

Microcredit and Women Empowerment in Kabartonjo Division: Baringo County, Kenya

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Abstract: Women empowerment is a theme which has attracted interest from various organizations, government agencies and individuals from all sectors of the Kenya national economy. The study sought to establish the role of microcredit institutions on women empowerment in terms of credit and cost of microcredit. The study used both primary and secondary data. Primary data was collected through field research using questionnaire and interview schedule, while secondary data was collected from performance records. The study employed explanatory research design. The population of the study comprised of 514 women and 3 microcredit institutions in Baringo County, Kenya. Random sampling method was used to select the respondents. The respondents comprised of members of the women groups and both managers and employees of the microcredit institutions. Data was analyzed using both descriptive and inferential statistics mainly measures of central tendencies, regression, analysis of variance and correlation. Statistical Package for Social Sciences (SPSS) was used to ease analysis. The study found positive significant relationship between access to microcredit and women empowerment ($\beta=0.771$, $p\text{-value}=0.000$ and $R\text{ square}=0.694$ or 69.4%). The study also found positive significant relationship between cost of credit and women empowerment ($\beta=0.604$, $p\text{-value}=0.005$ and $R\text{ square}=0.765$ or 76.5%). The results suggest that microcredit significantly influence women empowerment.

Keywords: Cost of Microcredit, Access to Microcredit, Women Empowerment

1. Introduction

Microcredit is the extension of very small loans (micro loans) to those in poverty in order to spur entrepreneurship amongst them. It is thus a program that is extended to the very poor for self employment projects that generate income allowing them to take care of themselves and their families [1]. Microcredit has become microfinance with a growing number of institutions responding to poor people's needs for a range of lending, savings and insurance services.

Microfinance institutions are recognized and acknowledged as vital and significant contributors to economic development, employment creation and technological development [2]. Microfinance institutions have therefore been given great emphasis in recent times because they are considered as essential actors in achieving social and economic development in both developed and developing countries.

Microfinance industry is still in the early stages of

development in most countries while micro lending outreach has expanded rapidly in the last ten years from nine to ninety million households [2]. Development has been uneven and in most countries, less than 10% of low income entrepreneurs and households have access to basic lending and savings services. The objective of micro credit is for the number of households served to quadruple over the next ten years and in all countries, for at least 50% of poor households to have access to financial services geared to helping them build income assets and livelihoods [3].

Women empowerment refers to increasing the spiritual, political, social or economic strength of women. It involves the empowered developing confidence in their capacities. Women have been the most underprivileged and discriminated strata of the society in the world over. In spite of all government and non-government's efforts, they have been highly ignorant clients of the financial sector [1].

In the recent times microcredit has been emerging as a powerful instrument for empowering women, particularly the rural women. A part from informal sector of finance, the formal and semi formal sectors like commercial banks and NGOs are taking much interest in providing microcredit to women considering it to be a profitable commercial activity. Women are also participating in the microcredit movement by availing the microcredit services being provided by various financial channels [4].

The understanding of women empowerment gives a direct link between empowerment and equality of opportunities. The process of empowering women improves their ability to manage their lives, it improves their access to education, access to formal sector employment, access to entrepreneurship and access to finance the improved ability to manage their lives entails an expansion of women's opportunities in the direction of equal opportunities in comparison with men.

Microcredit can provide a wide range of benefits that poor households highly value including a long term increase in income and consumption. A harsh aspect of poverty is that income is often irregular and undependable. Access in credit helps the poor to smooth cash flow and avoid periods where access to food, clothing, shelter and education is lost. Credit can make it easier to manage shocks like sickness, theft or natural disasters. The poor use credit to build assets such as buying land which gives them future security. Women participating in micro credit programs often experience important self-empowerment which refers to increased well being, community development, self- sufficiency and expansion of individual choice.

The microcredit institutions selected for this study are Kenya Women Finance Trust (KWFT), Faulu Kenya and Baringo Teachers Sacco (BTS) found in Baringo County, Kabartonjo Division. The population of the study comprised of 514 women and the 3 microcredit institutions. These institutions were studied because they are specifically rural based.

