

**THE IMPACT OF FINANCIAL SERVICES OFFERED BY MICROFINANCE
INSTITUTIONS ON EMPOWERMENT OF WOMEN ENTREPRENEURS: A CASE
STUDY OF NAIROBI COUNTY**

NDIRITU SYLVIA WANJIRU

094615


**A Research Proposal submitted to Strathmore Business School in partial fulfillment for the
Degree of Bachelor of Commerce of Strathmore University**

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DECLARATION

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other University. To the best of my knowledge and belief, the thesis contains no material previously published or written by another person except where due reference is made in the thesis itself.

Sylvia Ndiritu

Signature: 

December 2019

The thesis of Sylvia Ndiritu was reviewed and approved by:

Lincoln Ndwiga



Strathmore Business School

DEDICATION

I dedicate this study to my parents, siblings and friends for their constant prayers, support and encouragement to see me through the long hours and tireless efforts to complete this project.

ACKNOWLEDGEMENT

First of all, I thank the almighty God for giving me good health, and guiding me through the entire period of doing my project.

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ACRONYMS

MFI- Microfinance Institutions

NGOs- Non-Governmental Organizations

USAID-United States Agency for International Aid

CBK- Central Bank of Kenya

AMFI- Association of Microfinance Institutions

CHAPTER ONE

INTRODUCTION

1.1 Background of The Study

Many people in the society choose to celebrate the women in their lives and view them as important people due to their ability to juggle around many challenging situations in life and are able to jump right back even better due to their strong personalities, their ability to strike a balance in managing their homes and their professions, and have coined very creative self-help groups to be able to get that extra source of income or savings that grants them financial independence. Despite this, women have been perceived to be a minority group in society as they are left to take care of their homes and be the natural caregivers while their male partners go ahead to pursue their careers. Due to this, various attempts have been made to promote the woman's position in society one being the access to financial services from the Microfinance Institutions.

Alexandra (2008) points out that women face a higher risk of poverty compared to the men due to several reasons. They are paid less due to discrimination and are into occupations that pay less such as cleaning, they spend most of their time providing unpaid care like looking after a disabled family member, they are more likely to bear the economic costs of bringing their children up in cases of failed marriages, pregnancies especially unplanned ones, affect their opportunities in work or education compared to the men as they may find it difficult to get a job and sustain it, and, domestic and sexual violence may push them into poverty due to the job loss that comes along with this. With these challenges that women face, women empowerment has become an important issue today with various attempts that aim at promoting the position of women to ensure that they are working alongside men and are successfully taking up diverse professions. Women are increasingly gaining control over their lives and making their own decisions in the different aspects which has given them confidence to lead their own lives and build their own identity. Microfinance services have been viewed as a major player and an important tool in offering financial assistance that empower women and help in poverty alleviation.

A definition of empowerment by (Hennink, Kiiti, Pillinger, & Jayakaran, 2012) is, the increase of freedom of choice and action by increasing one's authority and control over the resources and decisions that affect one's life. It encourages people to gain the skills and knowledge that will allow them to overcome obstacles in life or work environment and ultimately, help them develop

within themselves or in the society. It eventually grants confidence to individuals and strengthens their participation in decision making. The origin of Microfinance Institutions was in Bangladesh by Muhammad Yunus, an economics professor, after the aid, subsidies and the banks were unable to successfully fight poverty. After assisting a group of 42 women with a personal loan of \$27 that would help them start a business, this idea was successful and Muhammad decided to launch his program, Grameen, that offered small loans to poor populations and was fruitful. This led to formation of Grameen Bank which has recorded a stunning growth to date (Counts, 2008).

Lenssen et al. (2014) define Microfinance Institutions as the financial institutions that are committed to serve the low-income households and small enterprise to get access to financial services such as providing credit, insurance and advice or training to their clients. The authors state that the approach the Microfinance Institutions use of providing financial assistance and services to poor households, disadvantaged sections of society and smaller enterprises makes them different and help in filling a gap left by the major commercial institutions. The end goal of these products offered by the Microfinance Institutions is to provide these categories of individuals an opportunity to become independent and improve their well-being.

1.2 Microfinance Institutions in Kenya

Microfinance in Kenya has been developing since the mid-1990s and the Microfinance Act was passed in 2006. By 2010, there were 24 large MFIs that offered loans to approximately 1.5 million active borrowers with Equity Bank having the largest share of 150,000 clients followed by Kenya Women Microfinance Bank. According to the Microfinance Act (2006), institutions had to be registered either as deposit-taking institutions, non-deposit taking institutions and informal organizations to qualify for the microfinance license. “Major players in the sector include Faulu Kenya, Kenya Women Finance Trust (KWFT), Pride Ltd, Wedco Ltd, Small and Medium Enterprise Programme (SMEP), Kenya Small Traders and Entrepreneurs Society (KSTES), Ecumenical Loans Fund (ECLOF) and Vintage Management (Jitegemee Trust)” (Magutu, Khoya, & Onsongo, 2010).

The deposit taking microfinance are regulated by the Microfinance Act and Microfinance Regulations 2008 and must be licensed by the CBK. The non-deposit taking MFIs are self-regulated by the AMFI and are registered under eight different Acts of Parliament i.e. The Banking Act, The Companies Act, The Cooperative Societies Act, The Kenya Post Office Savings Bank

(KPOSB) Act, The Non-Governmental Organizations Co-ordination Act (Repealed), The Building Societies Act, The Societies Act and The Trustee Act (Ali, 2015).

The MFIs get funding from different sources such as commercial borrowing, International NGOs and AID agencies such as USAID, the shares of the members and the commercial banks that have invested in the MFIs. Some of the challenges that MFIs experience are, limited capacity in areas such as staff, inefficient delivery of products and services, insufficient funding, dealing with highly risky clients, expanding outreach to large numbers of people, deepening outreach to poorer clients and reducing costs to improve their sustainability. The major aspect that has promoted the growth of the MFIs in Kenya is tapping the unbanked population. This is because most commercial banks are reluctant to deepen their financial services to the poor groups and households as they termed to be riskier. Kenya's Government recognizes that the access to financial services goes a long way in poverty alleviation hence putting efforts in trying to create an enabling environment for the operations of the MFIs therefore developing an appropriate legal framework (Magutu et al., 2010).

1.3 Problem Statement

The origin of the concept of MFIs was to promote the position of the women in the male dominated society by providing them with financial assistance that they would be able to carry out their businesses. With the success observed from the Grameen Bank, it is evident to say that the women's position has been improved since their ability to access the services. This can be expressed from the assumptions that there is increased control in making financial decisions, increased participation in economic activities, a boost in self-esteem and self-respect (Counts, 2008). Khandker & Koolwal (2010) point out that most MFIs address the difficulties for people living below the poverty line to get formal loans from the commercial banks as they have many requirements for clients, which poor people cannot comply with and, access to formal credit is biased to men, making it more difficult to formally borrow money for women like in Bangladesh, a woman is obliged to get consent from her husband or male guardian (Rahman et al., 2009).

Kabeer (2012) points out that although there is reasonable evidence that access to the services of MFIs leads to empowerment, there is less evidence that it helps people grow out of poverty. A research by (Salia, Hussain, Tingbani, & Kolade, 2017) conducted to find out the unintended consequences of microfinance on women's empowerment in Ghana. Some of the unintended consequences he identified were, spousal and family disputes, polygamy and neglect of

perceived female responsibilities in the household. He concluded that these lead to a neutralized effect of the benefits that come with the microfinance institutions.

Mukherjee (2015) conducted his research in India to find out whether the government's program of microfinance facilitated the expansion of empowerment physically, economically, politically and socio-culturally across the different societal classes of people with different religious beliefs. His findings were that participation in state sponsored microfinance program has enhanced the likelihood of women empowerment although that benefit has not been accrued evenly among all socio-religious communities. Women of the highest social classes community who are members of state sponsored microfinance program were more likely to be empowered than other program participating members. With this background knowledge, the previous studies have dealt with the position of the woman being promoted due to their access to financial assistance with some showing a positive outcome while others express a negative opinion. This study aims at focusing specifically on women entrepreneurs and what impact the financial services they have accessed from the MFIs has had on running and operating their enterprises while adding more information to already existing literature and identify any overlooked concepts or matters arising in this field.

1.4 Research Objectives

The research aims at describing how MFI financial services have impacted on empowerment of women entrepreneurs in Nairobi County focusing on the following objectives:

1.4.1 General

To determine the impact of financial services by Microfinance Institutions on empowerment of women entrepreneurs.

