

**MICROFINANCE PROGRAMS AND THE EMPOWERMENT OF WOMEN
IN KENYA
CASE STUDY OF WIDE RIDGE VISIONS DEVELOPMENT PROGRAMME**

BY

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**A RESEACH DISSERTATION SUBMITTED TO THE COLLEGE OF ECONOMICS
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DECLARATION

I, Tabitha Mwihaki Murira, hereby declare to the best of my knowledge that the work embodied in this dissertation has never been published or submitted to any other university or any other institution of higher learning for any academic award.

The literature and citation from other scholars work have been fully referenced and acknowledged in the text and bibliography.

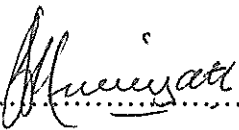
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APPROVAL

This dissertation has been prepared under my supervision and submitted to the college of economics and management sciences with my approval as the university supervisor.

Signature.....

Dr.Kinyatta Stanley (supervisor)

Date:.....09/05/2012.....

DEDICATION

I dedicate this piece of work to my dear guardian bishop Francis Sarpong and the CCBC MINISTRY for paying my school fees and ensuring that I studied in a good environment may God bless them abundantly .I dedicate this piece of work to my class mates teachers lecturers my dear parents for all their financial, moral support and encouragement in my education.

I also dedicate this piece of work to my siblings for their constant support and moral courage, my close friends Reuben Murabu for his encouragement coaching me and prayers may the Almighty God expand his boundaries and bless him immensely, my friend James Mwangi for his moral support and encouragement George for his constant prayers may lord grant them peace and prosperity.

And all my friends Mary, Janet, Janet Muthoni, Christopher, Samuel Aura Jimia Tabitha Mwajuma, Most importantly I dedicate this part of literature to you who is reading it right now, may it benefit you as you read.

I convey Special thanks to my dear and very resourceful friend, Reuben Murabu Aura Hezekiah and James Mwangi their gratitude are immense .May God give them long life and grace.

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MEANING OF INITIALS

MFI	Micro Finance Institution
HIV	Human Immune virus
AIDS	Acquired Immune Deficiency Syndrome
NSE	National Security Exchange
KWFT	Kenya Women Finance Trust
WEP	Women Empowerment Program
WWF	Working Women Forum
SAT	Sinapi Aba Trust
WRVDP	Wide Ridge Visions Development Programme
US	United States
NASEWoK	National Association of Self Employed of Kenya
JWASACCO	United Women & Credit Cooperative Society
NCKK	National Council of Churches of Kenya
NGO	Non Governmental Organization
BDO	Business Development Officer

MEANING OF THE TERMS

Micro finance -is a provision of a broad range of client responsive financial services to poor people through a wide variety of institutions.

Micro Finance institutions- these are institutions that provide microfinance services to the poor they include Sacco's and other building society.

Empowerment -A process of change by which individuals and groups with little or no power, gain the power and ability to make choices that affect their lives.

Programs-A series of planned actions that are intended to develop or improved something training /building investment of programme

Capital- initial money used by business people to start and run a business

Loan- credit given by a bank to a borrower or a customer which is usually backed by a collateral security payable in installment and interest at the end of the loan payment.

ABSTRACT

The research on the microfinance programs and empowerment of women provides a collection of statistical anecdote, market briefs, and concise summaries Of the researchers' findings. The report offers a bird's eye view of the microfinance programs, and the changing trends dotting its landscape of women empowerment.

The report starts by bringing the background of the study. Here, the researcher highlighted the reasons to why he decided to carry out the analysis and the empirical gap that was pointed out from the previous works. Chapter one which is the introduction part also explain the research with the statement of the problem, the purpose of the study, scope, questions and the significance of the study. To make the users of the report understands better the work, the report in this chapter end s with the conceptual framework which shows the variables in the study both dependent and independent variables and the intervening variables that came in between.

In chapter two, the literature review was based on the existing literature written by different authors about microfinance programs and empowerment of women in the society. It is reviewed along the major themes of the topic considering major microfinance programs and how they relate to the empowerment of women.

The chapter three shows the research design, sampling procedures which included simple random and, stratified sampling, sample size, method of data collection which include interviews and questionnaires, research procedures and the method of data analysis.

The chapters four present the analysis of the findings from the questionnaire and the interviews conducted. The research findings were based on the data collected from the population sample size selected from the top management, middle men, and operatives in each of the microfinance programs. This was done in order to have a wider understanding of the issues relates to the empowerment of women This gave an understanding of the challenges that are facing the microfinance programs, both undisputed and those not even thought of by the players.

In the chapter five presents the summary and conclusions deduced from the study.

CHAPTER ONE

1.0 INTRODUCTION

This chapter entails the background of the topic under study, the background of the case study, the statement of the problem, objective of the study, scope of the study, significance of the study and the conceptual framework.

1.1 BACKGROUND OF THE STUDY

Microfinance is the provision of small loans called “micro credit” or savings services for people excluded from the formal banking system (UNAID). It is the business of providing loans and advances or other facilities to micro and small enterprises owned by various entrepreneurs and low income households.

The Kenyan microfinance emerged in the 1970’s as social innovators began to offer financial services to the working poor, those who previously were considered “unbankable

” because of their lack of collateral. It therefore emerged as an important tool to development. It is no longer just about providing loans to the women entrepreneurs but also include vital financial services and products.

When the Bangladesh economic Muhammad Yunus and the Grameen bank he founded won 2006 Nobel Peace prize, even those in familiar with the financial world gained an insight into micro credit, a small loan to client made by a bank or other institutions. Micro credit can be offered often without collateral to an individual through group lending and is the most common micro finance product. Micro financing is often enough to assist hardworking micro entrepreneurs with establishment or expansion of small businesses. Yunus used Grameen bank to provide loans that have enabled poor people around the world especially the women to help them

start businesses and earn a humble living. In the early 1990's, micro finance industry had grown substantially with more focus on sustainability. Most of them used the "minimalist" Grameen approach in providing credit (K-REP, 2003).

Microfinance is now a proven strategy for reaching the poor women. The micro credit summit campaign reports that 14.2% of the world's poorest women now have access to financial services accounting for nearly 74% of the 19.3 million poorest women served by microfinance (World Bank, 2001).