The paper proceeds as follows; Section 2 discusses previous research and develops the hypothesis, Section 3 presents the data and method, Section 4 presents the results and discussions and Section 5 concludes.

2. Literature Review

2.1. The Concept of Empowerment

Empowerment is viewed broadly as increasing poor people's freedom of choice and the process of enhancing an individual's or group's capacity to make effective choices, that is, to make choices and then to transform those choices into desired actions and outcomes [4]. It is however defined as the process by which women take control of their lives through expansion of their choices. Empowerment can take place at a hierarchy of levels; individuals, households, community and society and is facilitated by providing encouraging factors and removing inhibiting factors

2.2. Theoretical Model on Empowerment

The research undertaken will be based on feminist theory. Feminist theory is an extension of feminism in to theoretical or philosophical fields. It encompasses work in a variety of disciplines including; sociology, economics, women's studies and philosophy [5]. Feminist theory aims to understand gender inequality and focuses on gender power relations and sexuality. While providing a critique of these social and political relations, much of feminist theory also focuses on the promotion of human rights and interests. Themes explored in the feminist theory includes; discrimination, stereotyping, objectification and oppression [6].

Feminism is a collection of movements aimed at defining, establishing and defending equal opportunities for women. Its concepts overlaps with those of women's rights, but because feminism seeks gender equality, some feminists argue that men's liberation is therefore a necessary part of feminism and that men are also harmed by sexism and gender roles [7].

Feminist activist have campaigned for women's rights such as in contract, property and voting- while also promoting women's rights to bodily integrity and autonomy and reproductive rights. They have opposed domestic violence, sexual harassment and sexual assault. In economics they have advocated for work place rights including equal pay and opportunities for careers and to start businesses.

2.3. Theoretical Perspective of Microcredit

Microcredit has been practiced at various times in modern history. Jonathan Swift inspired the Irish loan funds of the 18th and 19th century. In the mid 1800s individualist anarchist Lysander Spooner wrote about the benefits of numerous small loans for entrepreneur activities to the poor as a way to alleviate poverty and microcredit was inducted in portions of the marshal plan at the end of the World War II.

This was linked to several organizations starting in Bangladesh especially the Grameen Bank in the 1970s onwards. Microcredit is based on separate set of principles which are distinguished from general financing or credit; Microcredit emphasizes building capacity of microcredit entrepreneur, Employment generation trust building and Help micro- entrepreneur on initiation and during difficult times, micro credit is a tool for socio-economic development.

The appropriateness of microcredit as a tool for reducing poverty depends on the local circumstances; poverty is often the result of low economic growth, high population growth and extremely unequal distribution of resources. The proximate determinants of poverty are unemployment and the low productivity of the poor.

One way to increase the productivity of the poor is through broad based economic growth. Such growth ensures more inclusive participation in development by providing wide spread employment opportunities. Agricultural development provides opportunities for broad based economic growth but substantial job expansion within agriculture may not be

feasible, since agriculture already provides more than 70% of employment in many low income countries.

Many countries have established microcredit programs with the explicit objective of reducing poverty by providing small amounts of credit to the poor to generate self employment in income earning activities. Bangladesh is a leader among low-income countries offering microcredit.

Using a group based approach to lending; the countries small scale microcredit programs provide more credit than do traditional financial institution in rural areas [8]. Grameen bank founded in 1976 as a project and transformed into a specialized bank in 1983 is the best known microcredit program. In 1994 it had mobilized more than two million members, 94% of them being women, and achieved a loan recovery rate of more than 95%. But because the poor lack physical collateral, they have almost no access to institutional credit. Informal lenders play an important role in many low-income countries [9] but they often charge high interest rates in inhibiting poor rural households from investing in productive income-increasing activities.

Although informal groups such as rotating savings and credit association can meet the occasional financial needs of rural households in many societies, they are not reliable sources of finance for income generating activities [10]. Micro credit programs are able to reach the poor at affordable cost and can thus help the poor become self-employed.

Proponents of microcredit consider increasing the poor's access to institutional credit an important means of ending poverty [11]. They argue that by virtue of their design, microcredit programs can reach the poor and overcome problems of credit market imperfections. In their view, improved access to credit smoothen consumptions and eases constraints in production raising the incomes and productivity of the poor.

