FACTORS INHIBITING ACCESS TO MICRO FINANCE BY RURAL WOMEN GROUPS IN KIMININI CONSTITUENCY, TRANS NZOIA COUNTY, KENYA

BY

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DECLARATION

This research report is my original work and has not been submitted for examination in any other institution of higher learning.

Sign ....DChesang.......................... Date ....6/8/2012..................................

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This research report has been submitted for examination to the School of Continuing and Distance Education with my approval as university supervisor.

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DEDICATION

To Mr. Boniface Koimbori, for believing in me.

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ABREVIATIONS AND ACRONYMS

AMFI	Association of Micro Finance Institutions
BIMAS	Business Initiative and Management Assistance
CARE	Cooperative for Assistance and Relief Everywhere
CBK	Central Bank of Kenya
CGAP's	Centre of Guidelines for Best Practice
DFRD	District Focus for Rural Development
DWDS	District Women's Development Sub-committee
ECLOF	Ecumenical Loans Fund
GOK	Government of Kenya
KADET	Kenya Agency for Development and Technology
KCB	Kenya Commercial Bank
KPDL	Kenya Postel Directories Limited
KREP	Kenya Rural Enterprise Fund
KSTES	Kenya Small Traders and Enterprise Society
KWFT	Kenya Women Finance Trust Fund
M&E	Monitoring and Evaluation
MFIs	Micro Finance Institutions
MPA	Micro finance Partners of Africa
NASWEK	National Association of Self Employed Women of Kenya
NCCK	National Council of Churches of Kenya
NGOs	Non-Governmental Organizations
SMEP	Small and Medium Enterprise Program
SMEs	Small and Medium Scale Enterprises

UN	United Nations
UNESCO	United Nations Economic Social and Cultural Organization
UWSCCS	United Women's Savings and Credit Cooperative Society
WEDCO	Women's Development Cooperative
WEF	Women's Enterprise Fund

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ABSTRACT

Micro financing women has been a strategy to improve the livelihoods of women through poverty alleviation, and in the process bridge the gender gap. The inequality between men and women has been manifested in many ways the world over where it has been difficult for women to access basic and social needs as compared to men. Women have been under represented in many sectors including employment and access to financial services because of many factors that tend to work against them (Pitt, 1999). The purpose of this research was to identify some of the factors that inhibit rural women groups from accessing micro finance. There were five objectives that guided this research study. These were: to determine whether the cost of credit inhibits access to micro finance by rural women groups; to assess whether awareness of existing micro finance opportunities to women groups inhibit access to micro finance; to assess if entrepreneurial culture and management skills by rural women groups inhibit access to micro finance; to determine if collateral requirements made by MFIs to rural women groups inhibits access to micro finance; and to assess if literacy levels inhibits access to micro finance by rural women groups.Several studies have been carried out by scholars, be it individual or as institutions, and many consistencies and inconsistencies have been reported. The literature section of this study has analyzed available empirical data as concerns the topic and title of this research. The identified variables of the study have been discussed and assessed to validate why this study has to be carried out. Evidently a lot of research on micro finance has indicated how micro finance has succeeded in empowering women, there is very little knowledge indicating the contrary. Researches that relate to the research topic however have been carried out in urban settings. Descriptive survey was the preferred design for this research study. The rationale for choosing this design was because it involved the process of collection data from existing population units with no particular control over factors that may affect the characteristics of interest in the study (Langridge; 2004, Berinsky; 2008).The data was collected with the use of questionnaires that were administered by the researcher and her assistants. This method was preferred for use with this category of participants, because of its advantageous nature of eliciting more discussions with the participants and exploring issues that were not necessarily linked to the study. Furthermore, this method is valuable because the respondents are not limited to giving specific or fixed answers and the interviews will cover a wide range of issues, thus minimizing the possibility of 'missing out' on an important subject during the discussions (Langdrige, 2004). A mixed mode design was adopted to analyze the data. This research design was preferred due to its ability to reduce a lot of data and present them in frequency tables and percentages. The mean was preferred as a measure of central tendency. This is because it takes into account all (each) score in the distribution therefore the effect of very low or very high will reflect in the mean and it is stable. Research findings indicate that, taking all the five factors (cost of credit, awareness, literacy levels, collateral requirements, and entrepreneurial culture and management skills) constant at zero, the livelihoods of the residents will be 2.869. The study recommends that governmental and non-governmental organizations should undertake a range of initiatives to create awareness of opportunities, increase entrepreneurial culture as well as raising literacy levels among women and women groups in Kenya. The research findings were presented in frequency tables and percentages calculated. This analysis allowed distinct comparisons of outcomes and discussions, conclusions and recommendations to be made from the findings. The analysis was done with the use of SPSS.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

It is true that deliberate efforts have been made to improve the livelihoods of women, especially rural women, all over the world. Microfinance emerged in response to meet the needs of the poor since formal financial institutions failed to cater for them. According to Armendariz de Aghion and Morduch (2005) micro finance refers to a collection of banking practices built around providing small loans, typically without collateral and accepting tiny savings deposits.

MFIs targeting women have been set up to offer credit facilities to jumpstart or propel businesses or projects owned by women. It is approximated that women the world over make up 74% of the world's poorest people now being served by MFIs (Akinyi, 2009). In 2007, MFIs reached 154.8 million clients, of whom 106.6 million were among the poorest when they took their first loan. Women made up 83.4 per cent of the latter group (Daley-Harris, 2009). Even with such statistics and much effort, rural women groups are disadvantaged and find it hard to access microfinance.

Although micro financing women across the world has been considered successful, there is evidence that commercialization of MFIs has led to declining access to women (Frank, 2008). This conclusion was arrived at after a study was conducted in Asia, the Middle East, Latin America and Africa. An analysis of 27 MFIs was done and such were the results. As a result, there has been raging debate on the future direction of financial services. Micro financing has attracted attention from international investors leading to increased focus on financial sustainability by the micro financing institutions. Policies to ensure this has limited the access to micro finance by the poor which dominantly includes rural women.

Donor funding for micro finance has generally been conditional on compliance with some variant of CGAP's Guidelines for Best Practice aiming at financial sustainability. Although gender equality and women's empowerment can significantly contribute to financial sustainability, gender impact has not been a consideration in choosing between the different policy options for financial sustainability. Worryingly also, funding for programs which place prime emphasis on women's empowerment continues to decrease.

Women have made a lot of effort to achieve financial dependence. However, unlike the male counterparts they face some constraints like limits on mobility, lack of collateral and limited financial skills. They are more disadvantaged than men in initiating enterprises as they may be less able to afford long and expensive registration procedures (UN, 2009).

The world's rural labour force is dominated by women with statistics indicating that they constitute approximately half of it. They are economically active in all sub-sectors of rural economy. National agricultural output and food security is achieved due to the immense participation of rural women. Detailed studies from Latin America, South Asia, and Sub-Saharan Africa have indicated that rural women are more likely to be credit constrained than men of the same socio-economic status. It is strongly believed that with more access to micro finance their economic status will be better (Fletschner, 2009).

Many MFIs have been set up in Africa to cater for rural women groups. Donor funding has been forthcoming for many years in the continent. Institutions such as Micro financing Partners of Africa (MPA) have been very instrumental in empowering rural women groups in the continent. According to Microfinance Information Exchange Inc there were a total of 508 MFIs across Africa with 12 0f them located in Kenya which has 1,149,059 borrowers. Among them we have KWFT and Faulu Kenya which were set up purposely for micro financing (Wangui, 2008).

Africa has been left behind technologically, socially and economically. Literacy levels are low especially in rural areas. Poverty abounds and accessing various social amenities like micro financing can be a major challenge. Micro financing, though a very noble idea, has locked out a number of rural women due to some constraints facing them (Nekesa Makokha 2008).

1.2 Statement of the Problem

A survey of 3000 MFIs conducted by the World Bank found out that by the end of 2006, about 133 million people had received tiny loans from MFIs worldwide, up from 13 million in 1997. Many of the clients were women earning less than a dollar a day (World Bank, 2007). The study further noted that less than half of the households in developing countries had access to financial services, compared to over 70% in the developed world. Moreover, even in relatively successful countries such as Ghana and Tanzania, only about 6% of the population had access to banking services, while in Benin, only 35 bank branches were serving a population of approximately seven million. At the household level, the study found that 193.6 million families classified as poor worldwide, only 47.8% were within reach of MFIs (World Bank, 2007).

In the Sub-Saharan Africa and the Middle East, with an approximately 60.4 million poor households only 11.4% had access to micro finance services (World Bank, 2007). In Asia the study revealed that about 68% of the regions 123 million poor households had access to micro finance services. Nevertheless, the study noted that most micro finance services in developing countries were generally poor and micro credits acquired did not create much change in their lives. Most of them continued to live below the poverty level and were termed the "richest of the poor" (World Bank, 2007).

Accessing credit is a major constraint on women's ability to earn income. As far as credit facility is concerned, for a long time, the trend has been that of MFIs extending small and soft loans to women and women groups to help them get out of poverty and to support their small enterprises (Ndegwa 2008).

Women form the backbone of many countries' economy and development. Therefore, empowering them boosts both gender equality and the wealth of nations. It has been emphasized that access to micro finance by the low income clients can help improve the clients' situation. As a result, economic empowerment of women has been tied to availability and better access to micro finance, despite this not being the automatic outcome(UN, 2009).

In light of the above, it is evident that not all women have benefited from micro finance opportunities.Many are still grappling in poverty. Opportunities for micro finance for women are many but unfortunately rural women are yet to reap the benefits. For instance, Gender and Children Affairs Ministry of Kenya back in 2011 returned to the treasury Kshs680 million of the 1 billion shillings set aside in the previous year's budget for the women enterprise fund, as many women did not apply for the loans. Even though there are many opportunities available for rural women to access micro financing from the many MFIs, the uptake has not been impressive especially in rural Kenya(Sagwe et al 2011).

These funds remain unused against a backdrop of a country with a national absolute poverty of 45.9% (World Bank, 2011), high inequality and with a GNI per capita of $380 lower than sub-Saharan average of $842 as reported in the world development indicators 2007. With all these people below the poverty line, why would Kenyan women shy away from such an innovative fund that gives them a hand as they fight the endemic poverty? Hence, this study seeks to examine those factors inhibiting the access to micro finance by rural women groups in a developing country like Kenyawith a focus on Kiminini Constituency, Trans Nzoia County.

1.3 Purpose of the Study

The purpose of this study was to examine the factors that inhibit access to micro finance by rural women groups in Kiminini Constituency, Trans Nzoia County, Kenya.

1.4 Objectives of the Study

The following were the research objectives;

1. To determine whether the cost of credit inhibits access to micro finance by rural women groups.
2. To assess if awareness of existing micro finance opportunities to women groups inhibit access to micro finance.
3. To assess if entrepreneurial culture and management skills by rural women groups inhibit access to micro finance.
4. To determine if collateral requirements made by MFIs to rural women groups inhibits access to micro finance.
5. To assess if literacy levels inhibits access to micro finance by rural women groups.

1.5 Research Questions

The study sought to answer the following questions:

1. How does the cost of credit inhibit access to micro finance by rural women groups?
2. How does awareness of existing micro finance opportunitiesby rural women groups inhibit access to micro finance?
3. How do entrepreneurial culture and management skills by rural women groups inhibit access to micro finance?
4. How do collateral requirements made by MFIs to rural women groups inhibit access to micro finance?
5. How do literacy levels inhibit access to micro finance by rural women groups?

1.6 Significance of the Study

The study is expected to increase the body of knowledge to the microfinance institutions on how best they can impact positively on women in the constituency and in turn raise their living standards whether form an individual household or from an enterprise perspective. The information will be important for MFIs when formulating policies and reviewing the existing ones.

The information yielded therefore by this study may be of great importance to all development actors operating in Kiminini Constituency and focused groups on improving the welfare of women through micro finance services. The information could also be used to inform stakeholders on the need to offer training services and skills in business management skills. It could also serve as an important resource material for micro finance training institutions besides enriching the stock of knowledge available on gender empowerment.

1.7 Basic Assumptions of the Study

The following were the basic assumptions for this study:

1. That women groups found in Kiminini Constituency have been constrained from accessing micro finance from existing MFIs in the region.
2. That the participants chosen for the study will provide the necessary data required to undertake the study.

1.8 Delimitations of the Study

The research focused on women groups in Kiminini Constituency, Trans Nzoia County. The women groups comprised of literate, semi-literate and illiterate members who are active members of the groups. This study was limited to study only the factors that hinder access to micro finance facilities by rural women groups in the proposed Kiminini Constituency. As a result, women groups found in urban centers of the wards of the constituency are excluded. It sought to assess the level of access to micro finance and why many women groups shy away from acquiring micro finance from the already existing MFIs in the region. The area of study covered six wards within the constituency, namely: Kibomet Ward, Sikhendu Ward, Sirende Ward, Waitaluk Ward, and Kiminini Ward. Hospital ward is excluded due to its proximity to Kitale town which is an urban center.

1.9 Limitations of the study

The study faced the following limitations:

1. The cost of conducting the research was high since it included the cost of travelling, printing and distributing questionnaires, and other personal needs of the researcher and the assistants.
2. Time limit. The research was conducted over a short span of time. Working on a well-planned schedule helped the researcher complete the research on time.
3. Illiteracy. This createdproblems for rural women who could not read, write and spokein mother tongue. Through the use of assistants and translators solved this problem.
4. Unwillingness and reluctance of the respondents. Some respondents were unwilling to participate in the research. It took a bit of convincing especially through the use of fellow group members for them to participate.

1.10 Definitions of Significant Terms

Accessing credit: Ability to acquire credit from a financial institution (Ndegwa, 2008).

Chamaas: These are traditional saving groups or merry-go-round groups which are at times referred to as investment clubs. The members of the group make contributions regularly and hand it to one member of the club or alternatively save it for group investment (Kiboro Angelica, 2009).

Collateral requirements: The security that the micro finance institution holds incase a loan borrower defaults from paying back the money. It could be material or immaterial Rogally, 1999).

Cost of credit: The cost incurred while accessing credit from micro finance institutions. It includes interest rate/ cost as well as communication and fee paid to the lending institution (Mutugi 2007).