Available evidence points to the considerable potential of microfinance for the empowerment of women and clearly signals women's high demand for credit and savings (KWFT, 2003). Similarly, women entrepreneurs have been observed to have a high propensity for loan repayment and desire to invest in income generating activities.

The first women initiated micro finance institutions, the Kenya Women Finance Trust (KWFT), was registered in 1981 and 75,000 active clients and a loan portfolio of UD\$79 million by 2004(KWFT, 2004).

Wide Ridge Vision Development Programme (WRVDP) operates through the Mt. Kenya region since 2000 with six districts as its main concentration. These are; Thika, Maragua South, Murang'a, Kirinyaga, Nyeri, and Embu districts. Each of the six branch offices is run by branch officers. Due to the vastness in the six regions, movement becomes difficult. Thus, at unit level, each Business Development Officer (BDO) runs specific groups numbering about 15-20 in total. The BDO,s attend monthly meetings which apparently become weekly meetings of each group to ensure loan repayments or share contributions are on schedule and banking takes place. It's also

during this (limited) time that loan beneficiaries are supposed to voice any constraints they maybe facing.

The WRVDP credit scheme aims to provide the women with credit and technical assistance as a means of facilitating their integration into development. It's directed to women under three group based schemes or lending to individuals and group: thus they act as deposit centers.

1.2 STATEMENT OF THE PROBLEM

Despite the increasing microfinance institutions, their outreach has remained severely constrained because they do not provide value or adding favorable microfinance products or services. Institutions offering microfinance are striving hard to be innovative, making modifications based on analysis of feedback from clients and the social economic environment. MFIs operate on the assumption that provision of finance is synonymous with total empowerment. It is the process of change by which individuals and groups with little or no power gain the power and ability to make choices that affect their lives. It depends on many other factors; some linked to the individual situation and abilities and others dependent upon the environment and the women status as a group.

Unfortunately, microfinance operators rarely take these circumstances into account when designing products and services. In spite of the financial empowerment provided to women entrepreneurs through MFIs, not much transformation in terms of business growth has taken place. Significant differences still exist in the performance of women enterprises vis-à-vis those Kenyan men. Their enterprises are smaller, less likely to grow, less profitable and begin with less capital investment than those owned by men.

Most women entrepreneurs tend to have little or no education and often lack confidence- all factors affecting growth. An additional factor is that it cannot be assumed that the woman entrepreneur has control, or even an effectively say over loan use, even if she secures the loan from a program targeted specifically to women. Women may simply be used as low cost and reliable intermediaries between loans program staff and family members. It is therefore imperative to investigate and evaluate whether MFIs have the relevant programs to confer the desired empowerment to women.

Effective emergence of MFIs was expected to boost the women's morale, commitment, loyalty and self esteem as a result of entrepreneurial empowerment. However, with the politics on existence of fraudulent MFIs the story is different. Many have come to loose confidence about the schemes and a lot need to be done. As a matter fact, all is not lost; with a candid research, a solution to this problem can be arrived at, but if recommendations are not implemented, the problem can never be solved.

1.3 PURPOSE OF THE STUDY

The purpose of the study was to examine the role of MFIs empowering women entrepreneurs and the programs offered.

1.4 GENERAL OBJECTIVES OF THE STUDY

The following were the objectives under which the research was carried out:

- To determine the programs offered to women entrepreneurs by the Wide Ridge Visions Development Programme (WRVDP).
- To examine how the foresaid programs influence empowerment in women entrepreneurs.
- To investigate the current trend of welfare among MFIs in Kenya today.

- To establish the missing links within the programs and make necessary recommendations.

1.5 RESEARCH QUESTIONS

- What programs does WRVDP offer its clients?
- How do MFIs affect women empowerment in our country?
- How effective are these programs to the women with regards to the current trend in MFIs?
- What links are missing and what should be done in filling up the gaps?

1.6 SCOPE OF THE STUDY

The study was centered at Wide Ridge Visions Development Programme (WRVDP) which operates in six districts in the Mt Kenya region in Central Kenya. We focused on Maragua district for our case study since that is where WRVDP started its operations.

The research was a case study of Wide Ridge Visions Development Programme (WRVDP). It mainly focused on women entrepreneurs who have been members of it for a period of not less than two years (minimum) and operating in sub-urban region of Maragua district. Data collection was limited to the period 2003-2009.

The research was conducted in the period of May to June 2010

1.7 SIGNIFICANCE OF THE STUDY

The microfinance institutions particularly WRVDP on the study, provided a lot of resources aimed at women entrepreneurship development. With regards to WRVDP annual report, Kshs. Two billion has been disbursed towards this goal.

Information generated through the study will provide useful insights on the current programs or products that MFIs are giving to their clients (majority being women) and their relevance in gender empowerment.

The information was used to find out areas of deficiency when it comes to MFIs and the various ways of improvement.

The clients (that is the women questioned) input served as a basis of formulating programs which can be embraced by the MFIs and other stakeholders.