1.4.2 Specific

1. To identify the demographic characteristics of the clients served by the MFIs.
2. To identify the products offered by the MFIs to the women entrepreneurs.
3. To determine the impact of the financial services offered by the MFIs on empowerment of the women entrepreneurs.
4. To identify the challenges MFIs face while serving the women entrepreneurs.

1.5 Research Questions

1. What are the demographical characteristics and gender of the clients served by the MFIs?
2. What products do the MFIs offer the women entrepreneurs?
3. What impact have the financial services had on empowerment of women entrepreneurs?
4. What challenges do the MFIs face when serving women entrepreneurs?

1.6 Scope of The Study

This study focuses on finding out the impact of the financial services offered by MFIs on empowerment of women entrepreneurs in Nairobi County. Since the study is specific to Nairobi County, the time span is five years.

1.7 Significance of The Study

This study will be significant to:

NGOs that fight for the women's right to attain gender equality. The information presented will enable these organizations to identify the best possible ways to attain gender equality and promote the position of women in the society.

Policy makers like Central Bank in formulating policies that improve the management of informal finance organizations and other microfinance set ups.

Self-help groups that women have formed. They will be able to understand the best packages that promote their position in the society.

Other commercial financial institutions will get useful information on the products and financial packages women entrepreneurs can access that result in empowerment and possibly design similar products to help serve the women better.

The MFIs will also benefit by understanding their role in women empowerment, the products that women entrepreneurs tend to seek more, get ideas to improve on what they are already offering or design new products that reflect the change in the needs of the women entrepreneurs.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter begins with theoretical review then followed by the empirical review and provides an in-depth analysis focusing on the objectives of the study. A summary of the literature reviewed is presented, and the research gap identified and highlighted. Finally, the conceptual framework for the study is outlined.

2.2 Theoretical Review of Literature

There are several theories that inform this study of the impact of financial services offered by MFIs on empowerment of women entrepreneurs. They include:

2.2.1 Financial Intermediation Theory

The Microfinance Institutions play the role of intermediation between individuals in financial deficit and those with excess in order to match their financial needs and be able to invest. The individuals in financial deficit seek monetary resources to be able to finance their activities or invest while those with a surplus postpone their consumption. The financial institutions thrive through the lending out of money at high interest rates and on the other hand receiving deposits at low interest rates (Buera, Kaboski, & Shin, 2012). This theory is relevant to the study as the main goal of the MFIs is to provide financial assistance to the groups, in this case the women entrepreneurs, with funds that they can get to use to take part in activities that promote their economic position. It is evident from the origin of the concept of MFIs where Muhammad Yunus had surplus funds that he assisted the women to boost their business.

2.2.2 Empowerment Theory

Women empowerment is considered as a vital part of the greater goal of creating a better society. According to (Mayoux, 1997), he argues that from early 1970s movements led by women in several countries became increasingly interested in how women were able to access credit programs and cooperatives that targeted the poor. This theory advocates for empowerment of women through the access of credit that they can invest in the businesses they run or own. This theory is relevant to this study as MFIs are considered as an entry point in the context of a wider strategy for women's economic and socio-political empowerment (Kabeer, 2012).

2.2.3 Moral Hazard and Adverse Selection Theory

The moral hazard theory states that when an individual gets to access financial assistance from a financial institution, they may decide to redirect their plans or intentions of using the money that may be of greater risk. This puts the other party in a position that they bear the losses if default occurs (Simtowe, Zeller, & Phiri, 2006). Moral hazard can occur when there is information asymmetry between the parties involved where the risk-taking party to a transaction knows more about its intentions than the party paying the consequences of the risk. In most cases, the person able to access funds will not use the money as was intended or they may take unnecessary risks or not be cautious in reducing risk. In this study, this theory is applicable where women entrepreneurs who manage to get funds from the MFIs may change their intentions of using these funds and take part in activities with greater risk. This may lead to difficulties of repayment making the financial institution bear the risk hence creating a long-term challenge that the financial institutions may shy away from lending to them.

The adverse selection theory is also affected by information asymmetry between the parties involved where a person who knows that they would get greater advantage from something would have a higher chance of seeking it i.e. higher risk individuals will tend to seek that which will be of great value to them due to the private information that they possess (Benjamin, 2013). This theory is applicable in this study whereby, the women entrepreneurs who may be considered “unbankable” by the commercial lending institutions as they are termed to be a highly risky category, are the ones who tend to borrow most times from the MFIs due to their financial deficits. This is because they are the ones who are in more need of the funds hence will always be the ones applying for the loans.

2.3 Empirical Review

Microfinance Institutions have been viewed as an important tool in poverty alleviation. Different studies regarding the MFIs have been conducted and the literature is presented below.

2.3.1 Microfinance Institutions and Demography of Clients

A study conducted by (Torreguitart-Mirada & Estapé-Dubreuil, 2010), aimed at investigating the allocation of resources to projects owned and run by women, the women's personal traits and their business initiatives and comparing the programs of microfinance institutions by gender. The

findings to this research were that there were no common profiles for the female clientele of the MFIs in Catalan where the ages of the women, the amount of loans and their business ideas were not similar and that different clients sought different levels of funds from the MFIs.

A study by (Kifle, Tadesse, Belay, & Yousuf, 2013) sought to investigate on the determinants of women participation in MFIs in Ethiopia. The researchers based their questions on demographical factors such as age, religion, marital status, educational status and family size to find out if they had an impact on the level of participation of women in the MFIs. The findings to the study were: the average age of the women that accessed the MFIs services was 36 years, most participants were the Muslims in comparison to the Orthodox and Protestants, more participants were married women as opposed to the single women and widows and a greater percentage of the respondents were illiterate.

Ashraf (2014) conducted a research in Bangladesh on the willingness behavior of the rural poor to participate in the MFIs. Demographical factors were examined, and the findings were: on the gender aspect, the females would be more appropriate to participate in MFIs as opposed to men since the party that incurs the lowest opportunity cost is the best option and females only require few membership responsibilities. On income, women were more likely to participate in the MFIs due to the lack of regular income and their zeal in fighting poverty and promote self-employment. Lastly, on asset base, women who had a small- scale asset base were not willing to participate in the MFIs as they are excluded due to the high risk they possess.

2.2.2 Products Microfinance Institutions Offer Female Clientele

A study conducted by (Laureti & Hamp, 2011) identified the products offered by the microfinance institutions to the women which included microcredit, microsavings and microinsurance. Some of the products identified were SafeSave in Bangladesh which is a savings account that is flexible in making withdrawals and deposits and has no fixed repayment periods, Vimo SEWA(Self-Employed Women's Association) in India which is a microfinance insurance that covers the women's risks by providing a life insurance, hospitalization, accident and asset insurance. Lastly, microcredit offered in Peru by Confianza and in Bolivia as short-term loans that are tailored to the clients' circumstances and repayments made to fit to the client's income and expenditure cycle. Confianza offers credit to clients with good repayment histories.

Armendáriz (2011) conducted a study on women and microsavings in the Microfinance Institutions. He points out that the poor households have a strong urge to save, women are more likely to save compared to the men and despite this, they face a constraint in accessing saving services from the MFIs and highlights that the women have come up with informal savings arrangements such as Rotating and Credit Savings Association (ROSCA) in Kenya to address the challenges in the MFIs. The researcher concludes that the MFIs have failed to meet the demand by women of microsavings due to factors such as high transaction costs, failure to address women's concern on desired commitment and flexibility.

Agnes (2014) conducted a study in Uganda that focused on the Capital Asset Loan locally known as KIKALU Loan offered by the MFIs meant to address needs for assets. The study disclosed that there were more female beneficiaries than men and utilization was more in the trade and commerce and service sector. Evaluation done indicated that the loan product had an impact to the women clients in form of access and control of assets, improved standard of living and relief from economic burdens.

2.3.3 Microfinance Institutions and Women Empowerment

From a study conducted in Latin America, the researchers used Guatemalan data to evaluate the impacts that the MFIs had. A dataset of 393 clients from Guatemalan MFIs was used and the impacts examined from two dimensions: financial and social dimension by surveying new, current and graduated clients from five MFIs. The researchers findings were that a positive relationship exists between financial assistance from the MFIs and women empowerment as women are more able to exercise agency, have greater access to resources, experience reduced marital subordination, increase voice in family decision-making, and enjoy more control over household income and assets. The researcher comes into a conclusion that from the analysis done, microcredit adds value (Brau, Hiatt, & Woodworth, 2009).