Entrepreneurial culture and management skills: Entrepreneurial culture is the behavior of being enterprising. It is the culture of investing. Management skills are the skills required in the actual running of day to day activities of a business or an enterprise. It entails carrying out the functions of management that is, planning, organizing, staffing, directing and controlling. It can also be portrayed by basic book keeping ability (Fletchner, 2009).

Level of awareness: The research participants' knowledge of existing micro finance opportunities (Makokha Nekesa, 2008).

Literacy levels: Literacy is the ability to read for knowledge and writecoherently and thinkcritically about the written word. It also includes the basic ability to carry out certain things without difficulty because you have the knowledge and skills (Aleke-Dondo 1999).

Micro finance institutions: These are institutions that offer micro finance services to the poor.

Micro finance: Provision of financial services to the active poor. In most cases there is no collateral requirement. Micro financing was introduced to cater for the needs of the poor who had been excluded form formal financial institutions (AMFI, 2007).

Rural women groups: These are groupings of women for financial purposes. These groups are based in rural areas. They contribute money regularly for the purposes of improving their livelihoods. Sometimes the money is invested in joint or personal businesses/ enterprises (Akinyi, 2009).

1.11 Organization of the Study

Chapter one outlines the background of the study; problem statement and the purpose of the study. It also outlines the objectives that guided the study; research questions; significance of the study; basic assumptions of the study; delimitations of the study; limitations of the study and definition of significant terms.

Chapter two surveys literature review and highlights some of the key factors that inhibit access to micro finance. It contains a general overview of micro finance; micro finance institutions in Kenya; the Grameen lending model; women empowerment through micro finance; review of related literature; awareness of existing micro finance opportunities, literacy levels; cost of obtaining credit; collateral requirements; entrepreneurial culture and management skills; theoretical frameworks underpinning the study; conceptual framework; and a summary of literature review.

Chapter three presents the research methodology. It identifies and provides the rationale for the research design; highlights the target population, sample size and sampling method, methods of data collection and data collection procedure. It also outlines how validity and reliability of the research instruments was achieved; data analysis technique; the ethical considerations adhered to and the operational definition of variables.

Chapter four gives a detailed analysis and interpretation of the data from the field. The responses for the questionnaires have been highlighted and the analysis of each variable presented.

Chapter five gives a summary of the findings, discussions, conclusions and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section of literature review focuses on studies that have been conducted by experts in the area of micro finance programs. The subsections covered include the general overview of micro finance, micro finance institutions in Kenya, the Grameen Lending Model, women empowerment through micro finance, review of related literature, awareness of existing micro finance facilities, literacy levels, cost of obtaining credit, collateral requirements, collateral requirements, entrepreneurial culture and management skills, cultural norms, beliefs and practices, theoretical frameworks, conceptual framework and summary of literature review.

2.2 General Overview of Micro Finance

The origin and development of micro finance can be traced back to the 14^{th} century when Fransiscan monks founded the community-oriented '/pawn shops. It was further boosted when Friedrich Wilhelm Raiffesen founded the credit union movement in the 19^{th} century and when Muhammed Yunus, among others, initiated the micro credit movement in the 1970s. These early initiatives played a crucial role in the design and establishment of pro-poor institutions that brought affordable, accessible and less risky financing opportunities for the poor. Further, the success of the Grameen Bank of Bangladesh has inspired the world to pay more attention to micro financing poor women even though its replication in other parts of the world has not been very successful. In nations where population density is very low, meeting operating costs of a retail branch by serving nearby customers has proven to be quite a challenge. Although progress has been made, the challenges are yet to be overcome. This, therefore, means that majority of the rural poor are yet to access formal financial services (UN, 2009).

There have been great improvements in the micro finance sector over the years. The development of MFIs can be traced back to the late 1970s and early 1980s when organizations registered under the NGO Act were formed. These NGOs were particularly lined towards the provision of financial services to MSEs with development potential that had been constrained by inaccessibility of financial services from formal banking sector (Aleke & Adondo, 1990).

Many MFIs have come to the recognition that the twin goals of micro finance; empowering women and developing poor communities, are closely related. Pitt and Khandker (1998) suggest that micro finance taken by women rather than men of the poor households increased women's non-land assets and children's education. Women's expenditure also doubled than when given to the husband. This could probably be because women are good for micro finance or micro finance is good for women. Women have proved to be excellent micro entrepreneurs, have shown low arrears and have an enviable repayment record (Oikocredit, 2009).

MFIs also view micro financing as a way in which gender inequalities are addressed. MFIs have thus been able to create a financial system where no person is excluded and women's inclusion is increased (Wish, 2006). Generally women have been excluded due to a number of reasons such as; lack of property rights, productive and reproductive demands on women, restrictions due to household and child care responsibilities and lack of mobility (Oikocredit, 2009). Close to 50% of women in Kenya currently have access to credit which is mostly from informal savings and MFIs. This number is still too low which means that there is a reason for this trend.

Although access to financial sector has been improving and has bad tremendous benefits to the savers and investors, less than half households in developing countries have access to financial services as compared to 70% in developed countries (UN; 2009).

2.3 Micro Finance Institutions in Kenya

In Kenya, micro finance has experienced tremendous transformations over the last 20 years. It has grown from a fledgling industry to a sector dominated by a few donor agencies based NGOs to a vibrant sector due to commercialization. MFIs are now recognized as legitimate providers of financial services that are key to unlocking economic growth for entrepreneurs and poor families, especially in rural Kenya. Micro finance has been termed as an innovative and promising initiative to increasing access to financial services to the impoverished and ordinary Kenyans. The Central Bank of Kenya (CBK) anticipates this trend will help expand as MFIs are now licensed to inter-mediate deposits into new financial avenues (CBK Report, 2006).

The enactment of Micro Finance Act in 2006 was a very significant step for the micro finance industry. The Act was introduced to enhance performance of the sector by putting in place the necessary laws and regulatory frameworks for establishment, licensing and supervision of deposit-taking MFIs focused on providing services and products focused on low income earners. The Act envisages two tiers of MFIs; nationwide MFIs whose minimum core capital is prescribed at Kshs. 20 million, and local MFIs (CBK Report, 2006).

The Association of Micro Finance Institutions (AMFI) was formulated and has the following missions:

i.) Develop the micro finance industry and facilitate the development of its member institutions

ii.) Promote micro finance systems and approaches which are to be followed and understood by practitioners, the government and donors.

iii.) Facilitate the institutionalization of micro finance projects and programs

iv.) Provide members with access to information and expertise and increase their knowledge

v.) Provide a forum for the exchange of ideas (KIPPRA Report, 2001).

Currently, over a hundred public organizations and approximately fifty NGOs practice some form of micro finance business in Kenya. Some NGOs practice micro finance as a core business while the rest practice micro finance along other social welfare services. The introduction of Women's Enterprise Fund (WEF) saw the entrance of some commercial banks(e.g Equity Bank of Kenya, Family Bank, KCB etc) as agents of disbursing the fund with an interest of 8%. The money is lent to the banks at a 1% interest. However the money provided by the other government agencies and MFIs attracts no interest.

Institutions which offer micro finance to women in Kenya include; Kenya Women Finance Trust (KWFT), Kenya Rural Enterprise Program (K-REP), United Women's Savings and Credit Co-operative Society (UWSCCS), National Association of Self-Employed Women of Kenya (NASWEK) Faulu Kenya, Pride Limited, WEDCO Limited, Small and Medium Enterprise Program (SMEP), Kenya Small Traders and Entrepreneurs Society (KSTES), Ecumenical Loans Fund (ECLOF) and Vintage Management (Jitegemee Trust) among others (GOK, 2008). The Women's Enterprise Fund (WEF) has also used MFIs in the disbursement of funds indicating their growing significance in improving women's access to credit facilities, for example, K-REP development agency, Jitegemee Credit Scheme, SMEP, Jamii Bora Trust, Bright Enriched Empowerment Program, Umoja Women Entrepreneurship Program among others.

Many MFIs have adopted the Grameen Model of financing poor households and SMEs. The micro finance sector in Kenya has faced many constraints and challenges and of late there has been stiff competition in the sector. The major constraint has been the lack of legislation and set of regulations to guide and govern the operation of the sub sector (Fitchett, 2004). MFIs had to register under eight different Acts of Parliament yet these registrations do not cater for issues of accountability, ownership and governance. This has contributed towards poor performance and even the demise of some MFIs. As a result, it has had a bearing on a number of other constraints faced by the industry, for instance; diversity in institutional form, inadequate governance and management capacity, limited outreach, unhealthy competition, limited access to funds, unfavourable image and lack of performance standards. On the bright side though, the lack of oversight has enabled them to be innovative and develop different techniques of providing micro finance services (KPDL, 2008, Government News,2009).

For the past approximately twenty years, there has been an increase in the number of NGOs providing micro finance services in Kenya. They range from small charitable units operating in a limited geographical area to large institutions covering vast regions carrying out development and welfare activities. Some welfare organizations have spanned off their micro finance activities into separate entities, for example, from CARE, WEDCO was born, NCCK formed SMEP, Plan International created BIMAs and World Vision created KADET (KPLD, 2008, KIPPRA Report, CBK, 2009).

Micro finance in Kenya has transformed from insignificant player in the finance sector to a recognized sector. It has potential to equitably offer financial services to the active poor women in viable enterprises if only all factors that hinder access are addressed. Micro finance has the capacity to not only empower women financially but also provide them with business skills hence drastically reducing poverty(Oikocredit, 2009).

2.4 The Grameen Lending Model

Many of Kenya's MFIs have adopted the Grameen lending model to reach rural women. According to Rogaly (1999) the Grameen Bank tends to work through groups and this lending model is referred to as 'group-based finance' or 'solidarity lending' scheme. Group members are jointly liable for each other's loan. This is used as 'social collateral' in place of physical collateral such as land or other formal assets that are required by formal lending institutions. The rationale behind this lending scheme is that if a member defaults in repayments, the other group members will pressure her to pay up.

This model was started by Muhammed Yunus in the poor region of Bangladesh where women were very poor and could not access credit from the formal banking institutions due to lack of collateral. It is estimated that Grameen Bank now serves over seven million Bangladeshi women.

2.5 Women Empowerment through Micro Finance

Resolution 792(XXIX) of the United Nations Economic and Council Commission for Africa emphasizes the need for governments to generate various economic support and opportunities for women. Members of the resolution are urged to take necessary legislative, monetary and banking measures that will help to promote entrepreneurship ventures among African women (Dinar, 1995). The same resolution has further emphasized the need for increasing employment opportunities and establishment of financial intermediaries to build women's competitiveness and increase economic exchanges among women entrepreneurs (Dinar 1995).

There are a number of challenges that women in Africa, and specifically Kenya face in the quest for financial and economic freedom. Women's property rights are denied to them due to cultural issues that keep them from inheriting, owning and controlling property from their parents (Human Rights Watch, 2003). Women's property rights are unequal to those of their male counterparts as evidenced by statistics. It is estimated that only 5% of Kenyan women own land title deeds (Government News, 2009). Human rights violations have devastating effects which include; feminization of poverty, violence, and homelessness and generally a decline in overall development. Closely related to the issue of property rights is the issue of access to micro finance. In Kenya, most credit facilities have been linked to property ownership especially land. In the early 1990s the credit schemes for women, especially in rural Kenya, were negligible (Government of Kenya, 2008). The concept of credit for women emerged from the insistence by women-oriented studies that there is discrimination against women when it comes to accessing micro finance (Manohar, 2007).

Efforts towards economic empowerment of women have been made. Women have been organizing themselves into groups and associations of entrepreneurs in order to improve and consolidate their economic status and have an impact in economic policies. A considerable increase in credit schemes has been witnessed lately. However, most of the active female population continues to be locked in the micro and small scale entrepreneurship and the informal sector. This has been attributed to the various constraints and challenges that women face as they try to acquire micro credit finance. Irrespective of the effort made, there still remains a perceptible gap in financing credit needs of the poor especially women in the rural sector.

2.6 Review of Related Literature

Although micro finance in Kenya has experienced a lot of improvement and has tremendously uplifted women's economic status in the country, there have been numerous challenges that have hindered access by certain groups of potential beneficiaries. It cannot be denied that micro finance has been successful in various parts of the world. However, there is need to explore the factors that hinder greater access of micro finance. The following are some of the factors that have been cited as inhibitors of access to microfinance in literature.

2.7Awareness of Existing Micro finance Opportunities

Yaroon (1994) as cited by Sergio Navajas (2000) contend that judgments of performance of or viability of micro finance organizations have been based on the concepts of outreach and sustainability. Outreach refers to the social value of the output of micro finance organization in terms of depth, worth of users, breadth, length and scope (Navajas et al, 2000). Sustainability means permanence, the social goal being not to have sustainable micro finance organizations but to maximize the expected social value minus social cost discounted through time (Ibid.). Rhyne (1998) says sustainability should not be taken as an end in itself but rather as a means to the end of improved social welfare.

Wood et al (1997) criticizes against NGOs for not reaching poor households and for strict adherence to the target group criterion. NGOs have been accused of including the marginally better off households and ignoring the poorest. They hope to recover 100% of the loans and consider loans to the poorest to be too risky and an obstacle to their goal (Ibid). There are some authors, however, who have posited that it can be argued that all the extremely poor cannot be accused of defaulting on repayment since sometimes up to 99% of the loan is recovered. Those who exclude the poor on those grounds fail to recognize that the marginally better of can still default on their loan repayment (Wood 1997). NGOs and other MFI providers may end up running away from the area, loss of assets and business opportunities.

The inadequacy of MFIs in the rural areas means that the awareness of available credit opportunities is limited. Consequently, their credit needs are not met (Manohar, 2007). According to Government News and the Institute of Economic Affairs (2009, 2008 respectively), before the 1990s credit schemes for rural women (especially in rural Kenya) were negligible. While there has been considerable increase in the number of credit scheme, there still remains a perceptible gap in financing credit needs for the poor especially women in the rural areas (Mulee, 2010).

2.8Literacy Levels

A link has been established between access to micro finance and the level of education of the borrowers. The level of education also influences the amount borrowed from the MFIs. The higher the level of education the higher the amount borrowed(Nyandwi,2003). Low levels of education contribute to the disadvantage women face when it comes to accessing financial services.