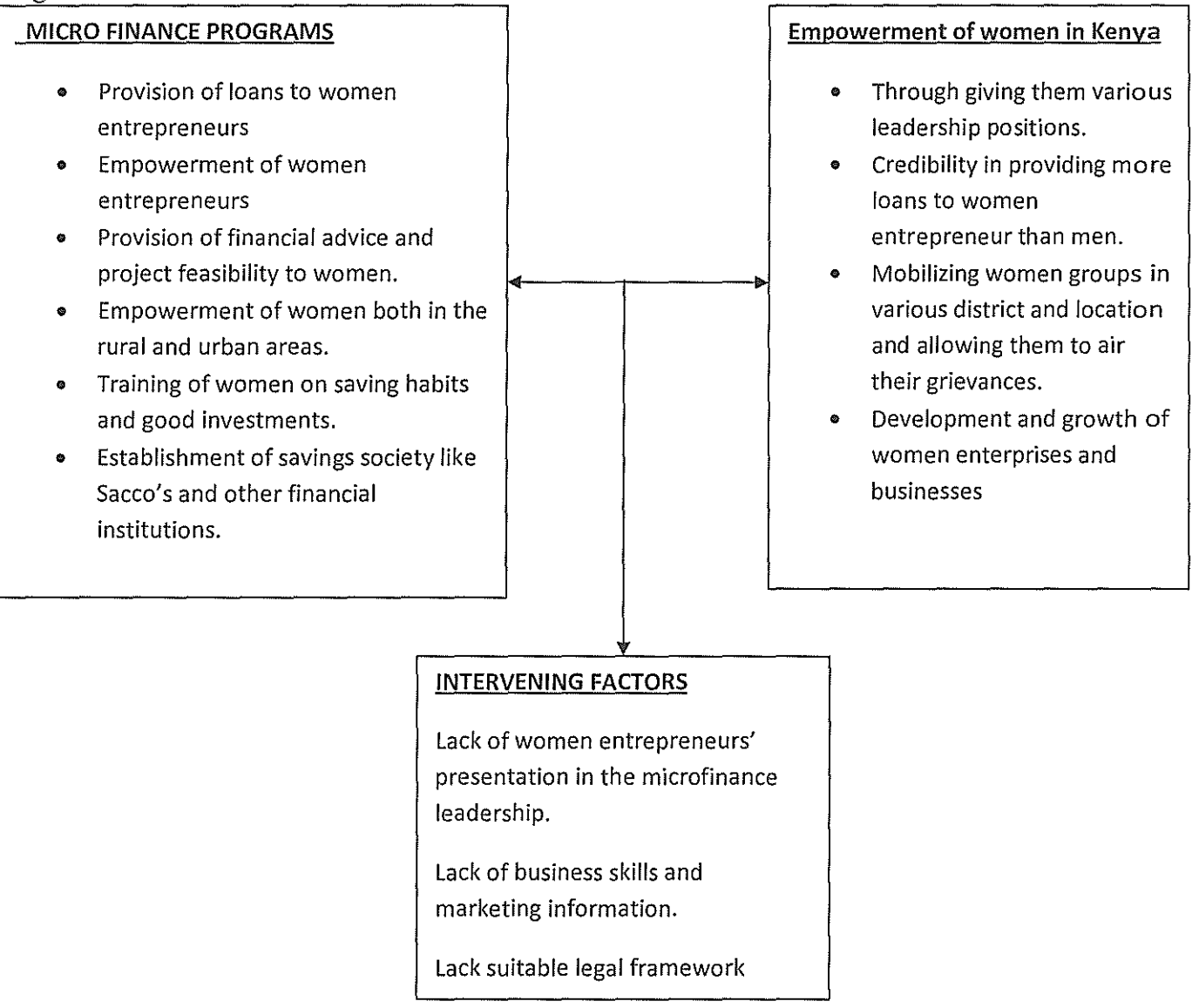
1.8CONCEPTUAL FRAMEWORK

The conceptual framework put into consideration some of the key factors influencing empowerment of women entrepreneurs and the role MFIs play. It comprised both the dependent and the independent variables. An independent variable is the resumed cause of change in the dependent variable. It is caused or influenced by the dependent variable(s). Dependant variable(s) is the one the researcher wishes to explain. This according to (Kothari, 2003) is referred to as criterion or predictor variable. Critical study of WRVDP was investigated to determine whether any weaknesses exist which may hinder women empowerment. The relationship between empowerment and business growth was also examined.

CONCEPTUAL FRAMEWORK
INDEPENDENT VARIABLE

DEPENDENT VARIABLE

Figure 1



CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

This chapter is about what other authors have said concerning women empowerment through microfinance programs. Focus on why women are a perfect target for MFIs and the gains attached to it. Shortcomings were also noted with a call to embrace programs that would empower women entrepreneurs.

2.1 DEFINITION OF CONCEPTS

Microfinance

Microfinance is a provision of a broad range of client responsive financial services to poor people through a wide variety of institutions. Financial services needed by people include working capital, loans, consumer credit, savings, pensions and money transfer services. Microfinance is the supply of these financial services to the poor and financial intermediaries' development, in particular to reduce income inequality and contributes to poverty reduction.

Boyle defines microfinance as the “extension of very small loans to those in poverty designed to spur entrepreneurship.”

Empowerment

Empowerment means power or authority to act (Oxford Advanced Learners). Susan Cheston of Opportunity International, a US-based organization that gives around 86 percent of its micro-credit loans to women; explains it as change, choice and power. A process of change by which individuals and groups with little or no power, gain the power and ability to make choices that affect their lives.

By supporting women's economic participation, microfinance helps to empower women, thus promoting gender-equity and improving household well-being (UNCDF Microfinance); Microfinance institutions help to empower women in the society. This is mainly done through giving them more loans than they do to men because they repay them easily than men do. Through this women are empowered.

Financial empowerment has, in many cases, helped women acquire more self-esteem, more respect within their families, and has even linked to decreases in domestic violence. Empowered women also have a positive impact on their communities, and are considered to be more responsive to the long-term needs of their households than men.

2.2 AN OVERVIEW OF MFIS IN KENYA AND CONTRIBUTION TO WOMEN

In the 1970's the main organization providing credit to the informal sector were church based organizations like National Council of Churches of Kenya (NCCCK) and other smaller church based NGOs. In the 1980's the two organizations began operating. These included K-REP which started as a subsidiary of a US based NGO and KWFT. They were heavily sub sized at the time and used the integrated (credit and training) approach to assist micro-enterprises. The KWFT is one of Kenya's premier microfinance institutions and one of the largest microfinance. It has 208,000 borrowers and \$121 million in assets. It works to empower women to change their lives by offering female entrepreneurs credit to expand their business and savings accounts to protect their gains. KWFT moved into new territory recently with an insurance plan for its clients, which covers health care and funeral expenses—two of the largest unplanned expenses for people living in the developing world.

An estimated 86 MFIs with a total of 134,612 active clients and loan portfolio of Kshs 2.5 billion were registered by mid 1999 (K-REP, 1999) other smaller women initiative MFIs include National Association of Self Employed of Kenya (NASEWoK) and United Women's and Credit Co-operative Society (UWSACCO).