Bayulgen (2015) conducted a study to analyze the political effects of microcredit. He carried out in depth interviews with clients from the MFIs in Kazakhstan and Azerbaijan in June 2010 and January 2011. The findings to his research were that the microloans the clients obtained only led to modest improvements on their socio-economic status and almost had no effect on political empowerment. The researcher focused on political awareness and political participation of the

clients to measure the political empowerment. Only 25 per cent felt that their political awareness improved since they started accessing loans from the MFIs.

Lastly, a research conducted in Nigeria aimed at understanding why the most disadvantaged groups such as the rural African women were benefitting less from the MFIs. The researcher sampled poor women who owned small businesses to understand how they perceived microfinance and their experience with them. The findings to this research were that MFIs focused on only credit as the solution to combat poverty whilst there were other difficulties that the women faced such as lack of assets and security. The women pointed out that they felt dangers of the MFIs could outweigh the benefits as in some instances the loans they obtained to enhance their businesses would sometimes get redirected to cater for immediate needs i.e. business growth was not a priority to them compared to providing food and school fees to their children. The researcher also found out that the women were reluctant to taking the loans from the MFIs as they viewed them as a high risk due to the repayment pressure brought about by having a short repayment period, borrowing from other lending institutions with high interest rates to pay and the possibility of losing their businesses when they failed to pay (Ukanwa, Xiong, & Anderson, 2017).

2.3.4 Challenges Microfinance Institutions Face When Serving Female Clientele

A study conducted by (Munene & Guyo, 2013) examined the factor of loan repayment which is a major hurdle that the MFIs face when serving the clients. The findings to the study were that there were a number of reasons that lead to default in loan repayment which include, lack of training on how to utilize the loans hence clients end up misusing the funds and having nothing at the end to repay, poor client selection at the initial stages whereby highly risky clients are selected and redirection of the funds obtained to cover immediate expenses rather than income-generating ventures.

Dahir & Tall (2015) conducted a study in Mogadishu to identify the challenges the MFIs experienced while tackling poverty eradication. Questionnaires were administered to the MFIs in Mogadishu and the responses on some of the challenges identified were high default risk from the borrowers, inadequate donor funding that limited their capacity of assisting the beneficiaries, lack of understanding by the clients of the microfinance concept and lack of sufficient equity capital to increase the loanable funds.

Kittilaksanawong & Zhao (2018) conducted a study on investigating whether lending to women lowered the sustainability of the MFIs and a negative relationship was established. The findings were, lending to the women does lower the sustainability of MFIs and it is more noticeable in countries with more hierarchical levels and individualism, and less serious in countries ranking higher on masculinity. Factors that the researcher identified that attributed to the lowered sustainability included: increased expenses when providing the loans to the women due to higher staff costs and administrative costs as they serve a group considered to be poor, provision of the loans in a costly method which is the group lending and women are more likely to take additional loans to repay earlier loans to manage their business. The researcher gives recommendations by highlighting that the MFIs should not rely on the repayment rates as their key performance indicators but focus on how their beneficiaries use the loans and they should reduce their operational costs e.g. by providing larger amounts of loans to avoid costs associated with the small transactions.

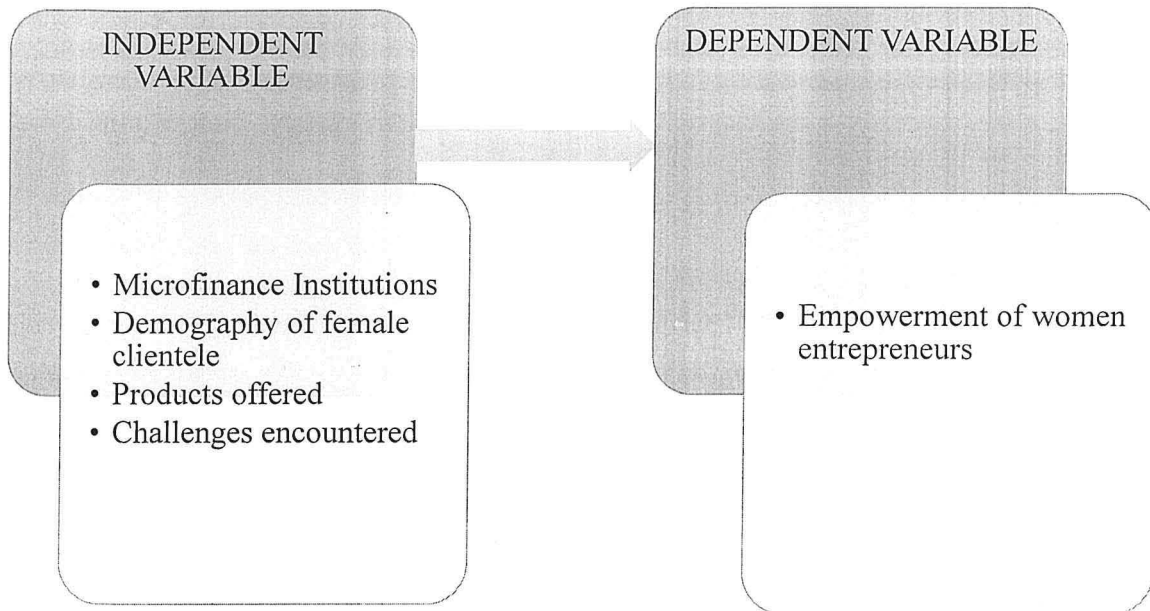
2.4 Research Gap

The literature presented from the empirical studies presents some of the products that the women have been able to access from the MFIs with the main being microcredit, the impact MFIs have had on empowering the women with some researchers pointing out that the impacts are positive while others highlighted that the MFIs have not empowered the women. A majority link the financial assistance given to the women to have promoted their position in society as they are able to finance their businesses that grant them periodical income and improved their decision-making abilities. The studies reviewed on the demographical factors have provided a clear understanding of the profile of the female clientele that participate in the MFIs and the challenges have also been highlighted hence giving a broader picture of the whole concept of microfinance. This study targets to provide an in-depth analysis by focusing specifically on women entrepreneurs and provide a better understanding of the extent their financial position has been promoted as well as their enterprises. The study also aims at providing additional literature on some of the factors that may have been overlooked and provide more data to give a better grasp of the topic under research.

2.5 Conceptual Framework

This study investigates the impact of financial services offered by MFIs on empowerment of women entrepreneurs in Nairobi County hence the conceptual framework developed demonstrates the relationship between the variables.

Figure 2. 1 Conceptual Framework



2.5.1 Discussion of the Variables

The Microfinance Institutions are the independent variable for this study which tend to affect the extent empowerment (dependent variable) occurs. The variables of demography, products offered, and challenges encountered are all informed by the specific objectives of this study and they influence the relationship between the independent and the dependent variable.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter gives a description of the research methodology: the method used to gather data, the population, the sample size and the location for data collection. Lastly, the chapter explains the methods of data processing, analysis, and presentation.

3.2 Research Design

According to (Maxwell, 2012), a research design is the outline that helps a researcher efficiently tackle the topic under examination by giving insights on how to conduct the study through specific methods in a logical manner. This study will employ a descriptive research design with the aim of establishing the impact of financial services offered by Microfinance Institutions on empowerment of women entrepreneurs. (Omair, 2015) points out that descriptive designs answer the why and how of the phenomenon. This approach best fits this study as it will provide an in-depth analysis and answer the question how the women entrepreneurs have been able to benefit from the financial assistance offered by the microfinance institutions.

3.3 Population and Sampling

A population includes all the items in the field of enquiry (Ketkesone, 2009). The target population for this study is the MFIs registered with AMFI and are in Nairobi. According to AMFI (2012), there are fifty registered non-deposit taking MFIs and 9 registered deposit-taking microfinance institutions. Out of these 59 registered MFIs, 49 of them are based in Nairobi.

A sample is a representation of the whole population and sampling is the process of selecting the number of units from the target population (Ketkesone, 2009). The sample size considered for this study will be all the 49 MFIs based in Nairobi as this will ensure that the topic under research is well addressed.

3.4 Data collection

Wahyuni (2012) points out that data is collected in form of secondary and primary data whereby, primary data is collected using semi-structured questionnaires. The study will rely on primary data collected hence using semi-structured questionnaires that have both close-ended and open-ended questions. Questionnaires were selected due to the ability to obtain response in a standardized way,

confidentiality of the respondents is maintained, they are more objective and are free from the researcher's bias. The questionnaire will consist of parts guided by the specific objectives of the study: Part A will focus on demographic information of the clients, Part B will focus on products MFIs offer to the women entrepreneurs, Part C will focus on the impact of financial services offered by microfinance institutions on empowerment of women entrepreneurs and lastly, Part D will focus on the challenges the MFIs face when serving the women entrepreneurs. A drop and pick later method will be used to administer the questionnaires to the respondents.