2.4. Microcredit and Women Empowerment

Apart from individual, household and cultural characteristics, researchers have been interested on whether participation in certain types of projects has been successful in fostering empowerment. Microcredit programs – pioneered in Bangladesh through the Grameen bank – are the paradigmatic case.

A large number of studies have analyzed the effects of involvement upon various empowerment indicators, and the findings are mostly very positive. Schuler and Hashemi [12] found that participation in Bangladesh's Grameen Bank credit program had a significant positive effect on woman's contraception use and empowerment (and spill-over effects on local non-participants in Grameen villages). They measured empowerment using a composite of the woman's economic security, mobility, ability to make small and large purchases and major decisions, subjection to domination and violence, political/legal awareness, and participation in protests campaigns. They attribute the success of the credit program to its regimentation, and use of rules and rituals. Hashemi et al. [13] conclude that, after controlling for

several individual and household characteristics, "involvement in credit programs does empower women.

Participation in Grameen Bank and Bangladesh Rural Advancement Committee (BRAC) increases women's mobility, their ability to make purchases and major household decisions, their ownership of productive assets, their legal and political awareness and participation in public campaigns and protest, the programs also decrease women's vulnerability to family violence." Zaman [14] employs a two-stage instrumental variable estimation to show that participation in BRAC positively affected the three factors he derived from 16 indicators of female empowerment ranging from knowledge and awareness of various social issues to ownership and control of assets and mobility. Kabeer [15] uses participatory methods and qualitative analysis to affirm the empowering potential of participation in micro-credit initiatives in Bangladesh.

Finally, in a technically sophisticated study, Pitt et al. [16] estimate empowerment as a latent variable on the basis of 75 individual variables using item response theory. They obtain 10 factors of empowerment representing a variety of domains, from the ability to spend money to taking autonomous action on public and private matters. Using structural equation modeling to address self-selection bias, they find results "consistent with the view that women's participation in micro credit programs helps to increase women's empowerment. Credit programs lead to women taking a greater role in household decision making, having greater access to financial and economic resources, having greater social networks, having greater bargaining power vis-a-vis their husbands, and having greater freedom of mobility. They also tend to increase spousal communication in general about family planning and parenting concerns.

2.5. Access to Credit and Women Empowerment

Broad access to financial services is defined as an absence of price or non-price barriers in the use of financial services. Improving access then means improving the degree to which financial services are available to all at a fair price. Access essentially refers to the supply of services, whereas use is determined by demand as well as supply. Rural based women have little access to finance which hampers their empowerment [17]. Their main sources of capital are their retained earnings and informal savings, which are unpredictable, not very secure and have little scope for risk sharing because of their regional and sectoral focus.

Even though women entrepreneurs make up nearly half of all small micro enterprise owners, it is estimated that they have less than 10% of the available credit. Kenya does not have a credit bureau that could capture women's excellent repayment histories and products like leasing and factoring are not widely available. Even though microcredit is a great poverty eradication tool, it offers only limited support for women who wish to grow their enterprises beyond the micro level. However women who get access to finance are

empowered in a way that it improves their business conditions and boosts their capacity of business expansion.

2.6. Cost of Credit and Women Empowerment

Microcredit has not reached a majority of the poorest people and is not widely used because of its high cost. Interests charged on loans are the main source of income for micro credit institutions. Yet in order to survive in the market place micro-credit institutions, just like any other business, need to charge prices high enough to cover costs [14]. There are also conditions that have to be fulfilled before lending credit for instance collateral requirements, application procedures and compulsory savings. This may not be appropriate to women's levels of literacy and normal spheres of activity. Thus because microcredit access becomes a high cost commitment, they charge high interest rates, thus, obtaining a loan may be somewhat difficult to a woman entrepreneur.

3. Data and Method

3.1. Research Design

This study was conducted through an explanatory survey and it was concerned with the effectiveness of micro credit on women economic empowerment in the marginalized areas (a case study of Baringo County). An explanatory survey is an attempt to collect data from members of a population in order to determine the status of that population with respect to one or more variables [18]. This study was best investigated through survey since this design enabled the researcher to collect rapid data and understand the population from a part of it.