Mutugi (2008) discovered that lack of information (illiteracy) kept entrepreneurs away from going for loans. Field workers are under pressure to produce high credit repayment rates to secure their jobs. As a result they prioritize micro credit at the expense of other activities like training and educating borrowers on the technical aspects of their businesses and developing their record keeping skills.

According to Mulee (2008), many women lack the technical knowhow such as basic book-keeping skills to run a business because of lack of basic education. This could lead to misappropriation of funds meant for business to other household needs. The lack of education by women could also lead to them being taken advantage of by unscrupulous credit officers who purportedly assist them fill loan application forms. They could sign for so much but receive less without questioning.

2.9 Cost of Obtaining Credit

High cost of service delivery with poor infrastructure, regulatory policy issues and lack of institutional leadership has made the cost of obtaining credit to be high. Often there has been criticism towards MFIs concerning the high interest rate they charge. The operating cost of MFIs especially in developing countries are increased largely by under developed infrastructure and poor communication technology means. This in effect leads to increased interest rates for loans compared to MFIs operating in developed countries (Mulee, 2010).

Wambui (2008) cites interest rates as a determinant of profitability and sustainability of MFIs. According to Hampel (1994), the overall objective of MFIs is to balance its returns and risk in a way that maximizes the MFI market value to its owners. Relating this objective to interest rates MFIs try to earn the highest margin it can, consistent with reasonable stability in the interest margin. Sinkey (1992) states that the business of banking involves betting on interest rates while Ritter et al (1997) suggested that the success or failure of a MFI depends on how well the institution buys and sells money.

Kangangi (2008) found out that the cost of credit was a major barrier to entrepreneurs when accessing credit in a study conducted to find out the barriers experienced by entrepreneurs when accessing credit/finance. Micro entrepreneurs face several different levels of cost when they apply and receive loans. Interest cost as well as all commission and fee paid to the lending institution represent the financial cost of the loan to the borrower. Castrello et al (1991) states that low effective interest rate can be more expensive for borrowers than loans with high interest rates because of transaction and opportunity costs. Transaction costs include bus fare to the financial institution, fee paid to proposal/ business plan writer and accountant to prepare a financial statement, cost of obtaining documents requirements to guarantee the loan, and the time spent by the borrower collecting information and documentation.

The Economic Commission of Africa (2003) revealed that administration cost and risk of lending to SMEs are significantly higher than those associated with their regular larger scale customers. It was also noted that many financial institutions concentrate in providing working as opposed to fixed capital for SMEs. The interest rate charged to SMEs is high enough to cover all the operating cost.

Wangui (2007) state that high interest rates charged by MFIs screens out poor entrepreneurs whose projects have low rates of return whereas those services promoted and provided by the institution may in some cases be inappropriate to meet the needs of the poor.

Although MFIs have improved loan repayment rates and seem to be better than other programs aimed at the poor, they have high transaction rate which increases the dependence on subsidized resources for lending and do not break even at the market cost of these resources (Khandker 1998). Many MFIs have been able to reach the poor and even achieve high repayment rates. However, they have not been able to cover their operating costs so to become self-sustaining they have to charge high interest rates (Wangui, 2007).

Some MFIs require collateral, a male salaried guarantor or literacy skills especially when it involves a bigger loan. Many poor women are either widowed or single, have no basic education and do not have any property to charge as collateral or any other source of income. Therefore, many women have been barred from accessing credit facilities to finance their enterprises as they cannot meet the requirements of the MFIs (Mulee, 2010).A significant challenge is that the cost of legality in developing countries is high making the informal sector the only affordable venue for operating a business venture. The high cost of legality stems from the fact that most power for enforcing business contracts is largely the preserve of the politically powerful, especially as far as high productivity results are concerned. Further, the cost of registering a business is sometimes increased by requests for bribes which most women may not be able to pay (Dessy,2006).

2.10 Collateral Requirements

Access to micro finance by rural women has been affected by the poverty that is evident in many places in rural Kenya. Poverty means that women do not own any property that they can use as collateral. The value and type of collateral have a significant impact on the risk involved in lending particularly those collaterals that afford the lender a claim on the collateral and those product constructions under which the lender has legal and economic ownership of the asset to be financed. The valuation of collateral provided by the credit applicant is an essential element in credit approval process and thus has an impact on the overall assessment of the credit risk involved in a possible exposure (Raaij, 2005).

Aleke-Dondo (1999) observes that those in absolute poverty are always left out of micro finance programs. Fowler and Kinyanjui (2004) observe that micro finance development excludes the hard core poor through the dominant financial systems approach methodology. Those that have benefited from micro finance programs are the economically active poor who are entrepreneurs and are able to put additional finances into good use. Using the minimalist approach, MFIs carefully screens potential customers to ensure high repayment rates as well as high levels of participation in the programs. As a result, group members and program staff carefully screens out 'risky clients'. The criteria for group admission tend to exclude the hard core poor (those who do not have any property to their name) from the scheme.

Fowler and Kinyanjui (2004) further observes that the exclusion of the poor may be linked to the fact that tiny loans required by the poor people may be too small to generate any significant interest for lenders and are expensive to deliver especially in sparsely populated rural areas. Sometimes the poor exclude themselves from the micro finance programs because they fear they will not be able to repay the loans, and since they do not have any collateral, and cannot handle any credit.

Adera (1995) posits that commercial banks and other formal institutions fail to cater for the self-employed persons due to the lending terms and conditions. Collaterals are part of the requirements yet the poor cannot afford it. As a result, the rules and regulations of formal financial institutions have created the myth that the poor are not bankable and since they cannot afford the required collateral, they are not considered credit worthy(Wangui, 2007).

2.11 Entrepreneurial Culture and Management Skills

Women have been considered the best micro entrepreneurs. However, the number of women in business is very low. It becomes worse among rural women because of factors such as low literacy levels, adherence to cultural practices, beliefs and norms, lack of capital among others. Entrepreneurial culture among women is very low because of the belief that women are meant to be housewives and that their place is in the kitchen (Nyandwi, 2003).

Sagwe et al (2011) conducted a research to determine how prepared youth and women are in Kenya in light of Kenya Youth Enterprise Development Fund and Women's Enterprise Fund. One of the objectives of the study was to find out the level of business readiness among the youth and women entrepreneurs in Nairobi. It was found out that many women did not have enough entrepreneurial and management skills that hindered maximum absorption of the fund. Some women lacked basic business skills like basic accounting and book keeping and most did not know how to prepare a business plan or a business proposal. Most of them had to hire someone to do this for them in order to fulfill the requirements to receive funding.

Yunus (1999) reiterates that experts on poverty alleviation insist that training is absolutely vital for the poor to move up the economic ladder. The training will provide them with basic knowledge and skills in entrepreneurship and management skills that will see their investments prosper. The poor are not poor because they are untrained or illiterate but because they cannot retain the returns from their businesses. They have no control of their capital, yet it is the ability to control capital that gives people power over poverty.

In a study conducted on barriers faced by SME entrepreneurs in accessing credit it was found that the number of years in business, between one and seven years, qualified for loans as compared to starters because of their strong financial history. In the same study, it was found out that most respondents did not know how to write business plans (proposals) and they hired people to do it for them as a requirement for loan application. In addition, respondents did not have the knowledge and skills on how to prepare books of account(Mutugi, 2008). These skills are fundamental for entrepreneurs and it is a means of convincing the lending institutions to provide finances for entrepreneurs.

2.12 Theoretical Frameworks

This research identified two theories with regard to female empowerment. These are; the feminist conflict theory and gender equity theory.

The first theory is the **feminist conflict theory**. The feminist conflict theory was founded by Blumberg in 1984. The theory deals with women's control of means of production and distribution of economic surplus. It is based on broad empirical knowledge of diverse society types including the hunters and gatherers, agrarian and industrial societies of the late 20th century (Turner, 2003). The theory posits that sexual stratification is driven by the degree to which men and women control the means of production and allocation of productive surplus in society. Gaining control of factors of production opens doors for women to achieve economic power which in turn facilitates acquisition of political power or prestige. This is however debatable given the circumstances of women (Turner, 2003; Eisenstein 1983).

The theory continues to hold that sexual inequalities are nested at various levels which include household, local community and state-managed society. As a result, women's control of economic resources can be located at the different nesting levels. Nesting of economic power depends on the level of at which it is concentrated (Blumberg, 1984). For instance, in situations where women's economic power is concentrated at the household level they have no authority proportionate to their economic contribution especially where women control more macro spheres (Macionis, et al 2010). Arguably, men's control at the macro level discounts or reduces women's power at the household level. Contrary, where women possess power at macro levels, the discount rate turns positive and enable them to consolidate power at the micro levels as well.

By women gaining economic power at the macro levels, they gain political power as well. Their economic contribution in the household and at the community level also tends to increase. The downside of this is that as women's economic power increases, men are more likely to feel threatened and may react to frustrate women's efforts to gain power (Turner, 2003; Chodorow and Nancy J, 1991). When women's economic and political power consolidates, they gain an opportunity to counter policies that negatively affect them. This means that gaining economic power improves women's position in the stratification system of society. In a classless society, women gain economic power through the demand of their labour. This, however, is affected by the compatibility of their productive labour and reproductive roles (Turner, 2003). In societies that are stratified by classes, the demand for women's labour is important alongside child care arrangements. Besides, mobility to male-dominated positions depends on inadequacy of qualified men to hold those positions. This means that the strategic responsibility of women's labour is an important determinant of their access to economic power.

Women's access to economic power is also a function of the kinship system in terms of inheritance and residence rules. In this regard, where women are allowed to inherit property, they have an opportunity to attain economic power. Also, the way surplus and other resources are distributed influences women's economic power. Women are therefore likely to have more economic power in systems where men and women share work and its output equally. Blumberg notes that male domination increases class stratification inequalities. Under such circumstances, women's ability to gain economic power is reduced drastically. Without economic power women are denied the opportunity to make decisions about their reproductive health, seek divorce and education as well as pursue diverse interests and opportunities. Thus, gaining economic power has significant consequences for women's status and upward mobility (Turner 2003, Ferree 2004).

The second theory considered in this research is the **gender equity theory** which was formulated by Chafetz back in 1990. The theory explains the forces that sustain gender inequality in society as well as how such a system can be restricted to ensure gender balance. It identifies two broad categories of forces that sustain gender inequality. These are coercive and voluntary forces. According to Turner (2003) these forces are interrelated. Chafetz (1990) argues that under coercive forces, gender stratification is related to the macro level division of labour in a society, where work is defined and distributed based on sex. In such cases, men typically receive more resources than women. The resource advantage translates into more power for men over women at the micro level. Men often use the power to perpetuate their domination over women in all spheres of life.

In societies where macro level division of labour favours men, their contribution to family and domestic work remains marginal. Therefore, women are burdened with domestic chores which constrain their effective competition with men for resource generating work outside their homes. This situation sustains macro level gender division of labour.In addition, where men are favoured at the micro level division of labour, they are more likely to ascend to leadership positions through which they accrue even more resources. Where leadership positions in society are dominated by men, distribution of opportunities for work and power is likely to favour men over women. This ensures that women remain powerless and under competition for positions that generate material resources and power (Wangui, 2009; UNESCO, 2004).

When men control power resources they often use the same power to regulate micro level relations with women. This ensures that women remain focused on traditional domestic roles which in turn support macro level bias in the division of labour. Nevertheless, male dominated systems often devalue the work that women perform inside and outside the domestic sphere. A good example is how women are not paid for domestic chores they perform and secretarial jobs (which are dominated by women) are traditionally not valued as the roles performed by men (Turner, 2003).

According to Chafetz, gender social definitions are a critical link between macro and micro level coercive and voluntary processes which typically operate at personal decision making level. Chafetz (1990) identifies three types of gender definitions. These are; gender ideology, gender norms about appropriate ways for men and women to behave and gender stereotypes about the differences between men and women in how they respond to situations. The greater the level of consensus in a society about these gender definitions, the more the definitions influence both the macro and micro levels social processes that sustain gender inequality (Julie, 1993).

Further, the theory holds that economic division of labour, domination of leadership positions by men and cultural definitions reveal a gender bias, a society is likely to define gender differentiation of household work and office work. These fall under the voluntary forces of gender inequality. Adults become active socializing agents for engendering the next generation through their behaviours, expectations and definitions of reality (Turner, 2003). Through the process of socialization, individuals act voluntarily to sustain macro level division of labour and cultural definitions about differences between men and women. However, the theory emphasizes that once the forces maintaining a system are understood, the critical targets for change are also identified. The targets for changing a system of gender inequality include gender division of labour, resulting superior resource power of men, social definitions comprising gender ideologies, norms and stereotypes as well as the engenderment process that influences the orientation, expectations and behaviours of men and women (Humm & Maggie, 2003).

The two theoretical frameworks were adopted in this study. Their basic tenets reflect the hurdles experienced by Kenyan women as they struggle to attain economic empowerment through micro financing. Although there have been studies to attest to the successes of micro finance in women empowerment and subsequently bridging the gender gap between men and women, there are factors that have conspired to maintain the status quo, especially in rural Kenya. Very few women in rural areas have been able to break through the glass ceiling to achieve social, economic and leadership success. Women have made significant efforts in venturing into entrepreneurship but as highlighted by the theory they face a number of obstacles, be it financial or cultural, created by gender blind policies that tend to favour men. In most cases, women find it difficult to balance their productive and reproductive obligations. In matrilineal societies, women often attain economic empowerment by inheriting resources from their parents.

However, this is not the case in Kenya. We live in a patriarchal society where women are not entitled to inherit property like land which is a crucial factor of production. Even with the new constitution that gives women the right to inherit property from their parents, a lot of debates have emerged due to cultural issues and stereotypes placed on women. In agriculture, cash crops introduced by colonial rulers have reinforced patrilineal control since they barely benefit women (Hay & Sticher; 1984). Micro financing provides a unique opportunity for women to overcome patrilineal challenges to attain economic empowerment.