3.5 Data Analysis

Data analysis refers to getting inferences from the raw data collected (Wahyuni, 2012). Descriptive analysis techniques will be used to analyze the data whereby, frequencies and percentages will be calculated and provide an analysis of distribution of the variables for the study. The qualitative data will be presented in tables, pie charts and graphs for easy interpretation and understanding.

3.5 Data Validity and Reliability

Validity is the ability of a tool to measure what it is intended to measure that ensures accurate reflection of the data while reliability on the other hand, is the consistency of the research findings (Noble & Smith, 2015). The validity of this study will be achieved by ensuring that the questions featured on the questionnaires fully address the research objectives. A pre-test will be conducted in all the microfinance institutions to ensure that the credit officers validate the questions and assure that the questionnaires will be reliable.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Introduction

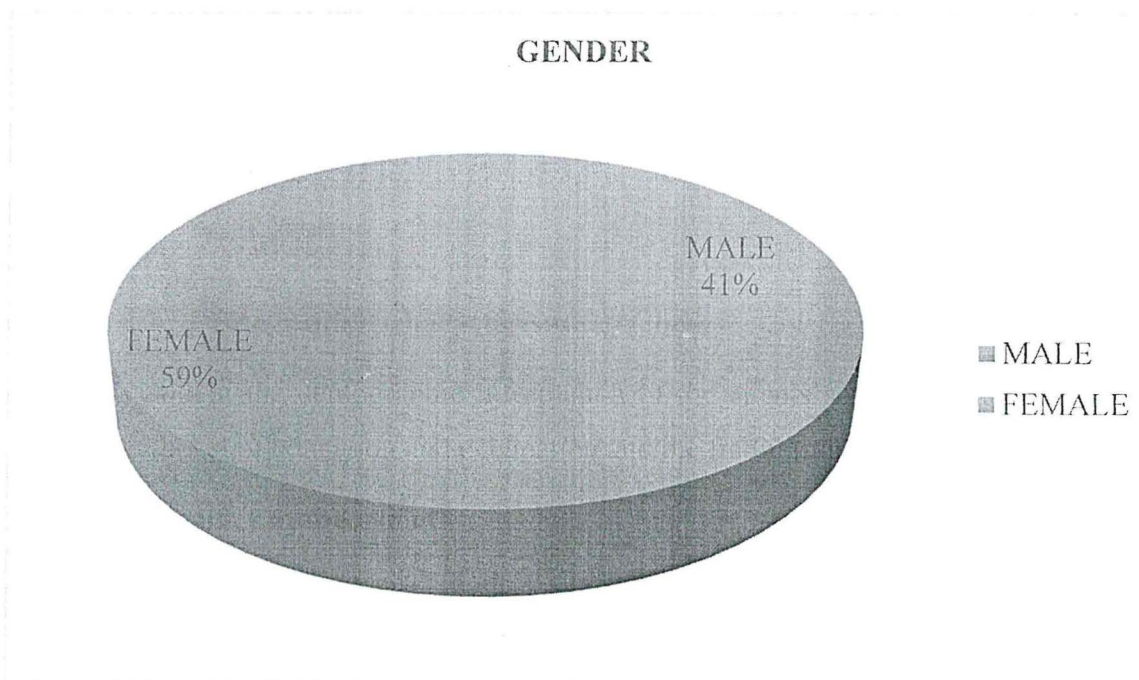
The research aimed at determining the impact of financial services offered by microfinance institutions on women entrepreneurs in Nairobi County. A sample size of 49 microfinance institutions were selected for this study. Out of a total of 49 questionnaires issued, 34 usable questionnaires were recovered and used in the analysis indicating a response rate of 69.39%. This response rate attained was considered sufficient to provide responses to the questions relevant to the topic under research, and conforms to Mugenda and Mugenda (1999) stipulation that a response rate of 50% is adequate, a rate of 60% is good and a rate of 70% and above is excellent. The analysis of the data collected, interpretation and discussion is presented in this chapter.

4.2 Descriptive Statistics

4.2.1 Part A- Demographic Characteristics of Clients

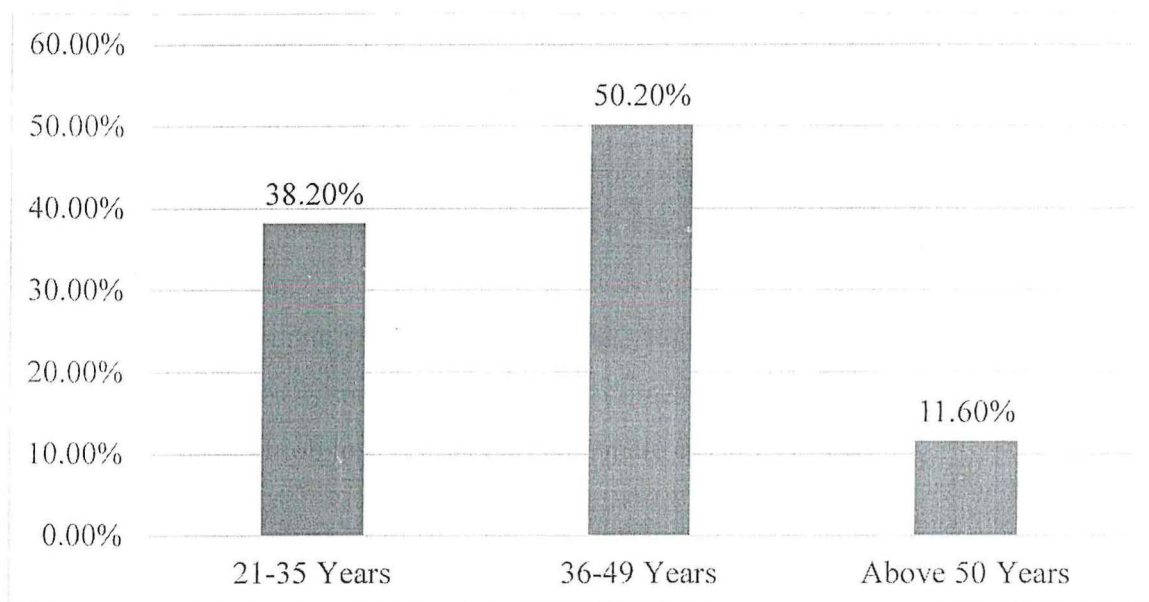
The study sought the demographic information of the clients served by the MFIs in regard to gender, age, level of education and occupation and the findings are as shown below.

Figure 4. 1 Gender of the Clients



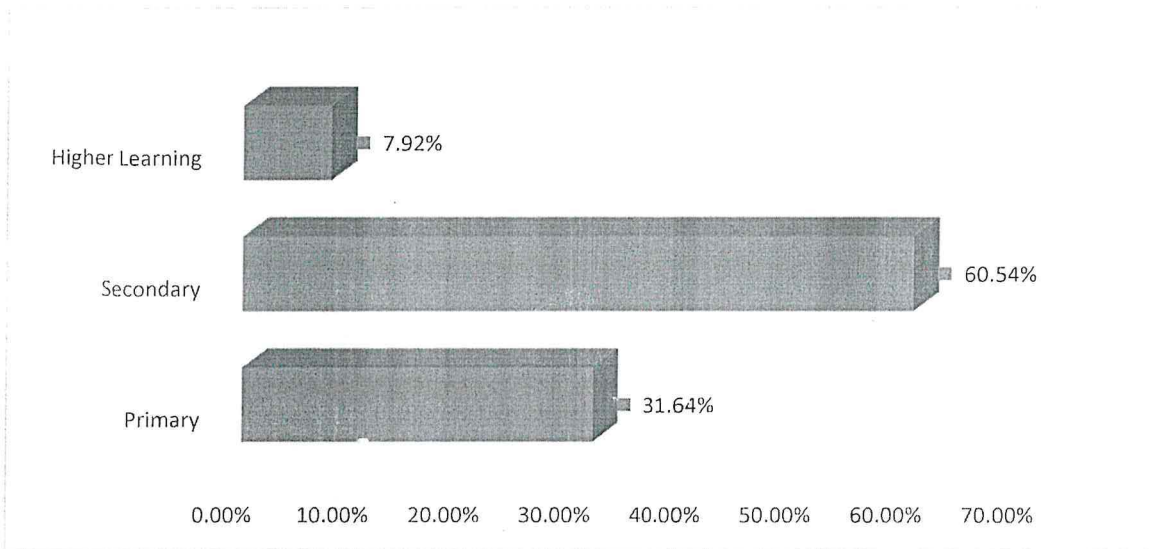
The above representation indicated that from all the clients the MFIs serve, most were female clients (59%) as compared to the male counterparts (41%) with a notable difference of 18%. This was attributed to the fact that there are more women who access financial services provided by the MFIs an example being, most loan applicants were women due to the higher chances of them being in disadvantaged situations such as, being paid less as a result of discrimination, getting into occupations that pay less such as cleaning and, domestic and sexual violence that pushed them into poverty as a result of job loss compared to the male counterparts.