One of their biggest challenges is trying to convince their clients to "think bigger", to seek loans in excess of Kshs 10,000 (there is need to help clients to "think bigger" could be a valuable entry point for any complementary business training initiatives) (KWFT, 2003).

2.3 WOMEN AND MFIS WORLD WIDE

Microfinance is now a proven strategy for reaching poor women. The micro credit summit campaign reports that 14.2 million of the world's poorest women now have access to financial services accounting for nearly 74% of the 19.3 million poorest served by microfinance (World Bank, 2001).

Pioneering microfinance institutions (MFIs) have already recognized that the twin goals of empowering women and developing poor communities are closely connected. The Nobel Prize-winning Grameen Bank, for example, gives around 96 percent of its micro-loans to women, while the UN estimates that around 76 percent of all microfinance clients globally are women.

2.4 MFIS FOCUS ON WOMEN

Today, majority of microfinance clients worldwide are women and this is especially true for programs targeting the very poor. Not only is microfinance good for women, but it also turns out that women are good for micro financing says Susy Cheston of Opportunity International, a US-based organization that gives around 86 percent of its micro-credit loans to women. "There are lots of different reasons that people lend to women. For some, it's about having customers that

are very credit-worthy and bring better value to the institution." Studies have shown that women are more likely than men to repay their loans, which is important for any microfinance institution interested in profit, sustainability or long-term impact. Women also tend to work better in the cooperative, group-lending methodology used by many microfinance providers to reach large numbers of clients efficiently. MFIs like WRVDP also look at microfinance as one way to correct some of the broader gender inequalities that exist around the world.

"The goal is to build a financial system where no person is excluded, and women are excluded to a greater degree than men in every culture, in every country," says Cheston. "The reasons for this exclusion include cultural reasons, lack of mobility, legal restrictions such as lack of property rights, other kinds of social factors, and in some cases, restrictions due to household and childcare responsibilities.

The microfinance industry has been at the forefront of recognizing women as a force in international development and a market worthy of attention but can do better if it addresses ongoing barriers to women participation and empowerment, (Chant, 2001). She further observes that there tremendous opportunities for innovation in microfinance if new incentives focus on reaching new markets.

1.5 WHY MFIS HAVE INTEREST IN WOMEN

Gender equality turns out to be a good thing for everybody. The World Bank reports that societies that discriminate on the basis gender have greater poverty, slower economic growth, weaker governance and lower standard of living, (World Bank, 2001). UNDP's quoted 2009 Human Development Report found that 70% of the 1.8billion people living on less than a dollar

a day are women. Studies in Latin America and elsewhere show that men typically contribute 30% to 40% of their salaries to the collective household fund, whereas women “tend to keep nothing” back for themselves (World Bank, 2001) because women contribute decisively to the well being of their families, (Chant, 2002). Investing in women brings about multiple effects.

2.6 MICROFINANCE AS AGENTS OF WOMEN EMPOWERMENT

Empowerment effects have been especially well document in “credit plus” and group based programs that combine credit with other activities such as education leadership development, community problem solving and business development, (Chant, 2001). Many impact studies have found that in some cases simply having cash in hand with improved status at home for instance, Ghanaian women clients of Sinapi Aba Trust (SAT) found their financial contributions helped them earn greater respect from their husbands and children and children, negotiate with their husbands for help with housework (especially doing laundry), avoid family quarrels over money and gain increased respect from extended family and in-laws, (Chant, 2001).

This occurs with research carried out by Working Women’s Forum (WWF), a union of poor women in India which reported that 41% of its members who had experienced domestic violence were able to stop it due to personal empowerment and 29% were able to stop it through group action. Similarly, women have also increased their participation in decision making. Example, Women’s Empowerment Project (WEP), a program in Nepal incorporating savings, credit and literacy. It showed 68% of women had greater power over family planning arranging their children’s marriages, buying and selling property and sending their daughters to school.

While most research focuses on business, personal and household impact, there is evidence of changes in how women perceive them within their communities. These changes in perceptions have led to increased participation by women in community leadership and in some cases, political positions, (Chant, 2001). Chant further states that benefits do not just end with individual empowerment. Provisions of financial services to women brings about a “multiplier effect” because it’s simply stated that women spend more of their income on their families, leading to better housing, nutrition, health care and children’s education, especially for girl children.

2.7 SHORTFALLS OF MFIS AS EMPOWERING AGENTS

MFIs serving women entrepreneurs assume that financial assistance is synonymous with total empowerment. However, empowerment is about change, choice and power. The ability of a woman to transform her life through access to financial services depends on many factors some of them linked to her individual situation and abilities and others dependent upon her environment and the status of women as a group. Microfinance programs can have tremendous impact on the empowerment process if their products and services take these circumstances into account, (Chant, 2001).

Unfortunately, MFIs targeted to women are often seen as part of a poverty reduction programme rather than as an economic, business development tool (Mishkin 2006). Women entrepreneurs tend to operate in an environment with low investment, low growth potential. They are subjected to harassment on issues pertaining to licensing; operate in unsafe cheap premises, mostly home based. Notably, they have fewer hours to invest in their business due to domestic responsibilities, (Burton & Lombra).

Further, MFIs often lack in women governance, management and operations meaning that women's voices and perspectives are not always incorporated into the design and implementation of products and services, (Mishkin, 2006).

In spite of the increased prestige individual women experience in the community, there has not been change at the macro level leading to increased power and opportunities for women in general at the market place and within society. Not surprisingly, traditional microfinance by itself cannot lead to women's full economic, social and political empowerment. In fact, in many cases, microfinance works not because it has changed the prevailing laws or culture, but because it has worked around them, (Chant, 2001). Worse still, some MFIs essentially ignore women as a market.

Many women-owned businesses are still regarded by loan officers as income generating activities rather than serious businesses with growth. When MFIs do not intentionally take women into account in marketing their financial products, women often understand themselves to be excluded. Further, lending programmes designed for women are often so committed to tried and true, one-size-fits-all methodologies that they do not respond to deeper information about their clients' assets and needs. Even basic knowledge about the nature of women businesses and the best ways to provide financial services to support them is sometimes ignored or lost in the face of new contexts and new pressures.