2.13 Conceptual Framework

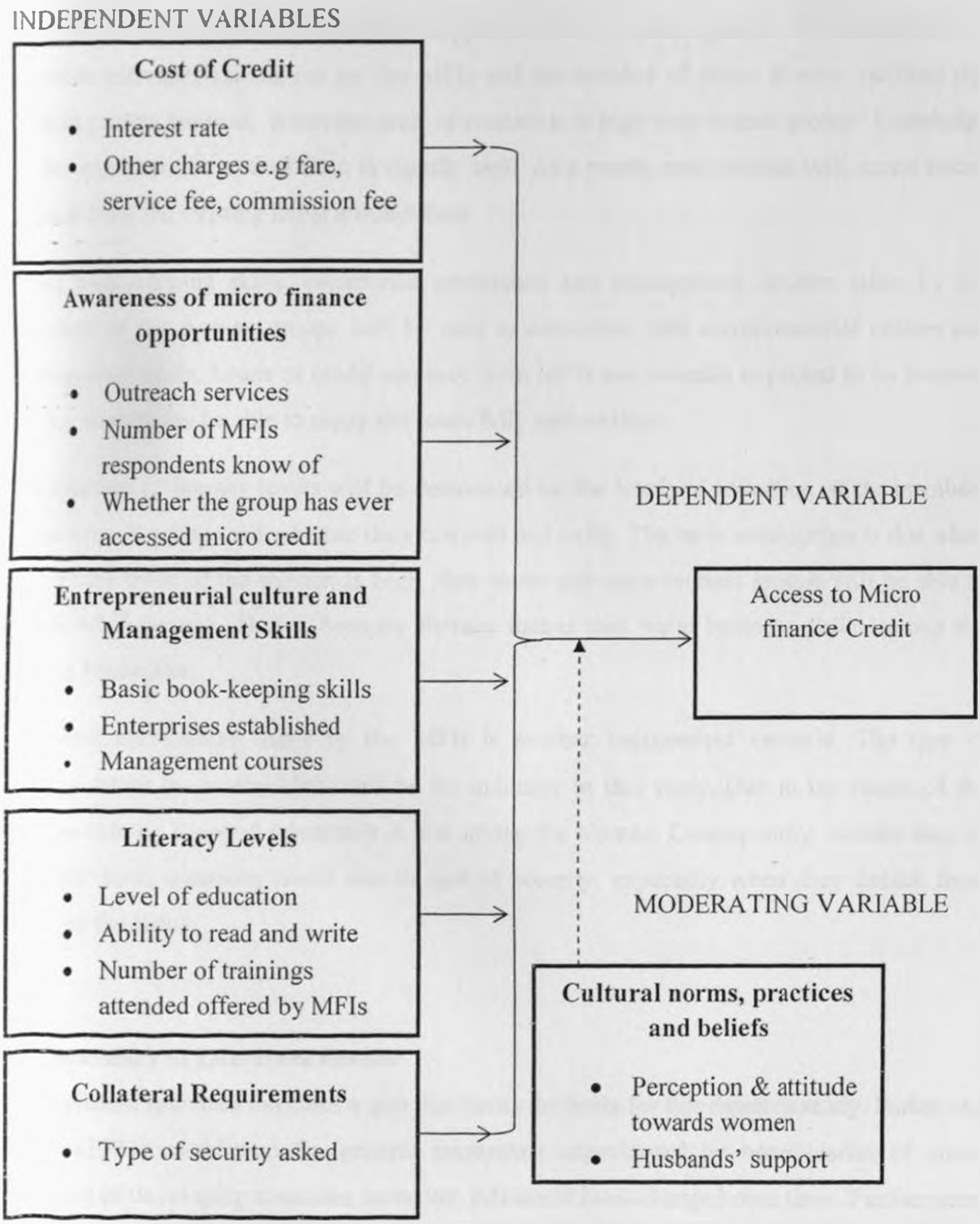

Fig 1 Conceptual Framework

The conceptual framework below highlights the relationship between the dependent and the independent variables. The cost of credit will be measured by the interest rate charged by the MFIs and other hidden costs that is the expenses incurred by the women groups before acquiring credit which may include travelling charges and commission paid. When the cost of credit is high the rate of absorption of micro finance will be low.

The awareness of existing micro finance opportunities for women groups will be indicated by outreach activities carried out by the MFIs and the number of micro finance facilities the women groups know of. When the level of awareness is high then women groups' knowledge of the opportunities around them is equally high. As a result, more women will access micro finance from the existing MFIs around them.

Basic book-keeping skills, enterprises established and management courses taken by the members of the women groups will be used to determine their entrepreneurial culture and management skills. Loans or credit acquired from MFIs are naturally expected to be invested so that women can be able to repay the loans fully and on time.

The measure of literacy levels will be determined by the levels of education of the members of the women groups and whether they can read and write. The basic assumption is that when the literacy level of the women is high, then more and more women groups will be able to access microfinance. This is because literacy means that basic business skills among the women are higher.

Collateral requirement made by the MFIs is another independent variable. The type of security asked for by the MFIs will be the indicator in this study. Due to the nature of the African culture, property ownership is low among the women. Consequently, women may be inhibited form accessing credit due to lack of security, especially when they default from repaying the loans.

2.14 Summary of Literature Review

The literature reviewed indicates a gap that forms the basis for this research study. Parker and Torres (1993) established the general constraints experienced by beneficiaries of micro financing in developing countries, however, this could have changed over time. Furthermore, the study looked at developing countries as a whole and the challenges may happen to be different in rural areas of these developing countries. In a study to determine the viability of micro finance programs for the empowerment of rural poor women entrepreneurs: a case of Bujumbura rural province, it was found that many rural women lagged behind in repayment due to issues that are contributed to by the lack of business skills (Nyandwi, 2003). Therefore, there is need to establish if lack of business skills among rural women groups in

Kenya face the same problem. Further, the study carried out in Bujumbura dealt with individual entrepreneurs and it should be established if the same applies to women who work in groups. Nyandwi (2003) further states that there may be a relationship between the level of education and the amount borrowed. This also needs to be clearly established.

Khasiani (2000) recommends investigations into the problems and prospects of existing women groups in Kenya, how they can be restructured in order to make them to serve women more effectively. She further recommends the need to assess how the District Women's Development Sub-committees (DWDS) were formed to augment planning and co-ordinate efforts at this level within the context of District Focus for Rural Development (DFRD) policy, and how they have increased the effectiveness of women groups' activities in rural areas. This recommendation implies inadequacy of information in this regard.

According to the report on social mobilization, credit and women's empowerment (2002), findings showed that while micro credit programs have definitely reached the poor, reaching the poorest has indeed been very difficult. This includes the exclusion of some groups (young women, elderly women, chronic migrants and differently abled people) from the micro finance services. There is, therefore, need to establish why this group of people are locked out of micro finance schemes in Kenya, especially in rural Kenya.

Nyandwi (2003) recommended that MFIs should consider the needs and levels of education of women or the capacity of handling money effectively. She further recommends that literacy training, strong M&E system and business training be put in place to help women so as to use the money lent appropriately. This clearly indicates that there is a relationship between literacy levels, business training and micro finance intake. Consequently, information should be sought to establish how these factors affect absorption of micro finance.

Insufficient attention to gender analysis has meant that women's contributions and concerns very often remain ignored in economic structures such as financial markets and institutions, labour markets, economic and academic disciplines, economic and social infrastructure, taxation and social security systems as well as in families and households. Consequently, many policies and programs may continue to contribute to inequalities between women and men (Zafarulla, 2000). A study on the factors that hinder women from accessing micro finance in rural areas is very important in order to inform policy formulation and reformulation. Kiboro (2008) carried out a study on factors that influence upward mobility of women in MFIs in Kenya. Findings indicated that discriminatory laws and policies are the major contributors to the inequality between men and women and as a result women's concerns remained unaddressed or ignored in economic structures. This study dealt with female workers in MFIs and it should be established if such discriminations exist in the disbursement of funds to rural women.

This literature review has provided a solid foundation for this research study. Various literature gaps have been identified. Comparisons of finding will therefore be made in relation to what other scholars and researchers have found on the subject.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Silverman (2005) defines methodology as a general approach to studying a research topic. Murthy et al (2001) on his part defines it as the conceptual framework underlying the strategy of a research. This chapter, therefore, explored how the research was conducted. It describes research design, target population, sampling method, data collection methods, data collection procedure, validity and reliability of research instruments and data presentation and analysis techniques and operational definition of variables. It also includes ethical considerations as regards this research.

3.2 Research Design

Descriptive survey research design was used in this research. The rationale for choosing this design was because it involved the process of collection data from existing population units with no particular control over factors that may affect the characteristics of interest in the study (Langridge; 2004, Berinsky; 2008). The study attempted to understand why the intake of micro finance in Kiminini Constituency has been low despite the presence of MFIs in the region.

3.3 Target Population

The participants of this research study comprised of women groups in rural areas of Kiminini Constituency. The women groups included local *chamaas,* self-help groups and merry-go-round groups. The groups included both the registered and unregistered groups. Some of the groups were self-funded where members make monthly contributions to sustain its activities. Others were externally funded by institutions or programs that sustain them. 50 women from 10 registered women groups were interviewed from a sampling frame consisting of 108 registered women groups and 35 women from unregistered groups. There are no statistics on the exact number of unregistered women groups, thus the researcher chose to go with a manageable number of unregistered women groups taking into consideration availability of resources and the time frame. The study also intended to elicit responses from three representatives of the existing MFIs in the region who were selected on the basis of convenience. There are seven MFIs in the region, therefore, 50% of the number was taken and that is how the researcher ended up with three MFI representatives.Mugenda and Mugenda (1999) suggested that a sample size of 10-15% is enough for a survey. Considering the small number of MFIs, a larger percentage was preferred.

3.4 Sample Size and Sampling Method

Sampling is the selection of a subset of individuals from within a population to estimate the characteristics of the whole population (Berinsky, 2008).

The study used both probability and non-probability sampling techniques. Probability sampling was employed to sample registered women groups in Kiminini Constituency. Probability samples are the only type of samples where the results can be generalized from the sample to a population. A properly designed probability sample also provides a reliable means of inferring information about a population without examining every member or element. A probability sample frequency is more accurate than a census of the entire population.The smaller sampling operation lends itself to the application of more rigorous controls, thus ensuring accuracy.This rigorous controls allows researchers to reduce non-sampling errors such as interviewers bias and mistakes, non-response problems, questionnaires design flaws and data processing.

Mugenda and Mugenda (1999) suggested that a sample size of 10-15% is enough for a survey. Therefore, this research study will use 10% of the population as the sample.Using systematic sampling ten women groups from the list are to be interviewed. Systematic sampling is a statistical method involving the selection of elements from an ordered sampling frame. The most common form of systematic sampling is an equal-probability, in which every k^{th}element in the frame is selected where k is the sampling interval.

$k=\frac{N}{n}$where *n* is the sample size and *N* is the population size.

N- 108women groups

n=10% of the 108 groups= 10.8

Thus the sample size for registered women groups was10 local registered women groups.

k=108/10=10.8

The study thus used a sampling interval 10, thus a group was picked after every ten till the desired sample size is obtained. The researcher administered the questionnaires to five members (who were randomly picked) of these 10 groups. Consequently, the total number of respondents from these registered groups was 50 women.

As for the other unregistered women groups, random sampling was done to identify the prospective respondents from seven women groups. In addition, the study applied convenience sampling to select a sample of two women groups (totaling to 20 women) for pilot testing.

Table 3.1 Sample Selection

Target group	Stratum sampling frame	Ultimate Sample
Registered women group members	10 groups x 5 members	50
Unregistered women group members	7 groups x 5 members	35
MFI Representatives	3	3
Total		**88**

3.5 Data Collection Methods

Data collection methods refer to the instruments that were used to get information from the research participants (Bryman, 2004).

In this research, questionnaires were the primary method of collecting data. Questionnaires were administered to consenting eligible respondents to elicit responses, that is, the representatives of the women groups. This method is preferred for use with this category of participants, because of its advantageous nature of eliciting more discussions with the participants and exploring issues that were not necessarily linked to the study. Furthermore, this method is valuable because the respondents are not limited to giving specific or fixed answers and the interviews will cover a wide range of issues, thus minimizing the possibility of 'missing out' on an important subject during the discussions (Langdrige, 2004).

3.6 Data Collection Procedure

Before commencing the research the proposal was first presented by the researcher for examination by the University examination panel of defense. After it was approved the researcher then sought clearance and introduction letter from the University of Nairobi authorities. The researcher then used the introduction letter from the university to obtain a letter of introduction from the District Commissioner. With all permission granted the researcher then visited the study site to plan with the research assistants and made appointments with the respondents.

Fieldwork took six days. The research assistants helped distribute the questionnaires to the sample members and collected them once they were filled. The researcher carried out observation of the relevant factors that answer the research questions. The researcher also helped administer the questionnaires for those who could not fill them out themselves. All the work done by the research assistants was reported to the researcher daily. All questionnaires filled were collected and submitted to the researcher every day of the field work.

3.7 Validity of Research Instruments

Validity indicates the degree to which an instrument measures what it is supposed to measure. This was ascertained by seeking other relevant evidence that confirmed the answers we found with our measuring tool. What is relevant evidence depended on the nature of the problem and the judgment of the researcher. In this research, a pilot test was carried out to ascertain the validity of the instruments. It helped determine whether the respondents understood what is required of them and whether information gathered was what was expected. In this research study, validity was achieved through; the use of simple questions design (using the simplest language) to avoid ambiguity and confusion; and pilot testing of the instrument before actual collection of data.

Pilot testing of the research instrument was carried out at Kibomet Ward. 20 participants from the two women groups conveniently selected for piloting were issued with the questionnaires prepared for the main study and the procedure carried out as though it was the final research. These two groups did not participate in the final research. After four days had elapsed the same participants were issued with the same questionnaires a second time but with no prior notification. The responses from the first and second tests were then compared to determine whether there were any differences. A coefficient of variation was calculated. The researcher then identified the reason for the variation in the responses that were given. This helped the researcher correct questions that were not clear or ambiguous. It also assisted the researcher to ascertain whether important aspects were captured by the instrument. The researcher kept correcting the instrument until it was as clear as possible.