Figure 4. 2 Age Group of the Female Clients



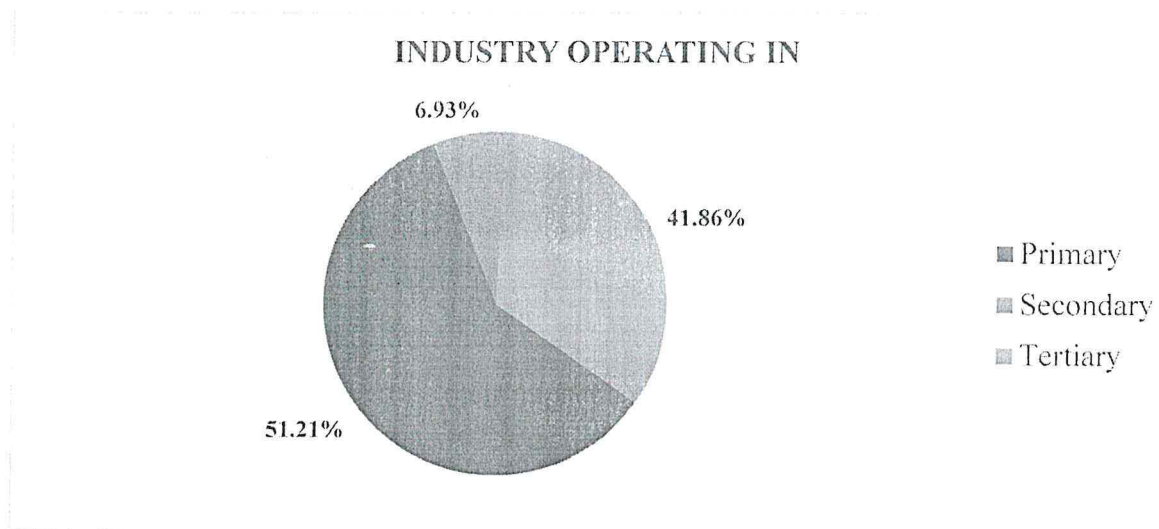
The age of the female clients served by the MFIs was important for this study as it helped in giving a clear picture of how women empowerment and participation in microfinance varied with the different age groups. Most of the women entrepreneurs were in the category of 36-49 years which accounted for 50.20%, the age group of 21-35 years accounted for 38.20% and the least, was the group of above 50 years which accounted for 11.60%. The above graph shows clearly that, majority of the women entrepreneurs served by the MFIs were between the age of 36-49 years which was attributed to, the increased financial responsibilities with increase in age, the prime/active age where there is increased need to invest in income generating activities financed by microfinance loans and, a majority of them did not hold employment positions hence the need to start enterprises venturing into self-employment.

Figure 4. 3 Level of Education of Female Clients



The findings to the level of education were, most of the women entrepreneurs reached up to the secondary level of education accounting for 60.54%, the primary level accounted for 31.64% and a small proportion of these female clients had proceeded to higher learning institutions i.e. college or university accounting for 7.92%. The above representation indicated that a sufficient proportion of the women entrepreneurs were knowledgeable enough to understand the role of the financial services acquired from the MFIs, their impact and how well to utilize them for upscaling of their ventures.

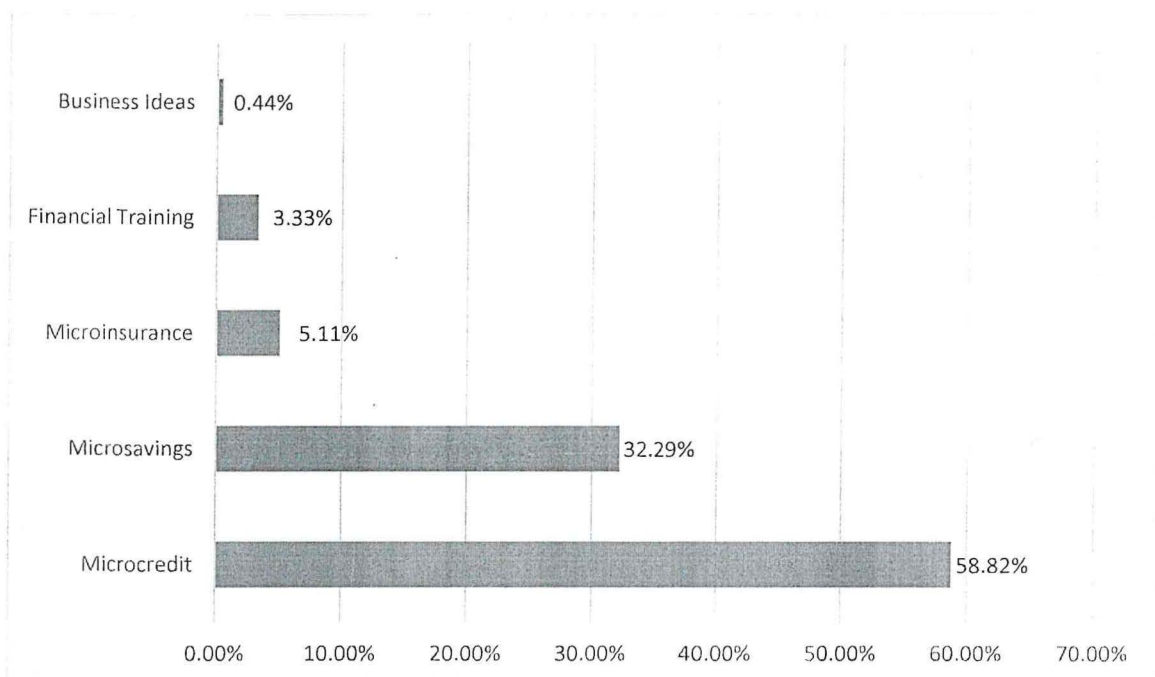
Figure 4. 4 Occupation of the Women Entrepreneurs



This aimed at identifying the industries in which the enterprises owned by the women belonged to. The huge proportion (51.21%) of the ventures were in the primary industry which included activities such as farming, (41.86%) were in the tertiary industry that included services such as hairdressing and retail trade, and a small proportion (6.93%) were in the secondary industry which included activities such as manufacturing and construction. The study revealed that, once the women entrepreneurs accessed financial services from the MFIs, they preferred to undertake occupations that were not complex and could easily be managed, they were less capital intensive and that which they would be assured of generating revenues hence the vast distribution in both the primary and tertiary industry.