2.8 SOME BARRIERS TOWARDSWOMEN EMPOWERMENT

The very microfinance industry that has served women so phenomenally well nevertheless runs up against the same cultural barriers found throughout society. Grameen bank in Bangladesh, a

ground maker in reaching women clients, for many years has maintained between 5% and 10% female loan officers. Grameen is not alone. Many MFIs accept rather than creatively challenge cultural reasons that exclude women from serving as loan officers. Example is from Zimbabwe is the stigma against women driving motorbikes, which is a requirement for many loan officers. The same scenario is Kenya (KWFT, 2003).

While many men have served as treasured loan officers to women clients, anecdotal evidence suggest that a woman loan officer can bring added benefits to the job by serving as a role model and “sister”. The industry in general has not made a priority of ensuring that women are involved in MFI leadership, either on boards or in senior management. In many MFIs, 85% or more of clients are women yet fewer than 25% of the leaders are women.

Legal barriers also offered formidable resistance to women empowerment. Research points towards the need of revising policies that negatively impact women entrepreneurs. In Kenya for instance, the draft NSE policy framework of the DMSED notes that the legal and regulatory environment is in need of improvement. 57 issues have to do with complexities and costs involved in registering business names, obtaining licenses, finding suitable business premises, obtaining legal title to business sites. (Namusonge, 1999) points out that Kenya’s bankruptcy laws punish financial failure by denying the bankrupt civil rights, a serious deterrent to the risk-taking often inherent in “growing” an enterprise. All these pose barriers to women as well as to men, but the most serious issue affecting the growth and development of women’s firms are their lack of and other property titles. (Mishkin, 2006).

While nothing stated in the law that prevents them from holding their title to property, the cultural practice of “male” ownership is a serious impediment to women entrepreneurs, (Burton& Lombra, 2000). There is a tremendous untapped potential that will require stronger incentives for understanding the program elements that lead to increased client impact – holistic approaches such as increased empowerment benefits for women; outreach to women for advanced financial services , including enabling women to graduate into higher level loan products: meeting women’s needs for safe and accessible savings services; focusing on the importance not only of increasing income but also of building up assets and social capital; reaching clients in rural areas; using micro finance groups as a vehicle to address the HIV/AIDS crisis; including women in the leadership of micro finance institutions,(Mishkin, 2006).

Finally, every MFI has stories of women who not only are better off economically as a result of access to financial services but who are empowered as well. Simply getting cash into the hands of women(by way of working capital) can lead to increased self-esteem, control and empowerment by helping them achieve greater economic independence and security which in turn gives them the chance to contribute financially to their house holds and communities.(Mishkin, 2006).

It has been said that the first step towards change is realizing it is possible. Over the past several decades, we have seen that it is possible to reach women, including very poor women and bring about economic, social, spiritual and political transformation for the client, her family and her community. (Chant, 2001).

CHAPTER THREE

METHODOLOGY

3.0 INTRODUCTION

This chapter presents and describes the methods and techniques that were used to collect and analyze data. It included the area of study, the population, data collection instruments the researcher used, procedure, data analysis and preservation and the research limitations.

3.1 RESEARCH DESIGN

The researcher used both the qualitative and quantitative methods of data collection and analysis. Through qualitative strategies the researcher used this strategy to collect information about clients' attitudes, opinions, or habits about phenomenon being investigated. The quantitative strategies were used to formulate numerical data base. The researcher adopted a case study so as to describe the variables in detail, in content and holistically.

3.2 RESEARCH POPULATION

The research population included 145 women who are currently clients of WRVDP. Out of this population the study comprised of 50 respondents mainly focusing on women entrepreneurs who have been members for a period of not less than two years minimum.

3.3 SAMPLING DESIGN

The researcher used stratified sampling methodology. By selltiz weights man and cook who suggested that for a greater accuracy in the findings each strata should be based on the relative variability of the features under study rather than proportionate to the relative size of each subgroups in the population. The researcher used the fraction which was constant from the stratum such that: $n = \text{sample population}$, $N = \text{total population}$, thus deriving a fraction F ($n/N = F$)

Out of 145 women 70 were members for 2years and 75 are members over 4years.

$$75/145=23$$

70/145=27

23+27=50

Total respondent 50

Respondents were identified basing on the stratified fraction to take part in the study. The sample size was 50 women out of a total population of 145 women.

3.4 RESEARCH PROCEDURE

The researcher obtained an introduction letter from Kampala International University, School of Business and Management to WRVDP. Permission was sought from WRVDP management to allow the researcher conduct this study. Participants willing to provide information were guided in the questionnaire filling process and questions were asked by the researcher for clarification. Also, the researcher referred to organization's documents to find out more about the MFI's programs.

3.5 DATA COLLECTION INSTRUMENTS

Data collection instruments included self-administered questionnaires which comprised of open and close ended questions, interviews and documentary review.

Questionnaires

The researcher used designed and printed questionnaires which contained formulated questions both closed and open-ended that was related to the study, which the respondents were required to record their answers. The questionnaires were self-administered to the respondents. The closed questions were incorporated in this study in order to facilitate easy scoring and hence create statistical data base. Open ended were used to give the respondents freedom to respond, avoid

threats and boredom. This method was preferred for convenience when dealing with the large population.

Interviews

Under this method, the researcher asked different questions which were to be answered by the respondents who are women entrepreneurs who have been members for a period of not less than two years minimum. This technique was preferred by the researcher due to the fact that it enables direct and reliable interaction between the researcher and the respondent.

Documentation

It involved deriving information by studying written documents or visual information from sources. The researcher studied requested reports on the MFI. The researcher preferred this method to know the existing products and programs. Also the researcher was able to extract what was relevant to her and leave out irrelevant information.

3.6 SOURCES OF DATA

Primary data was collected from WRVDP through questionnaire and documentary review. Secondary and tertiary data was collected from KIU library, internet, journals and other sources.

3.7 DATA ANALYSIS AND PRESENTATION

After collecting data, the researcher edited and analyzed correctly filled questionnaires, and also the data on documents. The researcher analyzed data by use of percentages and findings were presented using tables and charts.

CHAPTER FOUR

PRESENTATION, INTERPRETATION AND ANALYSIS OF DATA

4.0 INTRODUCTION

This chapter was about the presentation and analysis of data related to the role of MFI programs on women empowerment.