The explanatory survey helped provide quantitative and numeric descriptions of some part of the population.

3.2. Target Population

This study targeted the 514 women in Baringo County in the Rift valley Province who have accessed the credit facility and 10 managers from the three institutions of study, (KWFT, BTS & Faulu Kenya). The County was chosen because it is marginalized and has institutions that offer the credit facility. It targeted women who have used the micro credit facility in both farming and business sectors and the outcome of the same.

Table 1. Target Population.

Institution	Population	Sample Size
Kenya Women Finance Trust	203	32
Baringo Teachers Sacco	190	57
Faulu Kenya	121	36
Total	514	154

Source: Survey Data (2012).

3.3. Sample Size and Sampling Procedure

The study employed simple random sampling to select the sample from the creditors and a stratified random sampling for the branch managers. Simple random sampling refers to selecting a sample without bias from accessible population and stratified sampling involves identifying sub-groups in the population.

The sampling techniques are mainly used to select a random sample. The sampling design is preferred for study because it ensures that each member of the target population gets an equal and independent chance of being included in the sample. The study was conducted on 30% of the women that have already accessed the micro credit facility thus the study sample population had 154 respondents and 3 respondents from the institutions. 30% population is used because it is manageable and produces optimal and reliable data (Kothari, 2004).

Table 2. Sample Size.

	Target population	Sample size
Women	514	154
Strategic Managers	10	3
Total	524	157

Source: Survey Data (2012).

3.4. Data Collection Method

The researcher in this section looked at the types, sources of data, data collection instruments, validity of research instruments and the reliability of the study measures.

3.4.1. Types and Sources of Data

Both primary and secondary data were used in the research. Primary data was collected with the use of questionnaires and participatory observation. Secondary data was extracted from departmental records. The selection of these tools for data collection was guided by the nature of data to be collected, available time and objectives of the study. The choice also depended on the accuracy, timelessness and validity of information to be obtained.

3.4.2. Data Collection Instruments

Structured questionnaires were used to give options to micro creditors in answering questions and for easy expression. Interviews were useful in gathering more flexible information from managers and clarifying issues that will have not been captured in the questionnaires and secondary data.

3.4.3. Reliability of Study Measures

The reliability of the study measures was assessed using Cronbach's Alpha Coefficients, which is used to assess the internal consistency or homogeneity among research instrument items [19]. The results of the reliability assessment are presented in Table 3 below.

Table 3. Results of Test of Reliability of the Variable Measures.

Variable	Measures	sample size	Reliability coefficient alpha
Women empowerment	<ul style="list-style-type: none"> • Accessibility of credit • Asset ownership • Business growth • Participation 	154	0.787
Access to microcredit	<ul style="list-style-type: none"> • Decision making • Respect and self confidence • Access to information • Access to capital • Access to skills from group models • Interest rate 		0.874
Cost of microcredit	<ul style="list-style-type: none"> • Terms and conditions • Charges on loans • Security systems for loans 	154	0.891

Source: Survey Data, 2012.

The reliability coefficient alpha as indicated in Table 3 shows a coefficient range between 0.674 (access to credit) to 0.891 (cost of microcredit) revealing a high degree of reliability. Since all the reliability results exceeded the 0.6 lower level of acceptability [19]. The internal consistency reliability of the measures used was considered to be sufficient and to have adequately measured the study variables.

3.4.4. Test of Data Normality, Linearity and Independence

In order to determine whether the data was normally distributed, Kolmogorov-Smirnov (K-S) one sample test was carried out. The Tables 4, 5, 6 and 7 below shows the respective results for normality of women empowerment, access to microcredit and cost of microcredit.

Table 4. Kolmogorov- Smirnov One Sample Test for Normality of Women Empowerment.

		microcredit access	microcredit and asset	Microcredit and business growth	microcredit and women participation	microcredit and decision making	microcredit self confidence/ respect
N		154	154	154	154	154	154
Normal Parameters ^{a, b}	Mean	2.200	2.600	2.700	2.600	2.600	2.750
	Std. Deviation	1.4364	1.1425	1.1286	.8826	.9403	1.1642
Most Extreme Differences	Absolute	.305	.400	.332	.402	.338	.290
	Positive	.305	.400	.332	.402	.338	.290
	Negative	-.202	-.250	-.275	-.248	-.212	-.209
Kolmogorov-Smirnov Z		1.366	1.790	1.487	1.796	1.513	1.298
Asymp. Sig. (2-tailed)		.048	.003	.024	.003	.021	.069

a. Test distribution is Normal.

b. Calculated from data.