4.2.2 Part B-Products Offered by MFIs

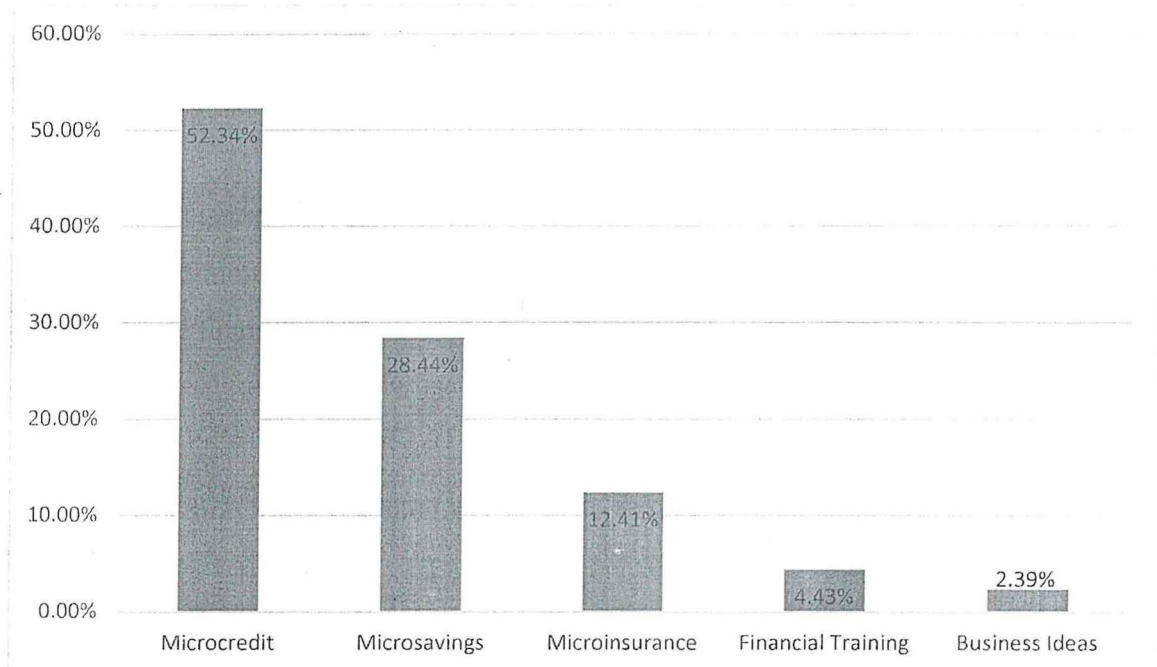
Figure 4. 5 Products Offered by MFIs



The findings show that microcredit is the most prevalent financial product offered by the MFIs accounting for 58.82% and the business ideas accounting for the least at 0.44%. This was attributed to the fact that the women entrepreneurs highly consider loans/funds as the most important aspect of financial capital required to start their enterprises and successfully carry out their operations, hence ended up demanding it more than the rest. These microloans were offered either through the group or individual lending programs whereby, the MFIs did tend to lean more on the individual

program due to the perceived lower costs incurred. Microsavings on the other hand stood at 32.29% which the women entrepreneurs also highly sought due to their strong desire to save and set aside some funds aside for their rainy days. However, it was established that the MFIs have not fully met the demand for microsavings hence resulting into informal saving programs for the women. Microinsurance stood at 5.11% while financial training at 3.33%.

Figure 4. 6 Women Entrepreneurs Who Have Accessed The Products



The findings indicate that 52.34% of the women entrepreneurs had been able to access microcredit, 28.44% microsavings, 12.41% microinsurance, 4.43% financial training and 2.39% business ideas. The bulk proportion of the total number of the women entrepreneurs served by MFIs had largely managed to access microcredit accounting for 52.34%. This was supported by the high value placed on financial capital for successful venturing into enterprises and efficiently operating and running them and, the need to look for alternative sources of capital in this case the alternative being the MFIs.

4.2.3 Part C- Impact of Financial Products offered by Microfinance Institutions on Empowerment of Women Entrepreneurs

Table 4. 1 Financial services by the MFI empowers women entrepreneurs financially and improves their living standards.

	Frequency	Percent	Cumulative Percentage
Strongly Agree	5	14.71	14.71
Agree	21	61.76	76.47
Neutral	8	23.53	100.00
Disagree			
Strongly Disagree			
Total	34	100.00	100.00

In Table 4.1, the findings clearly show that most of the MFIs (61.76%) agreed that their financial services offered to the women entrepreneurs empowered them financially by enabling them to access resources required for getting into income generating activities such as microcredit.

Table 4. 2 Microcredit accessed has helped in upscaling and expansion of the enterprises owned by the women entrepreneurs

	Frequency	Percent	Cumulative Percentage
Strongly Agree	14	41.18	41.18
Agree	17	50.00	91.18
Neutral	3	8.82	100.00
Disagree			
Strongly Disagree			
Total	34	100.00	100.00

The findings presented in Table 4.2 indicate that a majority of the MFIs; a cumulative percentage of 91.18%, were in agreement that the microcredit they provided to the women entrepreneurs offered disposable capital that enabled them to improve the operations of their enterprises such as increasing stock and in some cases, enabled expansion into handling larger transactions/operations.

Table 4. 3 Training offered by your MFI helps the women entrepreneurs to efficiently utilize and manage their funds.

	Frequency	Percent	Cumulative Percentage
Strongly Agree	8	23.53	23.53
Agree	17	50.00	73.53
Neutral	5	14.71	88.24
Disagree	4	11.76	100.00
Strongly Disagree			
Total	34	100.00	100.00

The findings presented in Table 4.3 established that most of the MFIs believed financial training enabled the women entrepreneurs to efficiently use the funds for the intended purpose and gain knowledge on how to effectively exploit business opportunities that would generate income for them. A proportion of 14.71% of the MFIs were neutral on this aspect, while the 11.76% who disagreed explained that there were more factors that played a role in efficient use and utilization of funds by the women entrepreneurs an example being the redirection of funds to cater for urgent and immediate family responsibilities would mean that the funds were not committed to income generating activities.

Table 4. 4 Your MFI helps nurture and support business ideas of the women.

	Frequency	Percent	Cumulative Percentage
Strongly Agree			
Agree	5	14.71	14.71

Neutral	23	67.65	82.36
Disagree	6	17.65	100.00
Strongly Disagree			
Total	34	100.00	100.00

The findings to this aspect indicated that a majority of the MFIs were neutral, accounting for 67.65%. This was attributed to the fact that very few of them offered this as a mainstream product in their institutions and what they would consider as support, was through the small instances of relating with their clients while seeking products, by offering advisory services to the women entrepreneurs regarding the ventures they would consider venturing into and if they were viable. The 14.71% that agreed with the statement highlighted that they helped the women entrepreneurs to develop business plans that would be used in establishing efficient and financially sustainable enterprises.

Table 4. 5 Loans accessed from the MFI have worsened the livelihoods of the clients and may not be enough to empower the women entrepreneurs.

	Frequency	Percent	Cumulative Percentage
Strongly Agree	1	2.94	2.94
Agree	7	20.59	23.53
Neutral	8	23.53	47.06
Disagree	18	52.94	100.00
Strongly Disagree			
Total	34	100.00	100.00

The study also wanted to find out if there were negative aspects in the concept of microfinance. A huge proportion (52.94%) of the MFIs disagreed that the loans they offered had worsened the livelihoods of these women entrepreneurs and that they were not enough. They supported this argument by explaining that the funds they provided were based on the amount an individual qualified for informed by their profile, and that the funds obtained facilitated the women

entrepreneurs to enter into income generating activities hence availability of disposable income which improved their living standards eventually. The 20.59% that agreed to this statement supported their argument by identifying contributing factors such as repayment pressure faced, accumulation of payable interests charged on a compounded basis that the women were unable to pay, investment in opportunities that were not financially viable and sustainable that resulted to loan defaults and in some extreme cases of auctioning due to defaulting.

Table 4. 6 Access to microsavings from your MFI has increased the savings capability of the women entrepreneurs.

	Frequency	Percent	Cumulative Percentage
Strongly Agree	16	47.06	47.06
Agree	14	41.18	88.24
Neutral	4	11.76	100.00
Disagree			
Strongly Disagree			
Total	34	100.00	100.00

The data presented showed that a majority of the MFIs believed that their microsavings product had done much to the savings culture of the women entrepreneurs. A cumulative percent of 88.24% shows that MFIs agreed to this statement hence indicating that the women entrepreneurs highly sought for this product that helped them set aside funds for future consumption. The chunk that was neutral to this (11.76%), projected concerns that some of the women entrepreneurs sought for products that had better terms such as flexibility hence failed to sign up for any microsavings programs.

Table 4. 7 Increased access to the MFI services has had unintended consequences to the women entrepreneurs e.g. neglect of family responsibilities.

	Frequency	Percent	Cumulative Percentage
Strongly Agree			

Agree	3	8.8	8.8
Neutral	6	17.65	26.45
Disagree	10	29.41	55.86
Strongly Disagree	15	44.12	100.00
Total	34	100.00	100.00

The findings represented in the table above shows that the MFIs believed that their products have not had any unintended consequences. A huge proportion of 44.12% strongly disagreed with this statement and supported their argument by highlighting that women entrepreneurs have equal chances with the male counterparts in venturing into business and their role should not be reduced to just taking care of their families and running their homes. They also highlighted that the women were able to strike a balance between running their enterprises and their homes due to their strong multitasking personalities and nature hence no cases of neglect occurred. The small proportion of 8.8% that agreed with the statement identified cases that supported it such as, in instances of sole proprietorship, the level of control, aggressiveness and decision making required for the successful operation of the enterprise was fully dependent on the women entrepreneurs which meant huge devotion in terms of time and resources that reduced their involvement with family responsibilities.

4.2.4 Part D- Challenges Experienced by Your Institution When Serving Women

Entrepreneurs

Table 4. 8 Women entrepreneurs are considered as a highly risky group to offer financial services to.