4.1 PERSONAL DETAILS

The largest percentage of the respondents interviewed were females; forming 100% of the total respondents interviewed. This indicated that most of the loans for WRVDP were accessed by women since it's believed that a woman is capable of managing her money more wisely.

4.1.1 AGE DISTRIBUTION

The results of the study indicated the age distribution of entrepreneurs who had accessed loans from the WRVDP to be concentrated in the age group between 45-55 they constituted 27% of the total number of respondents. However, majority of the recipients were found to fall between ages 20-45 years which cumulatively accounted for 70% of the total respondents. The remaining 3% was formed by women entrepreneurs of the age between 55 years and above to 80 years.

Table 4.1 Age distribution

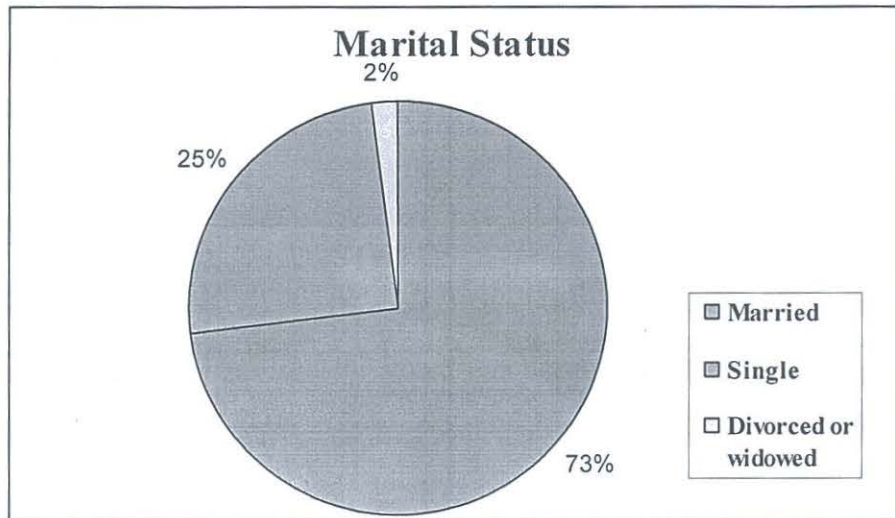
Age group	Frequency	Percentage
Below 20	-	-
26-35	15	30
36-45	19	40
46-55	14	27
Above 55	2	3
Total	50	100

Source: respondents

4.1.2 MARITAL STATUS

The data collected indicated that majority of the loan beneficiaries were married people. These comprised of 73% of all the entrepreneurs interviewed. 25% of the respondents were single as illustrated in figure 4.1. The other 2% were either divorced or widowed.

Figure 4.1



4.1.3 LEVEL OF EDUCATION

Findings indicated that of all the 50 respondents interviewed, had received some formal education and had attained varying levels of qualification. 18% had attained secondary ('O' level) education while those with high school ('A' level) education constitute 18%. Respondents with college level of education and above constituted 20% of the sample while those with primary and below constituted 44%. This is shown in table 4.2.

Table 4.2 Level of Education

Level of Education	Frequency	Percentage (%)
Primary and below	22	44
Secondary ('O' level)	9	18
High school ('A' level)	9	18
College and above	10	20
Total	50	100

These findings indicated that the level of literacy among the entrepreneurs seeking funds from WRVDP is high. However, it also indicates that most of those seek funds from it are from four drop-outs that go about setting up businesses after leaving school but are unable to sustain their business and hence they sort financial support.

4.2 BUSINESS DETAILS

4.2.1 BUSINESS MANAGEMENT SKILLS

Out of the total number of those interviewed, 45% said they had received some form of business management skills. These skills include book-keeping, accounting, management of small and medium enterprises and supplies management. Most entrepreneurs (90%) said they had acquired the skills through attention training sessions during the group meetings. Others said they had benefited from the affordable business training programme organized from time to time by the Ministry of Trade and Industry through the Kenya Institute of Business Training (KIBT).

55% of the respondents said they did not possess any business skills were operating their business through trial and error. Most had not received any place to acquire such skills. Others

said that even they though they knew where to acquire them, they did not have the finances to pay for the training.

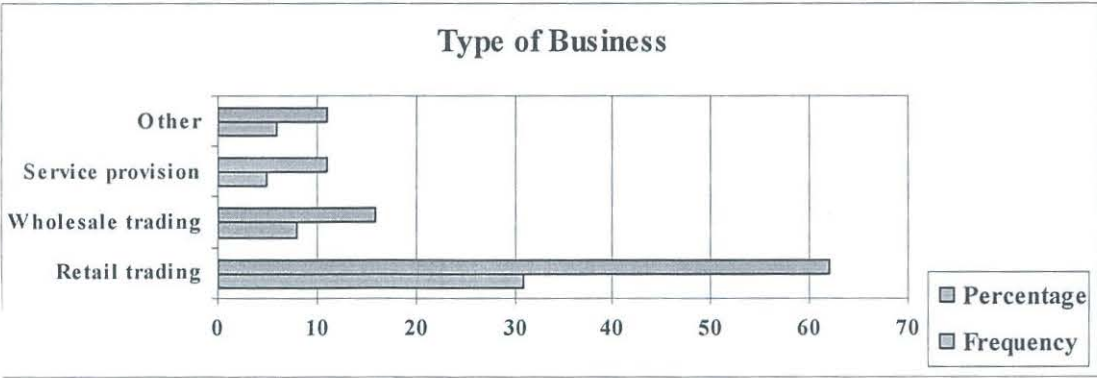
4.2.2 TYPE OF BUSINESS

62% of the entrepreneurs interviewed were engaged retail trading business mostly household items. 15% were doing wholesale business while 23% were in other lines of businesses or service provisions. Table 4.3 illustrates this.

