.0%) improved as a result of the trainings offered. Training generally empowered women in improving their business performance and management.

4.5 Women economic empowerment

The women economic empowerment involves decision making, asset ownership and provision of essential needs. The respondents were asked to indicate who makes decision on loan use. Table 4.21 shows who

The respondents were further asked to state about who decides how credit received is used. Table 4.14 show the results

Table 4.21 Financial decision on loan use

Makes decision on financial loan use	Frequency	Percentage
Husband	6	1.8
Self	266	78.7
Both	66	19.5
TOTAL	338	100.0

The findings indicated that majority of the respondents 266 (78.7%) make decisions on financial loan,66 respondents said both the wife and husband decides on financial loan use, while 6 respondents (1.8%) wait for husbands to decide. This implied that majority of the women were responsible for control of their operations.

The respondents were further asked about under whose name the business is registered. Table 4.22 shows the results.

Table 4.22 Registration of business

Name the business is registered	Frequency	Percentage
Husband	100	29.6
Self	202	59.8
Mother	5	1.5
Father	28	8.2
No response	3	0.9
TOTAL	338	100.0

The findings indicated that majority of respondents 202 (59.8%) have their business registered under their name, 100 respondents registered under their husbands, 5 respondents (1.5%) under their mothers name and 28 respondents registered under their fathers name. This implied that access to credit enabled women to own their business and have major control individually besides their husbands or parents.

The respondents were also asked about who run the business on a day to day basis. Their responses are shown in table 4.23

Table 4.23 who run the business

Who runs the business	Frequency	Percentage
Self	245	72.5
Employees	48	14.2
Family member	45	13.3
TOTAL	338	100.0

The findings indicated that majority of respondents 245 (72.5%) run their business, 48 respondents (14.2%) businesses are run by employees and 45 respondents said business is run by a family member. Therefore a large percentage of women make

decisions on how business are run. Women have therefore taken charge of their own affairs and operations of issues affecting their business and lives.

The respondents were further asked to state about who makes decision on loan application. The responses are shown on Table 4.24

Table 4.24 Decision on loan application

Decision on loan application	Frequency	Percentage
Self	92	27.3
Husband	246	72.7
TOTAL	338	100.0

The findings indicated that majority of respondents 246 (72.7%) depend on their husbands when deciding on when to apply for loans. This was a positive indicator that couples needed each other to matters as sensitive as finances due to support and avoid conflict. However, this may delay the implementation of the project most especially if the husband is not positive towards loan application.

CHAPTER FIVE

SUMMARY OF FINDINGS, DISCUSSION, CONCLUSIONS AND RECOMMENDATION

5.1. Introduction

This chapter focuses on the summary of findings of the study which formed the foundation for discussions. The discussions provided a firm basis upon which conclusions and recommendations were advanced to address influence of microfinance on economic empowerment of women in Nakuru Town: a case of Kenya Women Finance Trust. It also includes suggested areas for further research and contributions made to the body of knowledge.

5.2. Summary of findings

The summary of findings is presented based on the four objectives of the Study.

The summary of the findings based on objective one which was influence of access to credit on economic empowerment in Nakuru Town. The study indicated that all 338 respondents (100%) were aware of the KWFT products. This is because the study focused on respondents who had been introduced to KWFT products by KWFT employees. The findings further indicated that 318 respondents (94.1%) were introduced into the KWFT by a staff member of the organization while 20 respondents (5.9%) joined KWFT by their own volition. The results showed that 218 respondents (64.5 %) indicated business as their source of income, 73 respondents (21.6%) indicated farm produce as their source of income while 47 respondents (13.9%) indicated salary as their source of income. The findings also indicated that 312 respondents (92.9%) borrowed loan for Business Capital, 5 respondents (1.6%) borrowed loan for household needs, and 11 respondents (3.2%) for educating their children and 10 respondents (3.2%) for health related expenses. Therefore majority started or expanded their businesses after receiving the loan. The findings indicated that majority of the respondents 272 respondents (80.5%) serviced their loans up to the end before applying for another which also indicates that the respondents were not willing to over burden themselves with top ups.