	Frequency	Percent	Cumulative Percentage
Strongly Agree			
Agree	5	14.71	14.71
Neutral	22	64.71	79.42
Disagree	7	20.59	100.00

Strongly Disagree			
Total	34	100.00	100.00

The findings represented in Table 4.8 shows that most of the MFIs were neither for nor against the statement hence neutral at 64.71%. This was supported by the awareness that all individuals pose a risk in their own different aspects hence no generalization should be used. The 14.71% that were in agreement supported this by stating that the women entrepreneurs have higher chances of being in disadvantaged situations e.g. lack of ownership of assets that could be used as collateral for securing loans which means greater risk if default occurs.

Table 4.9 Lack of collateral results to high interest rates charged.

	Frequency	Percent	Cumulative Percentage
Strongly Agree	3	8.82	8.82
Agree	5	14.71	23.53
Neutral	3	8.82	32.35
Disagree	19	55.88	88.23
Strongly Disagree	4	11.76	100.00
Total	34	100.00	100.00

The huge distribution of 55.88% disagreed and 11.76% strongly disagreed to this statement. The research led to the realization that most of the institutions requirements to qualify for credit was having collateral. This was a measure that had been put in place to mitigate default risk and ensure that the institution could sustain its operations. Dealing with a low income group, the chances of default were higher hence collateral was very essential therefore, any of the women entrepreneurs who did not have this, the MFI opted to request for a guarantor or provide the group lending program whereby, the group provided a social collateral instead of charging high interest rates to ensure the institution lessens the costs and risk that may result from default.

Table 4. 10 Individual lending is less preferred compared to group lending.

	Frequency	Percent	Cumulative Percentage
Strongly Agree	10	29.41	29.41
Agree	13	38.26	67.67
Neutral	1	2.94	70.61
Disagree	7	20.59	91.20
Strongly Disagree	3	8.82	100.00
Total	34	100.00	100.00

The MFIs that were in agreement with this statement; a cumulative percentage of 67.67%, argued that the individual lending program needed clients to be charged higher interest rates due to the higher chances of default as compared to the group lending program where there is a social collateral provided and members in a group would actively pursue their colleagues to honor their repayment obligations hence less chances of default. Those that were against the statement; a cumulative percentage of 29.415%, argued out that the constant pestering to honor repayment in the group lending program, would lead to higher chances of drop out by the members of the team hence higher level of default risk compared to the individual lending.

Table 4. 11 There is redirection of funds obtained to cater for immediate household expenses.

	Frequency	Percent	Cumulative Percentage
Strongly Agree	2	5.88	5.88
Agree	8	23.53	29.41
Neutral	7	20.59	50.00
Disagree	14	41.18	91.18
Strongly Disagree	3	8.82	100.00
Total	34	100.00	100.00

Table 4.11 above shows that most of the MFIs did not agree with the statement; a cumulative percentage of 50%. The argument used to support this was, the financial training offered helped channeling funds into income generating activities, the strict repayment periods issued on the funds given and interest charges that accrued on the funds required a very careful approach to use the funds in order to avoid defaulting. Those that were in agreement with the statement highlighted that most of the women entrepreneurs (bringing their motherly nature into the picture) would opt to tackle the urgent family needs first e.g. paying for school fees using funds obtained from the MFI rather than going ahead to open up businesses yet family needs were not met.

Table 4. 12 Non-repayment of loans is higher amongst the women entrepreneurs.

	Frequency	Percent	Cumulative Percentage
Strongly Agree			
Agree	2	5.88	5.88
Neutral	5	14.71	20.59
Disagree	18	52.94	73.53
Strongly Disagree	9	26.47	100.00
Total	34	100.00	100.00

The MFIs in agreement took a minority part accounting for 5.88% and supported their stand by highlighting the issue of redirection of funds to cater for immediate expenses therefore, the women entrepreneurs ended up not being able to engage in income generating activities that help in the loan repayment. The majority, 52.94% disagreeing and 26.47% strongly disagreeing with this statement, argued out that the women entrepreneurs were viewed as more responsible with the how they handled funds hence better at ensuring they honor their loan repayments.

Table 4. 13 Repayment pressure results to additional borrowing from other alternatives.

	Frequency	Percent	Cumulative Percentage
Strongly Agree	6	17.65	17.65
Agree	17	50.00	67.65

Neutral	8	23.53	91.18
Disagree	3	8.82	100.00
Strongly Disagree			
Total	34	100.00	100.00

The study also sought to find out whether the pressure for repayment facing the women entrepreneurs led to additional borrowing. Most MFIs agreed with this statement accounting for 50%. The reasoning behind this was, the strict timelines outlined for the loan repayment, the consequences for defaulting and failure to have cashflow cycle that fits into repayment period forced the women entrepreneurs to seek alternative sources of funds such as their savings and borrowing from other financial institutions in order to honor their obligations. This in the long run created a ripple effect of the women entrepreneurs being constantly obliged to make repayments rather than focusing on improving their businesses. Those that disagreed, 8.82%, argued that only the women entrepreneurs that did not efficiently utilize their funds or ventured into financially viable and sustainable enterprises, would be faced by the repayment pressure.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the findings on the objectives of the study on the topic of the impact of the financial services offered by the microfinance institutions on empowerment of women entrepreneurs in Nairobi County, conclusions and provides recommendations and suggestions of areas that further academic research can be conducted.

5.2 Summary of Findings

The aim of this study was to comprehend the impact financial services offered by MFIs had on empowerment of women entrepreneurs in Nairobi County and had the objectives: to identify the gender and understand the demographic characteristics of the clients served by the MFIs, to identify the products offered by the MFIs to the women entrepreneurs, to determine the impact of financial services offered by the MFIs on empowerment of women entrepreneurs and lastly, to identify the challenges MFIs face while serving the women entrepreneurs. The data collection was successfully done using questionnaires whose questions were informed by these objectives and the findings presented in tables, charts and graphs.

The research established that the women formed the largest proportion (59%) of the clients served by the MFIs as compared to the men at 41%. This was attributed to the fact that most women are at higher chances of being in disadvantaged situations that may increase their poverty levels hence greater pursuit for financial services from the institutions. The research identified the demographic characteristics of these women entrepreneurs in regard to age; most were in the category of 36-49 years which was considered the prime age to engage in business activities, level of education; most of the women entrepreneurs had reached up to the secondary level which meant they were knowledgeable and had the capability to utilize the financial services efficiently to their advantage and lastly, occupation; most of the enterprises operated by the women were in the primary and tertiary industry as they were considered less capital intensive and could easily be run to generate income.

The study identified the financial products that the institutions offered which included, microsavings, microcredit, microinsurance, financial training and business ideas and how the women entrepreneurs were able to access each of them. The research found out that most of the

MFIs offered microcredit as a product accounting for 58.82% and it was also the most sought for product by the women entrepreneurs whereby, 52.34% were able to access it. This was supported by the perception held by the women entrepreneurs that credit/funds were considered the most important aspect of financial capital required to finance operations of the enterprises run by the women. The research discovered that although microsavings was the second most sought for product, the demand was not fully met as many women entrepreneurs felt the terms for the savings programs such as flexibility, were unfavorable hence they ended up having the traditional rotational savings groups.

The study established that the greatest impact the financial services offered to the women entrepreneurs was provision of capital to be utilized in financing operations of their ventures whether it was opening up new enterprises or expanding operations of already existing ventures. This meant that the women entrepreneurs were financially and economically empowered hence able to generate income that eventually improved their financial position and living standards. Other impacts that were discovered included, an improved savings culture resulting from the access to the microsavings product, increased awareness and knowledge on how to efficiently use products offered at the MFI through the financial training and lastly, the MFIs helped the women entrepreneurs nurture their business ideas by advising on the viability and financial sustainability of the ventures they would want to pursue.

The research established that the MFIs encountered challenges when they focused on serving the women entrepreneurs which had an impact on their sustainability. The women entrepreneurs who belonged to the low income group in some instances lacked ownership of assets hence no collateral to secure their loans which forced the MFIs to require either a guarantor or offer group lending program where the group provides a social collateral. Another challenge identified was the higher chances of non-repayment of the loans due to the redirection of funds by the women entrepreneurs who opted to cater for immediate family expenses and failed to channel the funds for sole purpose of engaging in income generating activities.

5.3 Conclusions

A huge percent of the world's poor people is the women who have traditionally been marginalized and their participation in economic decisions and activities has been low. The microfinance institutions have creatively coined products, financial services and programs that address such issues to facilitate empowerment hence an important tool for the financial and economic empowerment of the women entrepreneurs.