Table 4.3 Type Business

Type of Business	Frequency	Percentage
Retail trading	31	62
Wholesale trading	8	16
Service provision	5	11
Other	6	11
Total	50	100

Source: respondents



4.2.3 NATURE OF THE BUSINESS

86% of the respondents operated under sole proprietorship. According to their views, the business required fewer formalities to register as well as low capital requirements. They also cited reasons like the business decision were made faster as compared and to a company. 12% of the respondents operated in partnership form of business. None of them owned a company and only 2% had other form of businesses. This was maybe because the respondents were on and off business or occasionally said items that were on and there after having nothing to do. Table 4.4 illustrates this.

Table 4.4 Nature of Business

Type of ownership	Frequency	Percentage
Sole proprietorship	43	86
Partnership	6	12
Company	0	0
Others	1	2
Total	50	100

Source: respondents

4.2.4 LENGTH OF TIME IN BUSINESS

72% of all the respondents had been in business for over 3 years. Only 26% of the respondents had been in business between 1 and 2 years. 2% had been in business below one year. During the study it was realized that the majority of micro and small scale enterprises closed down their businesses in the short period of their existence. This is an indication that there is lack of

entrepreneurial skills in the running of the start-up business. Table 4.5 illustrates the number of years the respondents had been business.

Table 4.5 Length of time in business

No. of years	Frequency	Percentage
Below 1 year	1	02
1-2	5	10
2-3	8	16
3-4	19	37
4-5	5	10
Over 5 years	12	25
Total	50	100

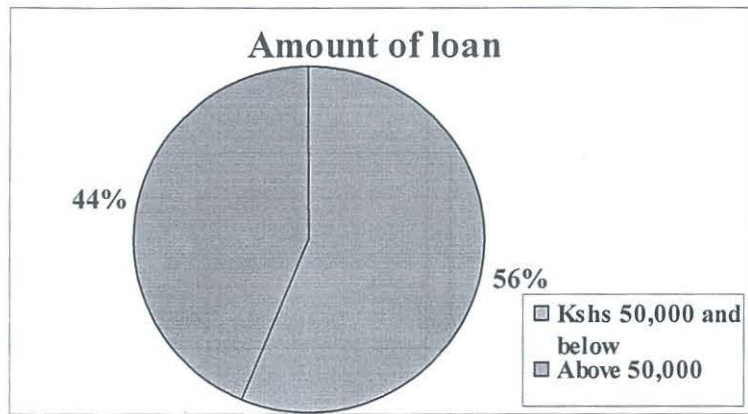
Source: respondents

4.3 LOAN DETAILS

4.3.1 AMOUNT OF LOAN APPLIED FOR

Out of the total number of those interviewed, 56% applied for a loan amount ranging between Kshs50, 000 and below. 44% of the rest applied for loan amounts above Kshs50, 000. Figure 4.2 illustrates the above.

Figure 4.2 Amount of loan applied for



4.3.2 TIME TAKEN TO ACCESS THE LOAN

Most indicated the time taken was between one month and six months, 54% constituted those who applied for the loans between Kshs 10,000 and Kshs 50,000. 16% applied for the loans between Kshs 50,000 and Kshs 80,000 and had to wait for two three months after applying 30% applied for above Kshs 80,000 and they had to wait to four to six months after application date.

4.3.3 LOAN REPAYMENT

Most of the loans were required to be paid fortnightly, weekly or monthly totaling to 94.1%. only 5.9% of the loan was repaid on yearly basis. Table 4.7 illustrates this.

Table 4.7 Loan repayment frequencies

Mode of Repayment	Frequencies	Percentage
Fortnight	4	9
Weekly	21	41
Monthly	22	44
Yearly	3	6
Total	50	100

Source: respondents

At times, some of them would not be able to pay for their loans due to various reasons;

- i. Illness of the person or one of her dependants thus money from the loan would be used to pay for medical expenses.
- ii. Failure to manage or invest the money wisely despite being equipped with insightful knowledge on how to invest it.
- iii. Matters concerning burial expenses in case of death of one of the spouses or members.
- iv. Too many dependants to take care of using the loan money.

4.3.4 ACCESS TO CREDIT FROM OTHER INSTITUTIONS

One of the objectives of providing credit to small business is to provide an opportunity to small business owners to be able to gain commercial experience and enable them to reach a standard of credit worthiness that would qualify them to access bigger loans from other lending institutions (Republic of Kenya, 1996).

Result from the study showed that only 10% of those interviewed indicated that they had accessed loans from other lending institutions. Most said that these loans were much smaller in amounts and that they accessed them before joining WRVDP. 90% of the respondents said that they had not accessed any loans from other lending institutions.

4.3.5 START UP CAPITAL

Most the respondents said they had started their businesses with less than Kshs.20, 000, these accounted for 64%. 2% said that they started with Kshs. 20,000 to Kshs.40, 000. 16% were those who started with above Kshs. 50, 000. A distribution of the respondents' start-up capital below

Table 4.8 Start-up capital

Capital (Kshs.)	Frequency	Percentage
10, 000 and below	13	26
10, 000-20, 000	19	38
20,000-30, 000	5	10
30,000-40,000	5	10
40,000-50,000	0	0
Above 50,000	8	16
Total	50	100

4.3.6 SOURCES OF START-UP CAPITAL

Own savings by the respondents the highest start up capital, 85%. Borrowed funds from family and friends constituted 9% while 3% were funds borrowed from formal institutions like banks, MFIs and SACCOs. The remaining 3% was from other small sources like gifts from people or relatives and inheritance.

Table 4.9 Various Sources of initial capital

Sources of capital	Frequency	Percentage
Personal savings	43	85
Loans from relatives & family	5	9

Banks, MFIs and SACCOs	26	3
Others	26	3
Total	50	100

Source: respondents

4.3.7 BENEFITS FROM THE SOURCE

Results of the study revealed that 90% of the respondents indicated that the loans acquired been beneficial to them in several ways. Most said that they had managed to open up small businesses educate their children and even increase on their savings. They also indicated that they could have done even better if they had acquired even bigger loans.

10% Of the respondents however indicated that the loans had not fully benefited them. This was mostly because of the size of the loans which they said was too small to have any impact on business performance. Among the loan beneficiaries interviewed, 63% of them said they had purchased new equipment/machinery for their businesses after accessing the loans. 37% said they used or invested their money in other forms like buying shares, or paying their children's fees which is also a form of investment.