The summary of the findings based on objective two which was influence of credit policy on economic empowerment in Nakuru Town. The findings showed that 321

respondents (95.0%) of the respondents were comfortable with terms and condition of loan repayment outlined by KWFT. This is an indicator that KWFT has made its products appealing to its clients while at the same time safeguarding the institutional requirements in loan repayment procedures. This is an indicator that majority of the women respect and will abide to the repayment policy regulation in controlling or guiding their payment efforts. The findings also indicated that 179 respondents (53.0%) applied for loan twice with success, 96 respondents (28.4%) had applied for loan three times with success. Only one person had applied six times with success. The findings indicated that 287 respondents (84.9%) applied for loan with success while 51 respondents (15.1%) applied for loan at least once without success. Those who did not succeed in loan application were due to failure to follow loan terms and conditions.

The summary of the findings based on objective three which was influence of access to financial knowledge economic empowerment in Nakuru Town. The respondents were asked to indicate whether they had financial knowledge. The findings indicated that 310 respondents (92%) had financial knowledge while 28 respondents did not have financial knowledge. The financial knowledge was acquired from KWFT trainings. Those who did not have financial knowledge were most often absent from the trainings. The findings indicated that majority of the respondents 266 (78.7%) make decisions on how the received credit or loan is used, 66 respondents said both the wife and husband decides on how the loan is used while 6 respondents (1.8%) wait for husbands to decide. The findings indicated that majority of respondents 229 (67.8%) make decision on how business benefits are used, 95 respondents (28.1%) involved both partners while 14 respondents (4.1%) leave decision making on how to use the business benefits solely to husbands. The findings indicated that 191 respondents (56.5%) own property. This property ownership give them direct access and control of these property.

The summary of the findings based on objective four which was influence of training in finance on economic empowerment in Nakuru Town. The findings indicated that majority of respondents 44.4% had received training on Business management while on 12.7 % of the respondents had received financial control training. Financial control training had the least number of those trained which is 12.7%. Trainings offered by KWFT improved the respondent's business performance. The findings showed that

121 respondents (35.8%) were transformed by Business management training while only 18% of the respondents said the credit access training transformed them. Further, the results revealed that 308 respondents (91.1%) would like training on accessing funds. It is important for the respondents to be guided on how they would access loan products. The findings showed that 328 respondents (97.0%) improved as a result of the trainings offered. Training generally empowered women in improving their business performance and management.

5.3 Discussion of the findings

This section is a discussion of the research findings in line with the research objectives as follows; influence of access to credit on the economic empowerment, influence on credit policy on the economic empowerment, influence of financial knowledge on the economic empowerment and influence of training in finance on the economic empowerment of women.

5.3.1. Influence of access to credit on the economic empowerment of women

Access to credit has a positive influence on the economic empowerment of women in the study area. The study indicated that all 338 respondents (100%) were aware of the KWFT products. The findings further indicated that 318 respondents (94.1%) were introduced into the KWFT by a staff member of the organization while 20 respondents (5.9%) joined KWFT by their own volition. This agrees with Rehman and Khan (2007) who stated that Microfinance services lead to women empowerment by influencing their decision making power at household level and their overall socioeconomic status. This collaborates with the study by Hashemi *et al.* (1996) who narrated that microfinance has positive effect on empowerment even controlling for women's independent contributions to household income.

The results showed that 218 respondents (64.5 %) indicated business as their source of income, 73 respondents (21.6%) indicated farm produce as their source of income while 47 respondents (13.9%) indicated salary as their source of income. The findings also indicated that 312 respondents (92.9%) borrowed loan for Business Capital, 5 respondents (1.6%) borrowed loan for household needs, and 11 respondents (3.2%) for educating their children and 10 respondents (3.2%) for health related expenses. Therefore, majority of respondents started or expanded their businesses after receiving the loan. It is therefore imperative to provide business capital through

microfinance and other institutions to enable women have business as their source of income. This agrees Hashemi *et al.* (1996) who narrated that microfinance has positive effect on empowerment even controlling for women's independent contributions to household income. The findings indicated that majority of the respondents 272 respondents (80.5%) serviced their loans up to the end before applying for another which also indicates that the respondents were not willing to over burden themselves with top ups. Microfinance services therefore lead to women empowerment by influencing their decision making power at household level and their overall socioeconomic status. This is a clear indication that access to loan enabled the women to open up businesses.