3.8 Reliability of Research Instruments

A measuring instrument is reliable if it provides consistent results. Reliability ensures scientific usefulness of any research work (UNESCO, 2004). Reliability is the ability of a research instrument to consistently measure the characteristics of interest over time.

The researcher selected a pilot group of 20 individuals from the target population to test the reality of the research instruments. Internal consistency techniques were applied using Cronbach's Alpha. The alpha value ranges between 0 and 1 with reliability increasing with the increase in value. Coefficient of 0.6-0.7 is a commonly accepted rule of thumb that indicates accepted reliability and 0.8 or higher indicate good reliability (Mugenda, 2008). The alpha value for the pilot study was 0.63 meaning that internal reliability was acceptable.

Test-retest was used to establish reliability of instruments. Reliability is ascertained when we get consistent results with repeated measurements of the same person and with the same instrument. 20 respondents participated in the test retest. They were given the same questionnaires to answer the second time (after two days) without prior notice.

Reliability was also improved by using trained and well-motivated persons to conduct the research.

3.9 Data Analysis Technique

The study used quantitative and qualitative methods of data analysis. Content analysis was used to analyze the data that could not be coded and had a lot of explanations from the respondents.

Editing of data was carried out where the collected raw data was examined to detect errors and omissions and to correct them when possible. The completed questionnaires were carefully scrutinized to assure that the data were accurate, consistent with other facts gathered, uniformly entered, as completed as possible and had been well arranged to facilitate coding and tabulation.

To ensure easy analysis, the questionnaire items were coded according to each variable of the study to ensure the margin of error is minimized to assure accuracy during analysis. Data was analyzed using both descriptive and inferential statistics. The statistics utilized in the study included frequencies, percentages and the mean. The analysis was done with the help of Statistical Package for Social Science (SPSS) program. Data was presented in frequency tables to give a clear picture of the research findings.

The Statistical Package for Social Science (SPSS) was used to run the univariate analysis to produce frequency distributions and percentages. A mean was calculated. A mean was preferred because it takes into account all (each) score in the distribution therefore the effect of very low or very high will reflect in the mean and is stable. This analysis allowed distinct comparisons of outcomes and conclusions to be made from the findings.

The essence of quantitative data analysis is to make sense of massive data, reduce the volume of information then identify significant patterns and construct a framework for communicating the existence of what the data reveal. The quality of qualitative research it is argued: cannot be determined by following prescribed formulae. Rather, its quality lies in the power of language to display a picture of the world in which we discover something about ourselves and our common humanity, (Buchanan, 1992). Based on this, the qualitative information obtained through in-depth interviews with members of women groups and MFI representatives was categorized thematically, processed and finally analyzed.

3.10 Ethical Considerations

Some principles were adhered to in order to ensure the wellbeing of the participants according to the Ethics Code. The participants were respected at all times and they were informed of the voluntary grounds of their involvement. They were also assured of their anonymity, confidentiality and privacy throughout the research (Blaxter, Hughes, & Tight, 2001). The research assistant and the researcher strived to be truthful and honest during the time of the research and ensure that no harm was done to the participants in the process of sourcing any information. The participants were not coerced or forced into giving particular information of interest. The study also took into consideration the social and cultural issues that govern the participants within their community, in order to avoid any possible present or future conflict within the community (Stewart-Withers, 2007)

Informed consent was sought from the potential study subjects before inclusion into the study. All information obtained from the study participants were treated with utmost confidentiality and were used only for the purposes of this study. The study subjects remained anonymous.

Permission to conduct research and record data on the premises of institutions that offer credit facilities was also sought. Further, permission to conduct research was sought from the University of Nairobi.

3.11 Operational Definitions of Variables

Operational definition of variables is operationally defining a concept to render it measurable. It is done by looking at the behavior of the dimensions, indicators, properties denoted by concepts translated into observable and measurable elements to develop an index of the concepts. Measures can be objective or subjective.

Table 3.2 below represents the operational definition of variables.

Table 3.2 Operational Definition of Variables

Research Objective	Variable	Indicators of the Variables	Level of scale	Data Collection Methods	Type of Analysis	Level of Analysis
To determine whether the cost of credit inhibits access to micro finance.	**Independent Variable** Cost of credit **Dependent Variable** Access to micro finance	Interest rate, other hidden costs e.g fare and commission charges	Interval	Questionnaire	Quantitative Qualitative	Descriptive
To assess if the level of awareness of existing micro finance opportunities inhibits access to micro finance.	**Independent Variable** Awareness **Dependent Variable** Access to micro finance	Outreach services Number of MFIs the respondents know	Interval	Questionnaire	Quantitative Qualitative	Descriptive
To assess if entrepreneurial culture and management skills of rural women groups inhibit access to micro finance.	**Independent Variable** Entrepreneurial culture and management skills. **Dependent Variable** Access to microfinance	Number of enterprises established Basic book-keeping skills Management courses studied	Interval	Questionnaire	Quantitative Qualitative	Descriptive
To determine if collateral requirements made by MFIs to rural women groups inhibit access to micro finance.	**Independent Variable** Collateral requirements **Dependent variable** Access to micro finance	Type of security required	Interval	Questionnaire	Quantitative Qualitative	Descriptive
To assess if literacy levels of rural women group members inhibit access to micro finance.	**Independent Variable** Literacy levels **Dependent variable** Access to micro finance	Level of education Ability to read and write	Interval	Questionnaire	Quantitative Qualitative	Descriptive

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

The purpose of this research was to investigate the factors inhibiting access to micro finance by rural women groups in Kiminini Constituency Trans Nzoia County. Having identified the problem of study in chapter one, reviewed existing literature and shown gaps of knowledge in chapter two, chapter three explained the methods that the study used to collect data. This chapter presents analysis and findings of the study as set out in the research methodology. The results are presented on the factors inhibiting access to micro finance by rural women groups in Kiminini Constituency Trans Nzoia County. The data was gathered exclusively from questionnaires as the research instrument. The questionnaire was designed in line with the objectives of the study.

4.2 Response Rate

The study sampled 88 respondents from the target population in collecting data with regard to factors inhibiting access to micro finance by rural women groups in Kiminini Constituency; Trans Nzoia County in Kenya. The results on the response rates are as shown in table 4.1 below.

Table 4.1: Response Rate

Response rate	Frequency	Percentage
No Response	6	7
Response	82	93
Total	**88**	**100**

From the study, 82 out of 88 sample respondents filled in and returned the questionnaire contributing to 93%. This commendable response rate can be attributed to the data collection procedure, where the researcher personally administered questionnaires and waited for respondents to fill in, kept reminding the respondents to fill in the questionnaires through frequent phone calls and picked the questionnaires once fully filled. The 7% questionnaires that were not returned are attributed to the following: the respondents were not available to fill them in at that time and with persistent follow-ups there were no positive responses from them. The response rate demonstrates a willingness of the respondents to participate in the study.

4.3 Factors Inhibiting Access to Micro Finance by Rural Women Groups

The study sought to establish the various factors inhibiting access to micro finance by rural women groups.

4.3.1 Cost of Credit on Access to Micro Finance by Rural Women Groups

Table 4.2 below shows the results on the respondents' agreement on various statements about the effect of cost of credit on access to micro finance by rural women groups.

Table 4.2: Effect of Cost of Credit on Access to Micro Finance by Rural Women Groups

Statements on effect of cost of credit on access to micro finance by rural women groups	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean
The interest rate charged on micro finance is high	0	3.65	0	68.3	28.02	4.2073
The other costs e.g transport fee, writing a business proposal/business plan increases the cost of credit and as a result inhibits access to micro finance by rural women groups	0	18.3	0	70.7	11	3.7439

A mean of 1 indicates that a large number of respondents strongly disagreed with the statement, a mean of 2 indicates that a majority of respondents disagreed a mean of 3 means that a majority of respondents were neutral, a mean of 4 means that a majority agreed while a mean of 5 means that a majority strongly agreed. The means are rounded off to the nearest whole number.

From the study, 68.3% of the respondents agreedthat the interest rate charged on micro finance is high as shown by a mean score of 4.2073 and that the other costs e.g transport fee, writing a business proposal/business plan increases the cost of credit and as a result inhibits access to micro finance by rural women groups as shown by a mean score of 3.7439 (4 when rounded off). This is represented by 70.7% of the respondents.

4.3.2 Awareness of Microfinance Opportunities

Further, the study sought to establish the respondents' level of agreement with statements on awareness of microfinance opportunities. The outcomes are as depicted in table 4.3 below.

Table 4.3: Statements on Awareness of Microfinance Opportunities

Statements on awareness of microfinance opportunities	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean
The rate of awareness of micro finance opportunities determines the rate of micro finance intake	0	0	3.7	89	7.3	4.0366
The effort put by MFIs in outreach activities has improved the rate of awareness of micro finance opportunities by rural women groups	0	54.9	26.8	18.3	0	3.0854

89% of the respondents agreed that the rate of awareness of micro finance opportunities determines the rate of micro finance intake as shown by a mean score of 4.0366, while a majority of them (54.9%) disagreed that the effort put by MFIs in outreach activities has improved the rate of awareness of micro finance opportunities by rural women groups.

4.3.3 Entrepreneurial Culture and Management Skills

The study sought to establish if entrepreneurial culture and management skills inhibits access to micro finance by rural women groups. Table 4.4 below shows the results on the effects of entrepreneurial culture and management skills on access to micro finance by rural women groups.

Table 4.4: Entrepreneurial Culture and Management Skills and Access to Micro Finance

Entrepreneurial culture and management skills	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean
There is low entrepreneurial culture among women groups in rural areas that inhibits access to micro finance	0	0	0	73.4	26.6	4.2658
Poor or lack of management skills e.g book keeping skills among members of rural women groups inhibits access to micro finance	0	0	0	61	39	4.3902
Training facilities should be provided to rural women groups at their locale	0	0	3.7	47.6	48.8	4.4512
Business management course/training influences the decision to establish a business/enterprise and intake of micro finance	0	3.7	14.6	57.3	24.4	4.0244

From the results, the respondents unanimously agreed that training facilities should be provided to rural women groups at their locale as shown by a mean score of 4.4512, poor or lack of management skills e.g book keeping skills among members of rural women groups inhibits access to micro finance as shown by a mean score of 4.3902, there is low entrepreneurial culture among women groups in rural areas that inhibits access to micro finance as shown by a mean score of 4.2658 and business management course/training influences the decision to establish a business/enterprise and intake of micro finance as shown by a mean score of 4.0244.

4.3.4 Collateral Requirements

Collateral requirements also affect access to micro finance by rural women groups. As such the table below shows the study results on the respondents' agreement on the statements about collateral requirements.

Table 4.5: Collateral Requirements and Access to Micro Finance by Rural Women Groups

Statement about collateral requirement.	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean
The type of security demanded by MFIs inhibits access to micro finance by rural women groups	0	3.7	50	46.3	0	4.39024
One of the reasons women groups fail to access micro finance is because of lack of collateral	0	3.7	57.3	39	0	4.3171

46.3 % of the respondents agreed that the type of security demanded by MFIs inhibits access to micro finance by rural women groups as shown by a mean score of 4.39024 and that one of the reasons women groups fails to access micro finance is because of lack of collateral as shown by a mean score of 4.3171.

4.3.5 Literacy Levels and Access to Micro Finance by Rural Women Groups

The respondents were requested to indicate their level of agreement with various statements about the effects of literacy levels on access to micro finance by rural women groups. Table 4.6 shows the results.

Table 4.6: Effects of Literacy Levels on Access to Micro Finance by Rural Women Groups

Statements on Literacy Levels	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean
The level of educationattained and the ability to read and writeare major factors in accessing micro finance	0	7.3	37.8	34.1	20.7	3.2317
The number of trainings attended offered by MFIs increases intake of micro finance	0	3.7	0	75.6	20.7	4.0976

75.6% of the respondents agreed that the number of trainings attended offered by MFIs increases intake of micro finance as shown by a mean score of 4.0976, while they remained neutral on that the level of education attained and ability to read and write are major factors in accessing micro finance as shown by a mean score of 3.2317.

4.4 Business Management

The respondents were asked to indicate their agreement with statements concerning their efficiency in business management with focus on their basic management skills including book keeping, business plan writing, proposal writing, budgeting, accounting and basic entrepreneurial skills. The results are as shown below.

4.4.1 Efficiency in Business Management

The study sought to establish the various ways in which rural women groups are efficient in business management aspects.

Table 4.7: Efficiency of Various Aspects of Business Management

Areas of Business Management	Poor	Bad	Fair	Good	Excellent	Mean
Book keeping	20.7	0	2.4	50.0	26.8	3.6220
Business plan writing	46.3	2.4	12.2	28.0	11.0	2.5488
Proposal writing	37.8	6.1	2.4	36.6	17.1	2.8902
Budgeting	25.6	4.9	29.3	28.0	12.2	2.9634
Accounting	48.8	4.9	9.8	23.2	13.4	2.4756
Basic entrepreneurship skills	35.4	6.1	6.1	39.0	13.4	2.8902

The respondents indicated that they are good in book keeping as shown by a mean score of 3.6220. The respondents also indicated that they are fairly efficient in budgeting as shown by a mean score of 2.9634, proposal writing as shown by a mean score of 2.8902, basic entrepreneurship skills as shown by a mean score of 2.8902 and business plan writing as shown by a mean score of 2.5488, while they indicated that they are bad in accounting as shown by a mean score of 2.4756.

4.4.2 Influence of the Level of Education on Access to Micro Finance

The study sought to establish whether the level of education inhibits access to micro finance. Table 4.8 shows the results.

Table 4.8: Whether the Level of Education Inhibits Access to Micro Finance

Response	Frequency	Percentage
Yes	50	61.0
No	32	39.0
Total	**82**	**100.0**

From the study, 61% of the respondents unanimously indicated that the level of education inhibits access to micro finance, while 39% of them indicated that the level of education does not inhibit access to micro finance.

Table 4.9: Whether there are Micro Finance Institution around the Region

Response	Frequency	Percentage
Yes	76	92.7
No	6	7.3
Total	**82**	**100.0**

On whether the respondents know of any micro finance institution around the region, an overwhelming 92.7% of the respondents indicated that they know of micro finance institution around the region, while 7.3% of them indicated that they don't know of any micro finance institution around the region.