Table 5. K-S One Sample Test for Normality of Access to Credit.

		access to capital	information on credit facility	leaning and access to skills
N		154	154	154
Normal Parameters ^{a, b}	Mean	2.550	2.650	2.650
	Std. Deviation	1.1910	1.1821	1.1821
	Absolute	.278	.409	.409
Most Extreme Differences	Positive	.278	.409	.409
	Negative	-.238	-.241	-.241
Kolmogorov-Smirnov Z		1.243	1.828	1.828
Asymp. Sig. (2-tailed)		.091	.003	.003

a. Test distribution is Normal b. Calculated from data.

c. Test distribution is Normal d. Calculated from data.

Table 6. *K-S One Sample Test for the Normality of Cost of Microcredit.*

		interest rate charged	terms and conditions	charges on loan	collateral on loans
N		20	20	20	20
Normal Parameters ^{a, b}	Mean	2.800	2.750	2.750	3.100
	Std. Deviation	1.0563	1.2085	.9105	1.2524
Most Extreme Differences	Absolute	.326	.333	.345	.264
	Positive	.326	.333	.345	.210
	Negative	-.272	-.250	-.215	-.264
Kolmogorov-Smirnov Z		1.456	1.487	1.543	1.180
Asymp. Sig. (2-tailed)		.029	.024	.017	.124

a. Test distribution is Normal.

b. Calculated from data.

The results of K-S tests for the key variables, namely; women empowerment, access to microcredit, cost of microcredit, as presented in Tables 4, 5 and 6 above, reveal that the data relating to the study variables is normally distributed. The fact that data on the key variables did not deviate significantly from normal distribution can be translated to mean that it is safe to use statistical tests such as correlation and regression that assume normality of these variables.

3.5. Data Analysis

The data collected was analyzed using descriptive and

inferential statistics. The researcher examined the completed questionnaire and the recorded interviews, and then data was coded in to patterns.

The analysis was based on the computation of various percentages and regression analysis. Inferences on the nature of correlation were drawn from the coefficients. The processed data was then presented in form of frequency distribution tables, graphs and pie charts. The researcher used the processed data to facilitate description and explanation of the study findings, draw generalizations and conclusions.

Table 7. *Study Hypotheses and Analytical Models.*

Hypothesis Statement	Hypothesis Test	Regression Model
Ho1: There is no significant linear relationship between access to microcredit and women empowerment	$H_0: \beta_1 = 0$	$Y = \beta_0 + \beta_1 x_1 + \varepsilon$
	$H_A: \beta_1 \neq 0$	Where
	-To conduct a <i>t</i> test to determine individual significance of the relationship.	Y = Aggregate mean score of women empowerment
	-To conduct an <i>F</i> test (AOV test) to assess overall significance of the simple regression model.	β_0 = y-intercept/constant
Ho2: There is no significant linear relationship between cost of microcredit and women empowerment	-Reject H_0 if p-value $\leq \alpha$ otherwise fail to reject H_0 if p-value is $> \alpha$	β_1 = Regression coefficient (beta)
	$H_0: \beta_1 = 0$	X = Aggregate mean score of access to micro credit
	$H_A: \beta_1 \neq 0$	ε = error term-random variation due to other unmeasured factors
	-To conduct a <i>t</i> test to determine individual significance of the relationship.	$Y = \beta_0 + \beta_1 x_1 + \varepsilon$
	-To conduct an <i>F</i> test (AOV test) to assess overall significance of the simple regression model.	Where
	-Reject H_0 if p-value $\leq \alpha$ otherwise fail to reject H_0 if p-value is $> \alpha$	Y = Aggregate mean score of women empowerment
		β_0 = y-intercept/constant
		β_1 = Regression coefficient (beta)
		X = Aggregate mean score of cost of credit
		ε = error term-random variation due to other unmeasured factors

4. Results

4.1. Response Level

The researcher intended to collect data from 176 respondents but, data was successfully collected from 154 respondents representing 86%. The remaining 22 questionnaires representing 14% were unreturned due to uncooperativeness of these respondents. This represents a response rate of 86% of the target population and falls within the confines of a large sample size ($n \geq 30$) and provides a smaller margin of error and good precision [20].