5.3.2. The influence of credit policy on the economic empowerment of women

Microfinance credit policy has a positive influence on economic empowerment of women in Nakuru Town. The findings showed that 321 respondents (95.0%) of the respondents were comfortable with terms and condition of loan repayment outlined by KWFT. This is an indicator that KWFT has made its products appealing to its clients while at the same time safeguarding the institutional requirements in loan repayment procedures. This is an indicator that majority of the women respect and will abide to the repayment policy regulation in controlling or guiding their payment efforts. This is supported by Otero, (1999) who reported that the aim of microfinance is not just about providing capital to the poor to combat poverty on an individual level, it also has a role at an institutional level. He further said that by addressing this gap in the market in a financially sustainable manner, an MFI can become part of the formal financial system of a country and so can access capital markets to fund their lending portfolios, allowing them to dramatically increase the number of poor people they can reach.

The findings also indicated that 179 respondents (53.0%) applied for loan twice with success, 96 respondents (28.4%) had applied for loan three times with success. Only one person had applied six times with success. This contributed greatly to poverty alleviation among households in the study area. This agrees with Singh (2005) who said that Micro-finance interventions are well-recognized world over as an effective tool for poverty alleviation and improving socioeconomic status of rural poor.

5.3.3. The influence of financial knowledge on the economic empowerment of women

Financial knowledge has a positive influence on economic empowerment of women in Nakuru Town. The findings indicated that 310 respondents (92%) had financial knowledge while 28 respondents did not have financial knowledge. The financial knowledge was acquired from KWFT trainings. Those who did not have financial knowledge were most often absent from the trainings. Education in its true sense brings some level of empowerment and once a woman is empowered it will subsequently lead to a reduction in poverty in various societies, education helps women to contribute meaningfully to development through participation in decision making which has been perceived to be the prerogative of men. This agrees with Meyer (1992), who reported that many societies in Africa, which Kenya is no exception; women are not fully integrated into the socio-economic development process (Meyer, 1992)

The findings indicated that majority of the respondents 266 (78.7%) make decisions on how the received credit or loan is used, 66 respondents said both the wife and husband decides on how the loan is used while 6 respondents (1.8%) wait for husbands to decide. The findings indicated that majority of respondents 229 (67.8%) make decision on how business benefits are used, 95 respondents (28.1%) involved both partners while 14 respondents (4.1%) leave decision making on how to use the business benefits solely to husbands. The findings indicated that 191 respondents (56.5%) own property. This property ownership give them direct access and control of these property. This collaborates with a report by Government of Kenya (2003) which indicated that women constitute 51% of the total population and they play very crucial roles as active contributors in the development of the economy but their contribution has been time and again limited by factors such as limited accessibility to financial services and property ownership. Oriri (2009) stated that women play crucial roles in the development of the informal sector in trade and industry. It is therefore imperative that women have financial knowledge.

Education, in its true sense brings some level of empowerment and once a woman is empowered it will subsequently lead to a reduction in poverty in various societies. Education helps women to contribute meaningfully to development through

participation in decision making which has been perceived to be the prerogative of men.

5.3.4. The influence of training in finance on the economic empowerment of women

Training influences economic empowerment of women in Nakuru Town. The findings indicated that majority of respondents 44.4% had received training on Business management while on 12.7 % of the respondents had received financial control training. Financial control training had the least number of those trained which is 12.7%. Trainings offered by KWFT improved the respondent's business performance. KWFT offered training to its members. This empowers women whose role in world economy is undisputed. When women are trained they contribute more to the economy. This agrees with World Bank report of 2001 which observed that women already contributed to the economy and to the family than is generally reflected in official labour statistics.