As such the respondents were required to indicate the microfinance institutions they knew in the region. From the study the various microfinance institutions in the area include K-REP, KADET, Kenya ECLOF, KWFT, FAULU Kenya and SMEP.

The study further sought to establish the various ways through which the respondents got to know about the MFIs. 67.5% of the respondents indicated that they knew about the MFIs through friend, while 32.5% indicated that they knew about MFIs through media such as billboards, posters, radio news and television. None of them got to know of the MFIs through outreach activities carried out by the MFIs.

The study sought to establish the various services offered by the MFIs. As such the respondents indicated that the MFIs in the region offer services such as banking, credit, training and money lending through loans and overdrafts.

4.4.3 Access to Credit from any Financing Institution

The study sought to establish whether the women groups that participated have ever accessed credit from any financing institution.

Table 4.10: Access to Credit from any Financing Institution

Response	Frequency	Valid Percentage
Yes	43	54.4
No	36	45.6
Total	**79**	**100.0**

From the study, majority of the respondents (shown by 54.4%) indicated that their groups had accessed credit from any financing institution as compared to 45.6% of those who indicated that their groups had never accessed credit from any financing institution.

The study therefore sought to ascertain the reasons as to why there are various women groups that have never accessed credit from any financing institution. Majority of the respondents indicated that some groups do not meet the requirements for obtaining loans from the financing institutions, others indicated there are many repayment burdens, high illiteracy levels, lack of seriousness with business to obtain credit, lack of enough number of members as required by the MFIs, short repayment periods, high interest rates, fear of losing property in case of defaulting to repay the loans, lack of collateral and other costs of service makes it difficult to meet the requirements for access to credit from the MFIs.

4.4.4 Business Records

The respondents were required to indicate whether there are people in their groups who know what book keeping is.

Table 4.11: Knowledge about Book Keeping

Response	Frequency	Valid Percentage
Yes	46	58.2
No	33	41.8
Total	**79**	**100.0**

From the study, 58.2% of the respondents indicated that there are people in their groups who had knowledge on book keeping, while 41.8% of them indicated the contrary.

The study further sought to establish whether the groups keep books of account. Table 4.12 depicts the results of the study.

Table 4.12: Whether the Groups Keep Books of Account

Response	Frequency	Percentage
Yes	31	37.8
No	51	62.2
Total	**82**	**100.0**

On this issue, a majority of the respondents indicated that their groups do not keep books of account as shown by 62.2% of them, while only 37.8% of them indicated that their groups keep books of account. This was attributed to the fact that most of their contributions are given to individual members for personal use and that that they do not see any reason for keeping them. Others attributed it to their lack of knowledge on keeping business records.

Further, the study sought to establish whether the respondents knew how to write a business proposal/plan. Table 4.13 shows the findings.

Table 4.13: Knowledge of How to Write Business Proposals or Business Plans

Response	Frequency	Percentage
Yes	40	48.8
No	42	51.2
Total	**82**	**100.0**

From the results depicted above, 51.2% of the respondents indicated that they did not know how to write a business proposal/plan, while 48.8% of them knew how to write a business proposal/plan.

Upon indicating that they knew how to write a business proposal/plan, the study required the respondents to give the basic components of a business plan. All the respondents who knew how to write a business proposal/plan unanimously indicated that budget is one of the basic components of a business proposal/plan, others indicated that the basic components of a business proposal/plan include work plan, history and position of the groups, mission, objectives, the management and the structure.

4.4.5 Training in Business Management

The respondents were required to indicate whether they or other members in their groups had been trained on business management.

Table 4.14: Whether the Group Members had been Trained on Business Management

Response	Frequency	Percentage
Yes	51	62.2
No	31	37.8
Total	**82**	**100.0**

An overwhelming majority (62.2%) of the respondents indicated that they or other people in their groups had been trained on business management, while only 37.8% of them indicated that members in their groups had never been trained on business management.

As such, the study sought to establish the skills obtained from the training offered on business management. The respondents indicated that they got skills such as accounting, budgeting, entrepreneurship, material required, information on interest rates charged on loans, basic book keeping, investment decisions, business planning and coordination, organization, basic accounting skills such as balance sheet, calculation of profit and loss and entrepreneurial skills.

4.4.6 Availability of Properties and Collaterals

The study required to establish the various business endeavors that the groups engaged in since their formation. The respondents indicated that their groups involved in business endeavors such as investing individually, merry-go round, table banking, hairdressing, poultry keeping projects, maize farming activities, and dairy farming.

The respondents were requested to indicate whether their groups have any enterprise/ business that they own as a group.

Table 4.15: Group Ownership of Enterprises or Businesses

Response	Frequency	Percentage
Yes	5	6.1
No	77	93.9
Total	**82**	**100.0**

Majority of the respondents, shown by 93.9% indicated that they do not have any enterprise/ business that they own as a group; while 6.1% of them indicated that they have enterprises or businesses that they own as a group. The reason they gave was that members of the groups preferred to make individual investments. As a result, most of them (represented by 67.1%) felt that it contributed to them not accessing credit. This is because the business would act as collateral and that no one would feel pressured to sign up their individual properties as collateral –in which in most cases belong to their husbands.

Further, the respondents were required to indicate whether they have any property in their name as a group.

Table 4.16: Ownership of Property as a Group

Response	Frequency	Percentage
Yes	8	9.8
No	74	90.2
Total	**82**	**100.0**

On overwhelming majority (90.2%) of the respondents indicated that they do not have any property in their name as a group, while only 9.8% of them indicated that they have property in their name as a group.

While majority of the groups didn't own properties under their name, among the available properties in the names of the groups include driers, rental houses, renting canvas tents and plastic chairs, chicken rearing business, maize farming business and dairy farming business.

The study sought to establish whether lack of property contributes to failure to access credit by the groups.

Table 4.17: Lack of Property Contributes to Failure to Access Credit by the Groups

Response	Frequency	Percentage
Yes	49	67.1
No	24	32.9
Total	**74**	**100**

From the study, 67.1% of the respondents indicated that lack of property contributes to failure to access credit by the groups, while 32.9% of them indicated contrary that lack of property does not contribute to failure to access credit by the groups.

4.4.7 Activities of Micro Finance Institutions

The study sought to ascertain whether the respondents had ever attended a training session offered by micro finance institutions in the region.

Table 4.18: Attendance to Training Sessions Offered by Micro Finance Institutions

Response	Frequency	Percentage
Yes	45	54.9
No	37	45.1
Total	**82**	**100.0**

According to the results depicted above, 54.9% of the respondents indicated that they have had attended a training session offered by micro finance institutions in the region, while 45.1% of them indicated that they had never attended any training session offered by micro finance institutions in the region.

The respondents were required to indicate whether they had ever seen or heard of micro finance institutions carrying out outreach activities in their area.

Table 4.19: Knowledge of Outreach Activities Carried Out by Micro Finance Institutions

Response	Frequency	Percentage
Yes	60	73.2
No	22	26.8
Total	**82**	**100.0**

Majority of the respondents indicated that they had seen or heard of micro finance institutions carrying out outreach activities in their area as indicated by 73.2% of them, while 26.8% of the respondents indicated that they had never seen or heard of micro finance institutions carrying out outreach activities in their area.

Those who had knowledge of outreach activities being carried out in their region were asked to rate the effectiveness of the outreach services offered. The table below shows the results.

Table 4.20: Effectiveness of the Outreach Services Offered by MFIs

Effectiveness of the Outreach Services	Frequency	Percentage
Lowest effective	30	56.6
Less effective	3	5.7
Moderately effective	9	17.0
Higher effective	6	11.3
Highest effective	5	9.4
Total	**53**	**100.0**

On the effectiveness of the outreach services offered by MFIs, 56.6% of the respondents rated the outreach services offered by MFIs as being least effective, 17.0% of them indicated that the outreach services offered by MFIs are moderately effective, 11.3% of the respondents rated the outreach services offered by MFIs as being of higher effective, 9.4% rated the services as highly effective, 5.7% of the respondents rated the outreach services offered by MFIs as being less effective.

Table 4.21: Ranking the Effectiveness of Training given by Microfinance Institutions

Effectiveness of Training	Frequency	Percentage
Lowest effective	19	37.3
Less effective	9	17.6
Moderately effective	15	29.4
Higher effective	3	5.9
Highest effective	5	9.8
Total	**51**	**100.0**

Further, on ranking the effectiveness of training given by microfinance institutions(by those who had ever attended a training session offered by MFIs in the region), 37.3% of the respondents rated the training given by microfinance institutions as being the least effective, 29.4% of them indicated that the training is moderately effective, 17.6% indicated less effective, 9.8% of them rated the training as highest effective, while 5.9% of the respondents indicated that the training given by microfinance institutions is highly effective.

Table 4.22: Whether Training offered Skills to Members Enhance taking up Micro Loans

Response	Frequency	Valid Percentage
Yes	40	76.9
No	12	23.1
Total	**52**	**100.0**

76.9% of the respondents indicated that the training offered them skills they did not have before that could make them take up micro loans from the MFIs, while 23.1% of them indicated otherwise. These training enabled the women groups to realize that there are small loans suitable for women and so women have the courage to take the loans.

The study sought the respondents thinking on what micro finance institutions should do to encourage rural women groups to take their loans. The respondents indicated that the MFIs should reduce interest rates, extend payment/grace period, offer more training/outreach services. They should also educate women on how to establish business; they should work as a group and do more business if the group can afford to do entrepreneur culture, reduce interest rates on loans and increase loans offered to women groups in the area. The respondents further reiterated that the MFIs should empower women groups culturally, accept all types of collaterals such as cows, goats and poultry, increase interests on women savings and improve on training.

4.5 Inferential Analysis

The study further conducted inferential analysis which involved a coefficient of determination and a multiple regression analysis. The inferential analysis was intended to establish the relationship between the independent variables and the dependent variable of the study. In this study, collateral requirements, literacy levels, level of awareness, entrepreneurial culture and management skills and cost of credit are the main factors inhibiting access to micro finance by rural women groups in Kiminini Constituency Trans Nzoia County.

4.5.1 Coefficient of Determination

Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (Access to Micro Finance) that is explained by all the five independent variables (collateral requirements, literacy levels, level of awareness, entrepreneurial culture and management skills and cost of credit).

Table 4.23: Coefficient of Determination on Factors Inhibiting Access to Micro Finance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.832(a)	.692	.634	.46316

Dependent Variable: Access to Micro Finance

The five independent variables that were studied, explain only 69.2% of the factors inhibiting access to micro finance by rural women groups in Kiminini Constituency Trans Nzoia County, Kenya as represented by the R^2. This therefore means the five aspects of factors inhibiting access to micro finance by rural women groups in Kiminini Constituency Trans Nzoia County while other factors not studied in this research contributes 30.8% of the factors inhibiting access to micro finance by rural women groups in Kiminini Constituency Trans Nzoia County. Therefore, further research should be conducted to investigate the other factors (30.8%) inhibiting access to micro finance by rural women groups in Kiminini Constituency Trans Nzoia County.

4.5.2 Multiple Regression Analysis

In addition, the researcher conducted a multiple regression analysis so as to determine the relationship between the access to micro finance and the five variable factors inhibiting access to micro finance by rural women groups in Kiminini Constituency Trans Nzoia County. To be able to quantify the reliability of the estimates the researcher made assumption of linearity, the assumption of independence (Durbin Watson test indicated a result of 2.123 meaning that there was no auto-correlation between the residual values), the assumption of constant variance (there was no outliers in the independent variables as the results were less than 0.50) and the assumption of normality (sample size was more than 30; hence met the central limit theorem). These assumptions were met to a significant extent as the results obtained were consistent to the assumptions made and hence positive.

Table 4.24: Coefficients of the Factors inhibiting Access to Micro Finance

Mode	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta	B	Std. Error
(Constant)	2.869	1.279		2.243	.040
Collateral requirements	.541	.577	.255	.938	.363
Literacy levels	.148	.621	.489	1.848	.084
Level of awareness	.122	.520	.061	.235	.817
Entrepreneurial culture	.292	.235	.337	1.245	.232
Cost of credit	0.359	0.193	0.08	0.358	0.014

The equation ($\mathbf{Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \varepsilon}$) becomes:

$$Y = 2.869 + 0.541X_1 + 0.148X_2 + 0.122X_3 + 0.292X_4 + 0.359X_5$$

Where Y is the dependent variable (access to micro finance by rural women groups), X_1 is the collateral requirements independent variable, X_2 is the literacy levels independent variable, X_3 is level of awareness independent variable, X_4 is entrepreneurial culture independent variable, while X_5 is cost of credit.

According to the regression equation established, taking all the factors (collateral requirements, literacy levels, level of awareness, entrepreneurial culture and management skills and cost of credit constant at zero, the livelihoods of the residents will be 2.869. The data findings analyzed also show that taking all other independent variables at zero, a unit increase in collateral requirements will lead to a 0.541 increase in access to micro finance by rural women groups in Kiminini Constituency. A unit increase in literacy levels will lead to a 0.148 increase in access to micro finance by rural women groups in Kiminini Constituency; a unit increase in level of awareness will lead to a 0.122 increase in access to micro finance by rural women groups in the Constituency; a unit increase in entrepreneurial culture will lead to a 0.169 increase in access to micro finance by rural women groups in the area, while a unit increase in cost of credit will lead to a 0.359 increase in access to micro finance by rural women groups in Kiminini Constituency. This infers that collateral requirements contribute more to the access to micro finance by rural women groups in Kiminini Constituency followed by cost of credit, then entrepreneurial culture and literacy levels, while level of awareness contributes the least in access to micro finance by rural women groups in Kiminini Constituency.

CHAPTER FIVE

SUMMARY OF FINDINGS, DISCUSSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary of the findings from chapter four, discussion of findings and it also gives the conclusions and recommendations of the study based on the objectives of the study. The objectives of this study were to assess if collateral requirements inhibit rural women groups from accessing micro finance, to determine if literacy levels inhibit access to micro finance, to determine if level of awareness inhibits access to micro finance, to assess if entrepreneurial culture and management skills inhibits access to micro finance and to assess cost of credit inhibits rural women groups from accessing micro finance in Kiminini Constituency Trans Nzoia County, Kenya.