4.2. Demographic Information of the Respondents

The researcher established the demographic factors of the respondents by looking at the marital status and the training

received by the respondents.

4.3. Marital Status

The study findings in Table 8 indicates that 25% of the respondents were married, 52% were single while others who were either widowed, divorced or separated were 23%. These results indicate that majority of the micro creditors are single women. The findings shows that most women who are single do not have any other source of income as most of them depend on the credit facility for their general upkeep. This may be because women who do not have their spouses to support them would stand on their own to look for school fees, medical fee, basic needs and other family necessities that are required in most of the homes.

The married women who go for the microcredit facility seemed fewer in the study since most married women are

supported by their spouses in providing the family necessities. The remaining 25% who are widowed, divorced or separated also seemed to be going for the credit facility for the same reason that they have no support from their spouses.

Table 8. Marital Status.

	FREQUENCY	VALID PERCENTAGE
Married	40	25
Single	80	52
Others	34	23
Total	154	100

Source: Survey data (2012).

4.4. Training Received

In Table 9, the study indicates that, of all microcreditors 39% of the women neither attended any formal school nor any training, 17% went through vocational training while 36% went for professional training after having gone through secondary school education and 8% went through other trainings. As indicated in the study, it means that majority of the respondents neither attended any formal school nor received any training so depends mostly on this facility to create income for them.

As postulated by Bloomfield [3], the finances are geared to helping women build income assets and lively hoods and this gives them the ability to manage their lives which entails in expansion of women's opportunities in the directions of equal opportunities in comparison with men. But 17% went for vocational training which shows that they have another source of income and use the credit facility only to increase income or go for a specific item like school fees or insurance cover only and 36% of these women went through secondary school education and later for professional training.

It was realized also in this study that most of these women are primary school teachers they were specifically interested in school fees and house hold necessities.

Table 9. Training Received.

	FREQUENCY	VALID PERCENTAGE
None	60	39
Vocational Training	26	17
Professional Training	56	36
Others	12	8
Total	154	100

Source: Survey data (2012).

4.5. Credit Institutions

Table 10 indicates that 47% of the respondents accessed the credit facility from the Kenya Women Finance Trust (KWFT), 49% accessed it from Baringo Teachers Sacco while only 4% accessed it from Faulu Kenya. This reflects that majority of the microcreditors access the credit facility from Baringo Teachers Sacco.

With reference to Table 10, the women who never went for any formal education were going for this facility from the Kenya Women Finance Trust because this institution as compared to the others has simpler procedures and

manageable terms and conditions. For instance the institution was not for the opinion that all the microcreditors should be salaried, their interest was only on satisfactory loan repayments. This was not the case with Baringo Teachers Sacco where a micro creditor should be salaried and they had to have a compulsory saving for one to qualify for the loan. This is the reason why majority of the microcreditors who are salaried go for their loans from Baringo Teachers Sacco because they qualify for these loans.

The remaining 4% of the respondents accessed the facility from FAULU Kenya and as observed from the table most of these women went for vocational training and are self-employed. Therefore, from these findings, it can be concluded that most of the creditors access the facility from KWFT and the least from FAULU Kenya.

Table 10. Credit Institution.

	FREQUENCY	VALID PERCENTAGE
KWFT	73	47
BTS	75	49
FAULU	6	4
Total	154	100

Source: Survey data (2012).

4.6. Findings on Women Empowerment

The key women empowerment factors of interest to the study were access to microcredit, microcredit assistance to women, business growth, and women participation in various activities, decision making, self confidence and respect. The following section discusses the study results on these set of women empowerment factors.

The results in Table 11 indicates that, 75% of the respondents can easily access micro credit facility in Kabartonjo division, 20% do not access the facility while 5% of the respondents are undecided. This reflects that majority of the respondents can access the facility in the county hence the facility is accessible.