The findings further showed that 121 respondents (35.8%) were transformed by Business management training while only 18% of the respondents said that the credit access training did not transform them. The results also revealed that 308 respondents (91.1%) would like training on accessing funds. It is important for the respondents to be guided on how they would access loan products. The findings showed that 328 respondents (97.0%) improved as a result of the trainings offered. Training generally empowered women in improving their business performance and management. The respondents should be trained on business related courses in order for them to sharpen their business management abilities.

5.4 Conclusion of the study

The study investigated the influence of Microfinance on the economic empowerment of women in Nakuru Town. Based on the findings the following conclusions can be made: Based on objective one, the conclusion is that access to credit increased women's participation in economic activities, increased income levels from expanded business enterprises, enabled them to buy and own property and assets thus improving their general status.

Based on objective two, the conclusion is that credit policy is a necessary requirement for setting guidelines that will assist in disciplining women on the loan repayment.

Research findings indicated that women are very good in loan repayment and any money loaned to them is properly utilized and rebounds back to the improvement of children's education, nutrition, welfare and health and generally contribute to the Nation's economy through the various economic activities they engage in earning a living.

Based on objective three, the conclusion is that financial knowledge and education of women is an important requirement in determining the success of the business venture and management. It assists also in determining the size of the family, health matters of the house hold, offering confidence on women and the bargaining power and mobility which comes with increased household revenue.

Based on objective four, the conclusion is that training is the bottom line necessity that empowers and gives confidence that is necessary in a life time utilization of resources and capacity to make sound credit management decisions, profitable investment options and offering skills that result in progressive improvement of society. Training creates awareness on the issues that affect women and prepares or equips them on how to tackle and sustainably maintain a balancing act that meets their needs.

5.5 Recommendations

The findings of this study, makes it necessary for the following recommendations:

Majority of the women accessing credit, use it for business capital and expansion of business ventures. This indicates a creation of job opportunities and employment. This will bridge the gap of employment and create sustainable revenue if properly managed and neutralize the patriarchal social norms of women taking care of children, rearing and giving birth and engaging in household chores, while men become bread winners. The government must give level playing ground while inducing incentives that will nurture MFIs in bridging the gap left by formal lending institutions.

The government of Kenya's efforts in gender mainstreaming and being a signatory of the MDGs in alleviating gender inequality and forging equity can be enhanced through MFIs activities in Kenya. MFIs take care of the unbankable and are a powerful tool that alleviates poverty and can be used in the vision 2030 strategic blue print in economic recovery and creation of job opportunities.

KWFT and various MFIs need to build a comprehensive training programme which will create on general perspective gender awareness in terms of domestic awareness, reproductive health, legal awareness, family relationships and gender relations so as to empower women holistically.

5.5 Suggestions for further research

1. This study is limited to the economic empowerment of women. More studies can be carried out to establish the influence of MFIs on other kinds of empowerment such as the political domain, the spiritual or cultural aspects.
2. This study is limited to women empowerment while the society needs to be approached from gender mainstreaming in empowering both men and women. It will be necessary therefore for a study to be carried out in regard to men empowerment and MFIs.
3. The country has a challenge in increased number of youth unemployment. Further studies can be carried out in establishing the influence of MFIs on youth empowerment.

5.6 Contribution to the body of knowledge

	Objective	Contribution to the body of knowledge
1	To assess the influence of access to credit on the economic empowerment of women	The study found from all women who accessed credit that 92.9% of members who borrowed loan for business capital and development as compared to 16% who borrowed loan for house hold needs while 32% borrowed for their children' education and improvement. The results showed that 92.3% of the women have business as their main source of income. This is a clear indication that access to loan enabled the women to open up businesses.
2	To assess the influence of credit policy on the economic empowerment of women	The research results found that over 95.0% of the women were comfortable with the terms and conditions of loan repayment as outlined by KWFT. This means that KWFT has seen the need to make their product more attractive to target client so as to meet the institutional objectives. Findings shows that almost all the sampled respondents have made an attempt to procure the loan facility from the organization. MFIs need to do more to endure the customer to their products.
3	To determine the influence of financial knowledge on the economic empowerment of women	The research shows that women are taking charge of their financial decision as 88.9% of the respondents who make their decision regarding loan

application also make their own Financial Decisions on Loan use. 73.4% of those who make financial decisions on loan use make their own decision regarding loan application. Education helps women to contribute meaningfully to development through participation in decision making which has been perceived to be the prerogative of men.