4.4 CHALLENGES FACED BY RESPONDENTS

Most of the respondents indicated that their businesses were faced with several constraints such as:

- Poor business management strategies and skills.
- Too many dependants.
- Inadequacy of funds for business expansion.
- Lack of information on market and business training.

- Difficulty in accessing market for their products due to stiff competition.
- Illiteracy of most members.

4.4.1 PREFERENCE OVER OTHER FORMS OF FUNDING

50% of the respondents indicated that the low interest rates in MFIs were most favorable to them since they would afford to repay the loans. 30% said that MFIs had faster processing of loans given to them and so this made it easier for them to obtain the loan at their own convenience. 20% of the respondents said that they preferred MFIs since besides loans; they had unique products and services that they offered. For example, a member would acquire an advance loan on weekly basis without any detailed requirements.

Most said that the conditions of borrowing were favorable since only a membership card, National Identity Card, and guarantor are needed during loan application.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 INTRODUCTION

This chapter contains a summary of major findings, conclusions and recommendations that were proposed by the researcher, which can help improve the microfinance programmes and the roles they play on empowerment of women.

5.1 SUMMARY OF FINDINGS

From the findings it was discovered that majority of the clients were women with families or married women with secondary level of education who owned small businesses with minimal business management skills.

Findings from the literature review indicate that majority of microfinance clients worldwide are women and is especially true for programs targeting the poor.

From the findings we see that a majority of the women have never moved from WRVDP and do not intend on doing so, so long as services provided satisfied their needs. This highlights the fact that not only is microfinance good for women, but also that women are good for micro financing.

Most microfinance institutes including WRVDP did not have clear programmes that could train women on how to manage their business in order for them to grow. This emphasizes findings from the literature review that women-owned businesses are still regarded by loan officers as income generating activities rather than serious businesses with growth. Lending programmes designed for women are often so committed to tried and true, one-size fits-all methodologies that they do not respond to deeper information about their clients' assets and needs.

5.1 CONCLUSIONS

Microfinance has impacted women in various levels including personal, business and household and this has led to changed perception by women. These changes in perception have led to increased participation by women in community leadership and in some cases, political positions.

5.2 RECOMMENDATIONS

1. The researcher feels that in spite of the views mentioned during the conduct of the research there should be improvement in order to fully realize results of microfinance programmes on empowerment of women.
2. Microfinance institutes especially those focused on women should initiate business management training programs to improve the skills of women on how to run their business. This is in order for them to build their businesses from small shops to large enterprises.
3. Microfinance institutes especially those lending to women only should be able to go the extra mile and follow-up on the women and their businesses. This to ensure that they are able to run and manage their businesses smoothly and if they is potential for expansion can provide the necessary funds for it.
4. Many clients of WRVDP faced difficulty in accessing market for their products due to stiff competition. Since a majority of the women carry-out the same business the microfinance should organize them in such a way that they can market their products as a group directly to the final buyer without having to pass through middle men and then they can split up the profit.
5. While many men have served as treasured loan officers to women clients, anecdotal evidence suggest that a woman loan officer can bring added benefits to the job by serving

as a role model. The industry in general should make it a priority to ensure that women are involved in MFI leadership, either on boards or in senior management. In many MFIs, 85% or more of clients are women yet fewer than 25% of the leaders are women.

5.3 AREAS OF FURTHER RESEARCH

From the study the researcher recommended that further research be done in the following areas;

- Women involvement in management and governance of microfinance institutions.
- Lending programmes or MFIs designed for women
- MFIs and promotion of business enterprises.

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APPENDIX (I): INSTRUMENTS

A. QUESTIONNAIRE

Dear Respondents,

This questionnaire attempts to obtain information pertaining to a study titled, "Role of Microfinance Programs on empowerment of women in Kenya." This study is conducted as a partial fulfillment of the requirement of Bachelor of Business Administration of Kampala International University. All the information provided will be used only for the purpose of this field research and will be treated with maximum secrecy and confidentiality.

Thank you for your cooperation

Instructions:

- i. Where boxes are given, tick the most appropriate
- ii. Incase of blank spaces, fill them.

Questions

1. What is your age group?

- A. Below 20
- B. 26-35
- C. 36-45
- D. 46-55
- E. Above 55

2. What is your marital status?

- a) Single
- b) Married
- c) Others

(specify).....

3. What is your education qualification?
 - a) Primary and below
 - b) Secondary ('O' level)
 - c) High school ('A' level)
 - d) College level and above
4. What type of business are you engaged in?
 - a) Retail trading
 - b) Wholesale trading
 - c) Service provision
 - d) Others
5. What is the nature of your business?
 - a) Sole proprietorship
 - b) Partnership
 - c) Company
 - d) Others
6. What amount of loan have you applied for?
 - a) Below 20,000 Kshs
 - b) 20,000-50,000Kshs
 - c) 50,000-80,000Kshs
 - d) Above 80,000Kshs
7. How long did it take to access the loan?

.....
.....

8. What is the frequency of loan repayment?

- a) Fortnight
- b) Weekly
- c) Monthly
- d) Yearly

9. Have you accessed credit from any other institution?

.....
.....

B. INTERVIEW GUIDE

- What programs does WRVDP offer its clients?
- How do microfinance affect women empowerment in our country?
- How effective are these programs to the women with regards to the current trend in MFIs?
- What links are missing and what should be done in filling up the gaps?
- What problems do women entrepreneur encounter in the process of processing loans?
- What other intervening factors doe's women entrepreneurs faced apart from high legal framework?
- What else can be done apart from loan provision that can enhance women empowerment in the area?

APPENDIX (II)
WORK SCHEDULE

MONTH	ACTIVITY
January to March	Proposal writing
April	Collecting data from the field
April to May	Analyzing data
may	Presentation of data

APPENDIX (III)

BUDGET

ITEM	TRANSACTION	AMOUNT IN UGSHS
Stationery	Stationery	10,000
Secretarial services	Typing	18,000
	Printing	15,000
	Binding	27,000
	Photocopy	25,000
Transport	To and from Murang'a	90,000
Communication	With the organization	50,000
Other expenses	Meals	30,000
Miscellaneous	Unexpected	15,000
TOTAL		280,000