5.2 Summary of the Findings

From the study, the interest rate charged on micro finance is high as shown by a mean score of 4.2073 and that the other costs e.g. transport fee, writing a business proposal/business plan increases the cost of credit and as a result inhibits access to micro finance by rural women groups as shown by a mean score of 3.7439. The study found that there was agreement that the rate of awareness of micro finance opportunities determines the rate of micro finance intake while there was neutrality that the effort put by MFIs in outreach activities has improved the rate of awareness of micro finance opportunities by rural women groups.

On entrepreneurial culture and management skills, the study further found that the training facilities should be provided to rural women groups at their locale as shown by a mean score of 4.4512, poor or lack of management skills e.g book keeping skills among members of rural women groups inhibits access to micro finance as shown by a mean score of 4.3902, there is low entrepreneurial culture among women groups in rural areas that inhibits access to micro finance as shown by a mean score of 4.2658 and business management course/training influences the decision to establish a business/enterprise and intake of micro finance as shown by a mean score of 4.0244.

The study found that collateral requirements also affect access to micro finance by rural women groups. The respondents agreed that the type of security demanded by MFIs inhibits access to micro finance by rural women groups as shown by a mean score of 4.39024 and that one of the reasons women groups fails to access micro finance is because of lack of collateral as shown by a mean score of 4.3171. On literacy levels, the study found that the number of trainings attended offered by MFIs increases intake of micro finance as shown by a mean score of 4.0976, while they remained neutral on that the level of education attained is a major factor in accessing micro finance as shown by a mean score of 3.2317.

The study further established that majority of the women groups are good in book keeping as shown by a mean score of 3.6220, are fairly efficient in budgeting, proposal writing, basic entrepreneurship skills and business plan writing as shown by a mean score of 2.9634, 2.8902, 2.8902 and 2.5488, while they indicated that they are bad in accounting as shown by a mean score of 2.4756. Further, 61% of the respondents indicated that the level of education inhibits access to micro finance, 92.7% of the respondents indicated that they know of any micro finance institution around the region. From the study the various microfinance institutions in the area include K-Rep, KADET Kenya, ECLOF, KWFT, FAULU Kenya and SMEP.

From the study, the respondents know about the MFIs through friend, while others indicated that they knew about MFIs through media such as billboards, posters, radio news and television. The MFIs in the region offer services such as banking, credit, training and money lending through loans and overdrafts. Majority of the respondents (shown by 54.4%) indicated that their groups had accessed credit from any financing institution. On the reasons as to why there are various women groups that have never accessed credit from any financing institution, the respondents indicated that some groups do not meet the requirements for obtaining loans from the financing institutions, others indicated there are many repayment burdens, high illiteracy levels, lack of seriousness with business to obtain credit, lack of enough number of members as required by the MFIs, short repayment periods, high interest rates, fear of losing property incase of defaulting to repay the loans, lack of collateral and other costs of service makes it difficult to meet the requirements for access to credit from the MFIs.

The study found that there are people in the women groups who know what book keeping is. Majority of the respondents indicated that their groups do not keep books of account as shown by

62.2% of them, while only 37.8% of them indicated that their groups keep books of account. 51.2% of the respondents indicated that they did not know how to write a business proposal/plan, while 48.8% of them knew how to write a business proposal/plan. The respondents who knew how to write a business proposal/plan unanimously indicated that budget is one of the basic components of a business proposal/plan, others indicated that the basic components of a business proposal/plan include work plan, history and position of the groups, mission, objectives, the management and the structure. The majority of the respondents indicated that they got skills such as accounting, budgeting, entrepreneurship, material required, information on interest rates charged on loans, basic book keeping, investment decisions, business planning and coordination, organization, basic accounting skills such as balance sheet, calculation of profit and loss and entrepreneurial skills.

On ownership of property/collateral, 93.9% of the respondents indicated that they do not have any enterprise/ business that they own as a group, while 6.1% of them indicated that they have enterprises or businesses that they own as a group. Although majority of the groups didn't own properties under their name, among the available properties in the names of the groups include driers, rental houses, renting canvas tents and plastic chairs, chicken rearing business, maize farming business and dairy farming business. 54.9% of the respondents indicated that they have had attended a training session offered by micro finance institutions in the region,73.2% of the respondents indicated that they had seen or heard of micro finance institutions carrying out outreach activities in their area and 56.6% of the respondents rated the outreach services offered by MFIs as being least effective. Further, 37.3% of the respondents rated the training given by microfinance institutions as being the least effective and 76.9% of the respondents indicated that the training offered them skills they did not have before that could make them take up micro loans from the MFIs.

From the inferential analysis, the five independent variables that were studied (collateral requirements, literacy levels, level of awareness, entrepreneurial culture and management skills and cost of credit), explain only 69.2% of the factors inhibiting access to micro finance by rural women groups in Kiminini Constituency. According to the regression equation established, taking all the factors (collateral requirements, literacy levels, level of awareness, entrepreneurial culture and management skills and cost of credit constant at zero, the livelihoods of the residents will be 2.869. The data findings analyzed also show that taking all other independent variables at zero, a unit increase in collateral requirements will lead to a 0.541 increase in access to micro finance by rural women groups in Kiminini Constituency. A unit increase in literacy levels will lead to a 0.148 increase in access to micro finance by rural women groups in Kiminini Constituency; a unit increase in level of awareness will lead to a 0.122 increase in access to micro finance by rural women groups in the Constituency; a unit increase in entrepreneurial culture will lead to a 0.169 increase in access to micro finance by rural women groups in the area, while a unit increase in cost of credit will lead to a 0.359 increase in access to micro finance by rural women groups in Kiminini Constituency.

5.3 Discussion of Findings

Manohar (2007) found out that the inadequacy of MFIs in the rural areas means that the awareness of available credit opportunities is limited. However, this research study has indicated the contrary. Although all the MFIs in Kiminini Constituency are located in Kitale town, an urban centre, members of rural women groups are still aware of the opportunities available for them. 92.7% of the respondents knew of MFIs institutions in the region and were able to name them. They include KWFT, KREP, Faulu, KADET, ECLOF and SMEP.From the study, the respondents knew about the MFIs through friends, while others indicated that they knew about MFIs through media such as billboards, posters, radio news and television. They were aware of the services they offered such as banking, credit, training and money lending through loans and overdrafts. Majority of the respondents (shown by 54.4%) indicated that their groups had accessed credit from micro financing institutions. In addition, 73.2% of the respondents had knowledge of MFIs conducting outreach activities in the region of study. However, 56.6% (a majority) of them ranked the outreach activities to be lowest effective.This means that MFIs have put a lot of effort on sustainability and profitability of their various institutions at the expense of outreach activities.

A research conducted by Mulee (2010) indicated that many women lacked the technical knowhow such as basic book keeping skills to run a business because of lack of basic education. Findings from this research study indicated that while 58.2 % of the respondents agreed that some members of their group had knowledge in book keeping and out of 62.2% who had business management training only 37.8% of the respondents agreed that their groups kept books of account. This research also established that there is a link between the level of education and accessing micro finance. 61% of the respondents felt that low level of education inhibits rural women from accessing micro finance. This validates Nyandwi's (2003) observation on the same. In addition, Mutugi (2008) discovered that illiteracy kept entrepreneurs from accessing credit. Due to the pressure field workers face on achieving targets hence keeping their jobs, efforts are placed on micro credit at the expense of micro training. Out of the 62.2% of the respondents who had attended training sessions offered by various MFIs, a majority represented by 37.3% ranked their trainings to be lowest effective.

This research study also sought to find out if cost of credit was too high hence inhibiting women from accessing micro credit. The cost of credit was measured using interest rate and other charges levied on micro credit such as service fee, commission fee and personal expenses like transport fee to and fro the MFI. 89.7% of the respondents felt (some strongly) that interest rates charged on micro credit is too high. 76.1% of the respondents also agreed that the other costs incurred while acquiring micro finance increases the cost of credit hence inhibiting rural women groups from accessing micro finance. It was found out that MFIs in the region charged between 18 and 24% interest rate on micro credit and that the rates kept increasing without warning every now and then. In addition, there were service fee, insurance fee and Ksh. 1000 payable for the application form. Groups that had accessed credit from the MFIs are expected to travel to town weekly to the MFI for meetings. Therefore, findings of this research study agrees with those of Wangui (2007), Kangangi (2008) and Mulee (2010) that the cost of credit is a major barrier to entrepreneurs and women groups when accessing credit.

Adera (1995) and Wangui (2007) stated that collaterals are part of the requirements to access credit from mainstream financial institutions and micro finance institutions and since the poor cannot provide collateral they are considered them unbankable. Kinyanjui and Fowler (2004) observed that financial institutions screen out those who do not have collateral as they are considered 'risky" clients. It was found out that every member of the group is expected to list a number of properties they own when applying for micro credit. In case one default and the group members cannot pay for her behalf the property is confiscated by the MFI. 6.1% of the respondents indicated that their groups had established a business/enterprise and 9.8% owned property as a group that could act as collateral. A majority of 67.1% indicated that the lack of property contributed to the failure to access credit. These findings therefore indicate that collateral requirements demanded by MFIs inhibit access to micro finance by rural women groups.

Women have been considered to be good micro entrepreneurs. However, the number of women entrepreneurs is low as compared to that of men especially in rural areas. This has been attributed to inability of women to retain the earnings of their enterprises due to poor record keeping and management skills, poor entrepreneurial skills and cultural beliefs, practices and stereotypes placed on women (Mulee, 2010). 100%of those who responded indicated that there is low entrepreneurial culture among rural women groups that inhibited access to micro finance (out of which 26.6% of them strongly agreed). Respondents with a mean sore of 4.3902 agreed that poor or lack of management skills inhibits women from accessing micro finance and respondents with a mean score of 4.0244 agreed that a course in business management influences the decision to establish a business/enterprise hence influencing intake of micro finance. While 62.2% of the respondents agreed that some members of their group have been trained on business management only 6.1% agreed that their groups had established businesses/enterprises as a group. It is therefore evident that there is poor entrepreneurial culture among women groups hence inhibiting access to micro finance.

5.4 Conclusions

The study concludes that the various factors inhibiting access to micro finance by rural women groups in Kiminini Constituency include cost of credit (the interest rate charged on micro finance and the other costs e.g transport fee, writing a business proposal/business plan which increases the cost of credit and as a result inhibits access to micro finance by rural women groups), awareness of microfinance opportunities (which determines the rate of micro finance intake and effort put by MFIs in outreach activities which improves the rate of awareness of micro finance opportunities by rural women groups) and entrepreneurial culture and management skills (entrepreneurial culture, management skills e.g book keeping skills, training facilities and business management course/training); the other factors include collateral requirements (lack of collateral and type of security demanded by MFIs) as well as literacy levels (e.g. level of education attained and number of trainings attended).

5.5 Recommendations

The study recommends that governmental and non-governmental organizations should undertake a range of initiatives to create awareness of opportunities, increase entrepreneurial culture as well as raising literacy levels among women and women groups in Kenya. These should include the nature and dynamics of women entrepreneurship and the utilization of technology. Financial support institutions and various councils that may be partners in offering training and mentoring programs should, furthermore, be implemented. The government should provide support and/or a free slot on the government media for women entrepreneurship training, education and networking with other women entrepreneurs. More efforts should be made to minimize the various obstacles by offering more training to create awareness among women on the need to carry out entrepreneurial activities.

Micro finance is recognized as an effective tool to fight poverty by providing financial services to those who do not have access to or are neglected by the commercial banks and financial institutions. This study therefore recommends that an elaborate microfinance institution presence be availed in the County to facilitate easy access to the MFIs services. The main features of the microcredit institution which differentiate it from other commercial institutions and make them suited for poverty alleviation in rural areas include: their substitutability for informal credit; generally requiring less or no collateral; having simple procedures and less documentation; mostly group lending; easy and flexible repayment schemes; financial assistance of members of group in case of emergency; the most deprived segments of population are efficiently targeted, and groups interaction with each other's thus promoting learning and sharing of the necessary skills in business management.

The study also recommends that the MFIs operating in the area be empowered through provision of finances which can be advanced to the locals as credit to facilitate rapid employment creation, distribution of wealth as well as financial management skills and realize economic growth. With an elaborate MFIs structure in the area, the population will be more than willing to take up the financial advances and undertake development projects.

The MFIs and other financial institutions should be actively involved in enhancing access to micro finance among women groups. This can be realized through reducing interest rates, extending payment/grace period and offering more training/outreach services. They should also educate women on how to establish business and increase loans offered to women groups in the area. The MFIs should also empower women groups culturally, accept all types of collaterals such as cows, goats and poultry, increase interests on women savings and improve on training.

5.6 Recommendations for Further Studies

The study has investigated the factors inhibiting access to micro finance by rural women groups in Kenya with a focus on Kiminini Constituency Trans Nzoia County and established that collateral requirements, literacy levels, level of awareness, entrepreneurial culture and management skills and cost of credit are the main factors inhibiting rural women groups from accessing micro finance. The rural women groups are spread in various other constituencies in Kenya where various financial institutions are found to offer micro finance to the groups. The microfinance institutions and women groups are found to differ in the activities they involve in and consequently difference in their accessibility to micro finance hence difference settings altogether. The study therefore recommends that further research be undertaken with an aim of investigating the factors inhibiting access to micro finance by rural women groups in various other counties in the Country where various women and youth groups access various types of micro finance. This would be milestone towards realizing the social pillar of Kenya's Vision 2030. Such a study would ensure generalization of the study findings for all the constituencies and counties in Kenya and hence pave way for new policies with regard to farming methods, collateral requirements, literacy levels, level of awareness, entrepreneurial culture and management skills and cost of credit for enhancing access to micro finance and self-reliance.

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APPENDICES

Appendix I: Letter of Transmittal

My name is Lagat Chesang Dorcas and I am a Master of Arts student at the University of Nairobi. I will be carrying out a research on factors limiting access to micro finance by rural women groups in Kiminini Constituency. The study is aimed at generating information as to why rural women groups do not access micro finance as much as expected. The findings of the study will hopefully influence policy makers and organizations participating in development issues in this constituency to strengthen micro financing schemes for the benefit of women. Whatever the information you provide will be kept strictly confidential and will not be shown to any other person.