The study concluded that most of the MFIs had the women as their largest proportion of clients who operated enterprises hugely in both the primary and tertiary industries as they were considered less capital intensive, they were in the age bracket of 36-49 years as it is considered the prime age for actively engaging in business and, most had reached secondary level of education hence were greatly aware and could easily understand about microfinance, its impacts and how to efficiently utilize it. The main products the women entrepreneurs accessed from the MFIs included microcredit, microsavings and microinsurance while a small number of them managed to access financial training and business ideas nurturing.

The research concluded that the impact by the MFIs has had more positive effects outnumbering the negative effects. The financial services the MFIs provided to women entrepreneurs had greater positive impacts by empowering them financially which enabled them to invest in income generating activities and provided for capital to actively participate in business. The financial empowerment to the women entrepreneurs eventually resulted to improved living standards resulting from improved savings culture due to access of the microsavings product and increased disposable income generated from the businesses established using microcredit. One of the negative effect established was the ripple effect created when repayment pressure forced the women entrepreneurs to seek alternative sources of funds to honor their obligations in order to avoid defaulting rather than focusing on improving their enterprises.

The study concluded that the MFIs keenly identified the risks that the women entrepreneurs posed and sought for collateral or a guarantor from them to act as security for credit issued which helped them manage the risk that results from default. In other cases, group lending programs were utilized to help mitigate risk as there is social collateral provided and the colleagues would greatly pester each other to make their repayments therefore, the chances of default were greatly reduced. This in the long run ensured that the institutions remained financially sustainable.

5.4 Recommendations

The microfinance institutions should come up with savings programs that will meet the demand of microsavings by the women entrepreneurs as factors such as high transaction costs, failure to address women's concern on desired commitment and flexibility have resulted into the informal savings arrangements such as Rotating and Credit Savings Association (ROSCA) in Kenya to address the challenges in the MFIs.

The management involved in administration of the microfinance institutions should come up with strict policies that are meant to tame the usage of the funds obtained by ensuring close tracking of how the funds are utilized and the enterprises that the women entrepreneurs channel these funds to. This will reduce the cases of redirection of funds which was a challenge observed during the data analysis.

The microfinance institutions should design more innovative and creative policies of loan issuing in cases of lack of collateral to ensure the bureaucratic process of acquiring a loan is greatly reduced. This will ensure that more of the women entrepreneurs overcome the obstacle of lack of ownership of assets that act as collateral and hence will be able to access credit.

More microfinance institutions should take up the financial training and business ideas nurturing as mainstream products since the data analysis indicated that few of them offered this to the women entrepreneurs. This would ensure that they can easily access them and be able to acquire rich knowledge on how to efficiently utilize the financial services, develop entrepreneurship skills and how to venture into and operate financially sustainable enterprises.

Regulators e.g. the Central Bank of Kenya and policymakers should constantly monitor the environment in which the microfinance institutions operate in. This includes issues like the interest rates charged by the MFIs that should be regulated through interest rate caps to avoid exploitation of the women entrepreneurs. They should also review the Microfinance Act to ensure the existing policies are updated and adjusted to reflect the changing environment and incorporate emerging issues.

5.5 Limitations of the Study

The study was limited by factors that included, assessing empowerment of the women entrepreneurs varied in different contexts hence limited the ability to make comparisons and consistency, the process of measuring empowerment was also not an easy and direct process as empowerment is considered as more of a process and not a state whereby, no analytical tool could be used to measure the quantitative impacts rather, the qualitative impacts were measured using the Likert Scale, the respondents in some instances failed to provide the required data as they termed it as confidential which was addressed by giving assurance that the information would be used purely for academic purposes and lastly, the responses provided might have been tailored to suit what the management would want the perception of their institutions to be and the impact they were creating on the women entrepreneurs hence not giving the true picture.

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APPENDICES

APPENDIX 1: RESEARCH QUESTIONNAIRE

This questionnaire is designed to gather information on **The Impact Of Financial Services Offered By Microfinance Institutions On Empowerment Of Women Entrepreneurs**. The study is being carried out for a project in partial fulfilment of the degree in Bachelor of Commerce at Strathmore University. The responses given will be treated with confidentiality, anonymity and the information will not be used for any other purpose other than for this academic exercise.

Part A: Demographic Information of Respondents

This section aims at giving a clear picture of the demographic characteristics of the clients served.

No	Characteristic	Category	Number of Clients
1.	Gender(All Clients Served)	a) Male b) Female	
2.	Age of Female Clients	a) 21-35 years b) 36-50 years c) Above 50 years	
3.	Level of education of Female Clients	a) Primary b) Secondary c) Higher Learning	
4.	Occupation of the Women Entrepreneurs	a) Primary Industry b) Secondary Industry c) Tertiary Industry	

Part B: Products Offered by MFIs

What products do you offer to the women entrepreneurs?

- a) Microcredit
- b) Microsavings
- c) Microinsurance
- d) Business Ideas

e) Financial training

Are there are other products you provide that have not been listed above?

a) Yes

b) No

If yes, specify

How many women entrepreneurs have managed to access the products?

No	Product	Number of Female Clients
1.	Microcredit	
2.	Microsavings	
3.	Microinsurance	
4.	Business ideas	
5.	Financial training	

**Part C: Impact of Financial Products offered by Microfinance Institutions on Empowerment
of Women Entrepreneurs**

Kindly rate the following statements.

No	Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1.	Financial services by the MFI empowers women entrepreneurs financially and improves their living standards.					

2.	Microcredit accessed has helped in upscaling and expansion of the enterprises owned by the women entrepreneurs					
3.	Training offered by your MFI help the women to efficiently utilize and manage their funds.					
4.	Your MFI helps nurture and support business ideas of the women					
5.	Loans accessed from the MFI have worsened the livelihoods of the clients and are not enough to empower women entrepreneurs.					
6.	Access to microsavings from your MFI has increased the savings capability of the women.					
7.	Increased access to the MFI services has had unintended consequences to the women e.g. neglect of family responsibilities					

Are there other impacts the MFI has had and have not been identified?

Kindly specify if any.

Part D: Challenges Experienced by Your Institution When Serving Women Entrepreneurs

This section aims at identifying the challenges the MFI faces when focusing on serving the women entrepreneurs. Kindly rate the statements below.

No	Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1.	Women entrepreneurs are considered as a highly risky group to offer financial services to.					
2.	Lack of collateral results to high interest rates charged.					
3.	Individual lending is less preferred compared to group lending.					
4.	There is redirection of funds obtained to cater for immediate household expenses.					
5.	Non-repayment of loans is higher amongst the women entrepreneurs.					
6.	Repayment pressure results to additional borrowing from other alternatives.					

Are there other challenges that have not been identified?

Kindly specify if any.



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1.1 Background of The Study

Many people in the society choose to celebrate the women in their lives and view them as important people due to their ability to juggle around many challenging situations in life and are able to jump right back even better due to their strong personalities, their ability to strike a balance in managing their homes and their professions, and have coined very creative self-help groups to be able to get that extra source of income or savings that grants them financial independence. Despite this, women have been perceived to be a minority group in society as they are left to take care of their homes and be the natural caregivers while their male partners go ahead to pursue their careers. Due to this, various attempts have been made to promote the woman's position in society one being the access to financial services from the Microfinance Institutions.

Alexandra (2008) points out that women face a higher risk of poverty compared to the men due to several reasons. They are paid less due to discrimination and are into occupations that pay less such as cleaning, they spend most of their time providing unpaid care like looking after a disabled family member, they are more likely to bear the economic costs of bringing their children up in cases of failed marriages, pregnancies especially unplanned ones, affect their opportunities in work or education compared to the men as they may find it difficult to get a job and sustain it, and, domestic and sexual violence may push them into poverty due to the job loss that comes along with this. With these challenges that women face, women empowerment has become an important issue today with various attempts that aim at promoting the position of women to ensure that they are working alongside men and are successfully taking up diverse professions. Women are increasingly gaining control over their lives and making their own decisions in the different aspects which has given them confidence to lead their own lives and build their own identity. Microfinance services have been viewed as a major player and an important tool in offering financial assistance that empower women and help in poverty alleviation.

A definition of empowerment by (Henmink, Kitti, Pillinger, & Javakaran, 2012) is, the increase of freedom of choice and action by increasing one's authority and control over the resources and decisions that affect one's life. It encourages people to gain the skills and knowledge that will allow them to overcome obstacles in life or work environment and ultimately, help them develop within themselves or in the society. It eventually grants confidence to individuals and strengthens their participation in decision making. The origin of Microfinance Institutions was in Bangladesh

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