4 To examine the influence of training in finance on the economic empowerment of women

The results revealed that 93.9% of the respondent stated that training offered by KWFT improved their business performance. The success to managing the business enterprise could be attributed by the fact that 83.4% of the women have attended post-secondary education. This can be seen in Table 5.3 this is a pointer that high-level of education among women creates confidence and impact knowledge that enable most women to manage their financial aspects.

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APPENDICES

APPENDIX 1: Letter of Transmittal

REPUBLIC OF KENYA



NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY

Telephone: 254-020-2213471, 2241349, 254-020-2673550
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NAIROBI-KENYA
Website: www.ncst.go.ke

Our Ref: **NCST/RCD/14/013/1149**

Date: **26th June 2013**

Titus Mbugua Kimanjara
University of Nairobi
P.O Box 1120
Nakuru.

RE: RESEARCH AUTHORIZATION

Following your application dated **21st June, 2013** for authority to carry out research on "*Influence of microfinance on economic empowerment of Women in Nakuru, Kenya: A case study of Kenya Women Finance Trust.*" I am pleased to inform you that you have been authorized to undertake research in **Nakuru District** for a period ending **31st August, 2013**.

You are advised to report to **the Regional Manager, Kenya Women Finance Trust, Nakuru Branch** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.

DR. M. K. RUGUTT, PhD, HSC.
DEPUTY COUNCIL SECRETARY

Copy to:

The Managing Director
Kenya Women Finance Trust.

"The National Council for Science and Technology is Committed to the Promotion of Science and Technology for National Development".

APPENDIX 2: Questionnaire for Individual entrepreneurs

Instructions: Tick where applicable and briefly fill in information where applicable.

This research questionnaire seeks information on the influence of Microfinance on the economic empowerment of women in Nakuru Municipality. All information given will be treated with utmost confidentiality.

1. Name of the respondent (optional)

2. Please indicate your age from the choices

16-25 years 26-35 years 36-45 years 46-55 years over 55 years

3. What is your marital status?

Married Single Other

4. Who is the head of your house hold?

5. What is the size of your household.....

6. What is your level of education?

Primary Secondary College University

ACCESS TO LOAN

7. Are you aware of KWFT products? YES NO

8. Were you introduced by KWFT staff or own volition?
.....

9. What are your sources of income?

(a) Business (). (b) Farm produce (). (c) Salary ()

10. What reasons make you apply for loan?

(a) Capital for business.....

(b) House hold needs

(c) Education of children

(d) Health related expenses

11. Have you ever applied for loan while servicing another?

CREDIT POLICY

12. Are you comfortable with terms and condition of repayment? YES NO

13. How many times have you applied for loan?

(a). With success

(b). without success.....

FINANCIAL KNOWLEDGE

14. Do you have any financial knowledge? YES NO

15. Who decides or controls how credit received is used? (x) Self ().(y) Husband ().(z) Both()

16. Who decides how benefits from business proceeds are used? (x) Self (). (y) Husband ()

(z) Both ()

17. Do you own any property?

TRAINING

18. What type of training has KWFT offered you?

(a) Loan use ().(b) Loan repayment () . (c) Business Management () . (d) Financial

Control () .(e) Access to credit () .(f) Saving ()

19. What kind of training offered do you think will transform you?
.....

20. Do you need training on accessing for funds? YES NO

21. Has your business improved as a result of training offered? YES NO

WOMEN ECONOMIC EMPOWERMENT

22. Who makes financial decision on loan use? (x) Self (). (y) Husband (). (z) Both ()

(a). Under whose name is the business registered? (x) Husband (). (y) Self (). (z) Parents ()

(b). who runs the business on a day to day basis? (e) Self ().(f) Employees ().(g)
Family

Members(). (h) Husband ()

(c).Who makes major decision regarding to application of loan? (x) Self (). (y)
Husband ()

Thank you for responding to the questions.

APPENDIX: 3 Table for Determining Sample Size from a Given Population

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note: “N” is population size

“S” is sample size.

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