The study has no immediate and direct benefits to you as a participant. Your participation will be voluntary and should we come to any question that you do not wish to answer, just let me know and I will move to the next question or you can stop the interview at any time. Your assistance will be highly appreciated.

So far, do you have any question that you wish to ask about the research?

May I begin the interview?

Yes

No

(If no, thank the respondent and look for another group)

Appendix II: Questionnaire for Women Groups

SECTION A

Put an X against the answer that you feel best describes your opinion for each of the statements e.g. if you strongly agree, you put an X below the number box

Strongly agree	5
Agree	4
Neither agree nor disagree	3
Disagree	2
Strongly disagree	1

1. **Cost of credit**

Statement	1	2	3	4	5
The interest rate charged on micro finance is high					
The other costs e.g transport fee, writing abusiness plan, service fee, commission fee etc increases the cost of credit and as a result inhibits access to microfinance					

2. **Awareness of micro finance opportunities**

Statement	1	2	3	4	5
The rate of awareness of micro finance opportunities determines the rate of micro finance intake					
The effort put by MFIs in outreach activities has improved the rate of awareness of micro finance opportunities by rural women groups					

3. **Entrepreneurial culture and Management skills**

Statement	1	2	3	4	5
There is low entrepreneurial culture among women groups in rural areas that inhibits access to micro finance					
Poor or lack of management skills e.g book keeping skills among members of rural women groups inhibits access to micro finance					
Trainings should be provided to rural women groups at their locale regardless of whether they are registered with a particular MFI or not.					
Business management course/training influences the decision to establish a business/enterprise and intake of micro finance					

4. **Collateral requirements**

Statement	1	2	3	4	5
The type of security demanded by MFIs inhibits access to micro finance by rural women groups					
One of the reasons women groups fail to access micro finance is because of lack of collateral					

5. **Literacy levels**

Statement	1	2	3	4	5
The level of education attained is a majorfactor in accessing micro finance					
The number of trainings attended offered by MFIs increases intake of micro finance					

SECTION B

6. How efficient are you in the following?

   Use the numbers provided to rank your efficiency.

5	Excellent
4	Good
3	Fair
2	Bad
1	Poor

Book keeping
Business plan writing
Proposal writing
Budgeting
Accounting
Basic entrepreneurship skills

SECTION C

Give the correct and the most appropriate answers for the following questions:

7. Do you think that the level of education inhibits access to micro finance?
8. Do you know any micro finance institution around this region?
9. If yes, please list them.

10. How did you get to know about the MFI(s) mentioned above?

11. What services do they offer?

12. Has your group ever accessed credit from any financing institution?

13. If no, what is/ are your reason(s)?

14. Does the group keep books of account?

15. Has your group ever been trained in business management?

16. If yes for 15 above, what are the skills and knowledge acquired?

17. What business endevour has the group engaged in since its formation? If no, why?

18. Do you have any enterprise/ business that you own as a group?

19. Do you have any property in your name (as a group)? Give details.

20. If no for 19 above, does it contribute to failure to access credit?
21. Have you ever attended a training session offered by micro finance institutions in the region?
22. If yes for 21 above, how do you rank the effectiveness of the training given? (1 being the lowest and 5 the highest).
23. Did the training offer you skills you did not have before that could make you take up micro loans from them?
24. Have you ever seen or heard of micro finance institutions carrying out outreach activities in your area?
25. In a scale of 1-5 how effective is the outreach services offered by MFIs? (1 being the lowest and 5 the highest).
26. What do you think micro finance institutions should do to encourage rural women groups to take their loans?

Appendix III: Questionnaire for MFI Representatives

SECTION A

Using a tick indicate your opinion on the following statements using

5	strongly agree
4	agree
3	neither agree nor disagree
2	disagree
1	strongly disagree

Statement	1	2	3	4	5
The interest rate charged on micro finance is too high hence inhibits access to micro finance.					
The other hidden charges eg transportation cost, commission charges etc inhibits rural women groups from accessing credit.					
Outreach services offered by MFIs has increased awareness of micro finance opportunities to rural women groups.					
The lack of security/collateral by some rural women groups has inhibited access to micro finance					
Low literacy levels among rural women groups has contributed to low micro finance uptake.					
Due to the low entrepreneurial culture and poor management skills among rural women groups, micro finance intake has been poor.					

Using the scale of 1-5 (with 1 being the lowest and 5 the highest) rate how the following factors inhibit access to micro finance by rural women groups.

Factor	Rating
a. Cost of credit	
b. Awareness of micro finance opportunities	
c. Entrepreneurial culture and management skills	
d. Literacy levels	
e. Collateral requirements	

SECTION B

Answer the following questions appropriately:

1. What is the interest rate that you charge on your credit facilities?

2. Are there any other charges levied on micro finance?

3. Do you think that the cost credit is too high and as a result inhibit rural women groups from accessing micro finance?

4. Do you carry out outreach activities in rural areas? How often?

Never
Weekly
Fortnightly
Monthly
Other

5. Do you offer training services to rural women groups? Please explain.

6. How many rural women groups from Kiminini Constituency accessed micro finance facilities from your institution in 2011? What is the number this year?

7. What do you think keeps more rural women group from using your services?

8. What are some of the strategies you have taken to improve access to your services by rural women groups?

9. What are some of the strategies you have taken to improve access to your services by rural women groups?

Appendix IV: Registered Women Groups

NAME		DIVISION	ACTIVITIES
1.	Ekhavi	Kiminini	Table banking& poultry keeping
2.	Faith and action	Central	Table banking &poultry keeping
3.	Baechalo junior	Kiminini	Business
4.	Webomkia	Kiminini	Poultry and dairy keeping
5.	Radoko	Kiminini	Brick making and poultry keeping
6.	Nememe Neala	Kiminini	Poultry and bee keeping
7.	Nakitang'a	Waitaluk	Table banking and poultry keeping
8.	Sikheki Widows	Kiminini	Dairy and poultry keeping
9.	Kahawa	Waitaluk	Business
10.	Wasi W.Group Sikhendu	Kiminini	Poultry and table banking
11.	Mbanacho	Waitaluk	Farming and business
12.	Nakhangwa Bakoko	Kiminini	Bee keeping and poultry keeping
13.	Zero Grazing	Kiminini	Zero grazing and poultry
14.	Machungwa Widows	Waitaluk	Table banking and farming
15.	Mti Bora	Waitaluk	Horticulture and poultry
16.	Pamoja Sokoni	Kiminini	Business and Poultry
17.	Chaucha Vision	Kiminini	Poultry keeping and farming
18.	Yanja Nyazi	Kiminini	Farming and table banking
19.	Shalom Big Tree	Kiminini	Business and farming
20.	Brown Mwavuli	Kiminini	Farming and merry-go-round
21.	Guidance	Kiminini	Table banking and bee keeping
22.	Nabiswa Jirani Mwema	Kiminini	Merry-go-round and table banking
23.	Bomita Self- help	Kiminini	Table banking and merry-go-round
24.	Alfa	Kiminini	Table banking
25.	Limanya	Central	Table banking and catering
26.	Mwenyewe	Central	Poultry and business
27.	Iwott	Central	Farming and business
28.	Joy of Mary	Central	Merry-go-round
29.	African Devine	Central	Business
30.	Nyimine	Central	Business
31.	Shalom Power	Central	Merry-go-round and business
32.	Munawashi	Waitaluk	Business
33.	Fusiee Widows	Waitaluk	Table banking and merry-go-round
34.	Manyonke Welfare	Kiminini	Table banking and catering
35.	Sango Angaza	Kiminini	Table banking and merry-go-round
36.	Stepping Stone	Kiminini	Business and merry-go-round

37.	Sikhendu Kilimani	Kiminini	Table banking
38.	Lapkeyiet	Kibomet	Table banking and merry-go-round
39.	Ten Stars	Kibomet	Poultry and merry-go-round
40.	Manya Matunda	Kiminini	Merry-go-round and table banking
41.	Meta Meta Masaba	Kiminini	Merry-go-round and table banking
42.	Never Fire	Central	Business and merry-go-round
43.	Pilot	Central	Poultry and merry-go-round
44.	Benuel Widows	Kiminini	Merry-go-round
45.	Umiisyo	Kiminini	Farming and merry-go-round
46.	Ufanisi	Kiminini	Farming and table banking
47.	Tumaini Toll	Kiminini	Farming and table banking
48.	Kumi	Central	Poultry and bee keeping
49.	Beli WG	Central	Poultry and bee keeping
50.	Egetinge	Central	Brick making and farming
51.	Kuku Malkia	Central	Poultry keeping and business
52.	Makiche Busara	Central	Table banking and business
53.	Wendo	Central	Business
54.	Aim High	Central	Business
55.	Young Women Quakers	Central	Table banking and merry-go-round
56.	Jitegemee	Central	Business
57.	Narua	Central	Business
58.	Empowerment	Central	Farming
59.	Kemalo	Central	Merry-go-round and table banking
60.	Gracious Destination	Central	Business and Poultry keeping
61.	Jericho	Central	Poultry keeping
62.	Masaa	Central	Business
63.	Twanet	Central	Business
64.	Step-by-step Widows	Central	Brick making
65.	Utukufu	Central	Poultry keeping and farming
66.	Mapera Huruma	Central	Business
67.	Daughters of Bazaa	Central	Poultry keeping and farming
68.	Jitolee	Central	Business and merry-go-round
69.	Mwihoko	Central	Merry-go-round and table banking
70.	Nest	Central	Farming
71.	Galilaya	Central	Business
72.	Melta Sifina	Central	Farming
73.	Miharati	Central	Business
74.	Khuambane Alala	Kiminini	Poultry and tree planting
75.	Big Six	Central	Business and farming
76.	Kipsongo Good Shephard	Central	Horticulture and business

77.	Wemarunda	Kiminini	Poultry and business
78.	Ikhongo-Murwi	Kiminini	Table banking and merry-go-round
79.	Madaraka	Central	Table banking and merry-go-round
80.	Shammah Vision	Central	Merry-go-round to assist members
81.	Ndombela	Central	Business, merry-go-round, table banking
82.	Sayare Kipsongo	Central	Business, merry-go-round, table banking
83.	Chosen Few	Central	Table banking and business
84.	Lela	Central	Table banking, business and merry-go-round
85.	Obulala	central	Poultry, table banking and merry-go-round
86.	Njeete Ebenezar	Central	Poulty and farming
87.	Alego-Ugenya	Central	Business and merry-go-round
88.	Hatua Moja Mbele	Central	Business and merry-go-round
89.	Hera Maduong	Central	Business and merry-go-round
90.	Upcoming business group	Central	Farming and merry-go-round
91.	Msimamo Bora	Central	Business
92.	Ngai Sunrise	Central	farming and transportation
93.	Bamasike welfare	Central	Farming
94.	Babimaki fish Farmers	Kiminini	Fish farming
95.	Grace Seeds	central	Business
96.	Sisimukha	Kiminini	Poultry and Farming
97.	Mukhasi	Kiminini	Tree planting and table banking
98.	Economic W.G	Waitaluk	table banking and merry-go-round
99.	AP Line	Central	Table banking and business
100.	Numufweli	Kiminini	Horticulture, poultry and table banking
101.	Sungukungu	Central	Poultry keeping
102.	Gukirerenia	Kiminini	Table banking
103.	Kamukunji	Kiminini	Table banking
104.	Sango Village	Kiminini	Horticulture and Merry-go-round
105.	Sismula wajane	Waitaluk	Poultry keeping and merry-go-round
106.	Kaora	Central	Poultry keeping
107.	Sirende Mereyo	Waitaluk	Table banking
108.	Nyako mwangaza	Waitaluk	Poultry farming

Appendix V: Authorization Letter

OFFICE OF THE PRESIDENT

Telegraphic Address:
Telephone: 054-30720
Fax No: 054 – 31617
E-MAIL: dctnzoiawest@gmail.com
When replying please quote

THE DISTRICT COMMISSIONER
TRANS NZOIA WEST DISTRICT
P.O. BOX 11
KITALE.

REF: VON/DEMS/NEMC/11/14

DATE: 5th July, 2012

The District Officer
KIMININI DIVISION

RE: RESEARCH AUTHORITY
LAGAT CHESANG DORCAS – REG. NO. L 150/64/64112/2010

The above named is a student at the **University of Nairobi, College of Education and External Studies,** school of continuing and **Distance Education,** Department of **Extra-Mural studies.**

She is hereby authorized to conduct Research in **Kiminini Division Trans-Nzoia West District on "Factors inhibiting access to M.F by rural women groups in Kiminini Constituency Trans Nzoia County – Kenya".**

Any assistance accorded to her will be highly appreciated.

M.O. SUGUMA
For: DISTRICT COMMISSIONER
TRANS-NZOIA WEST

cc
The District Officer
Kiminini Division

Appendix VI: Research Authority Letter

UNIVERSITY OF NAIROBI
COLLEGE OF EDUCATION AND EXTERNAL STUDIES
SCHOOL OF CONTINUING AND DISTANCE EDUCATION
DEPARTMENT OF EXTRA-MURAL STUDIES
NAIROBI EMC

Your Ref:

Our Ref:

Telephone: 318262 Ext. 120

Main Campus
Gandhi Wing, Ground Floor
P.O. Box 30197
NAIROBI

22nd May, 2012

REF: UON/DEMS/NEMC/ 11/14

RE: LAGAT CHESANG DORCAS - REG.NO. L150/64112/2010

The above named is a student at the University of Nairobi, College of Education and External Studies, School of Continuing and Distance Education, Department of Extra- Mural Studies pursuing Masters in project planning and Management.

She is proceeding for research entitled "**factors inhibiting access to M.F by rural women groups in Kimimini constituency Tranzoia county- Kenya**"

Any assistance given to her will be appreciated.

UNIVERSITY OF NAIROBI
P.O. Box 30197
NAIROBI

CAREN AWILLY
CENTRE ORGANIZER
NAIROBI EXTRA MURAL CENTRE