The study from the findings therefore indicates that microcredit is easily accessible in Baringo County since majority of the respondents acknowledged. However, this was not the case as postulated from study by World Bank [17] that rural based women have little access to finance which hampers their empowerment. According to these study their main source of capital are their retained earnings and the informal savings.

The study also shows that, microcredit has assisted 70% of the women respondents own assets such as land and household assets while the facility was ineffective to 25% of the respondents in terms of the asset ownership. Only 5% of the respondents were undecided. This shows that majority of the respondents had the capability to own assets through the credit facility. It indicates from the study however that majority of the clients are assisted by the credit facility to own assets such as land and house hold assets. A greater part of these loans are the ones from the self help groups.

This is in line with what was postulated [21] that majority of the self-help groups rely primarily on member savings for

their capital. Women are proud of their own capital and to have savings that they can rely on and this helps them be much more empowered [22] he also indicated that although independent savings-based self help groups are viable alternatives for reaching remote and impoverished rural areas, the very poverty of these areas may make it difficult to amass the savings necessary to extend credit in the amounts necessary to stimulate the development of micro enterprise sector. This was not the case in this study since the credit seemed available in the rural based areas and women can go for this facility, have their own group savings which enable them save and buy themselves assets which in turn empower them.

The study indicates that through microcredit, 60% of the women respondents have been experiencing business growth, 30% have not had such an experience while 5% of the respondents were undecided. This shows that due to access to capital, women could easily increase their capital and finance their businesses for better profits.

The study indicates in the table that through microcredit facility, women were empowered in several ways. 75% of them could actively participate in village activities, politics and household chores while it was not the case for 15% of the women who could not participate in any activity. 5% of the respondents were undecided. This indicates that majority of the respondents have a greater participation both in the village and house hold activities.

From the Table, it indicates that through the credit facility majority of the women are empowered and have a greater participation both in the village and household activities. United Nations [23] in a study comments that if women were empowered to do more and be more, the possibility for economic growth becomes apparent. In addition, Argarwal [24], postulates that female participation in counsels groups and business is seen to increase efficiency. Certainly this indicates that if the credit facility is further improved, the remaining 15% would access this facility, participate in the activities and in turn be empowered

In the study, 55% of the women micro creditors believed that their empowerment through the credit facility has improved their personal confidence and self respect while 35% were not empowered to have neither personal confidence nor self respect. 10% of the respondents were undecided. This indicates that through the credit facility, majority of the women are more confident and have self respect. This is due to the income they earn from various activities they engage in as an individual or as a group. This income makes them have much greater power within the house hold in terms of their input in to all aspects of household decision making [25]. They will also have the ability to inform others' perceptions through exchange, education and engagement involving in the growth process and changes that is never ending and self initiated, it increases the women's positive self-image and overcoming stigma and increasing one's ability in discreet thinking to sort out right and wrong.

Table 11. Results of Descriptive Analysis of Women Empowerment.

ITEM n=154	SA	A	U	D	SD	M	SD
	%	%	%	%	%		
Microcredit access	40	35	5	5	15	2.2	1.43
Microcredit assist women own assets	5	65	5	15	10	2.6	1.14
Microcredit has lead to business growth	10	50	10	20	10	2.7	1.12
Microcredit has lead to women participation in several activities	65	15	5	10	5	2.6	0.88
Ability to make decisions	5	55	5	15	20	2.6	0.94
Improved confidence and self respect	10	45	10	30	5	2.75	1.16
Avarage Mean						2.6	

Source: Survey data (2012).

4.7. Findings on Access to Microcredit

The key access to microcredit of interest to the study were access to capital, access to information and access to microcredit learning and skills. The following section highlights the study results on these set of access to credit factors

The study in Table 12 indicates that, 60% of the respondents have access to microcredit which they use as capital to finance their businesses. 35% could not have this access to capital while 5% of the respondents were undecided. Lack of access to capital is a stumbling block to any woman who wishes to start up a business and this automatically leads to lack of empowerment amongst the women in this county.

The study findings in the table indicates that 40% of the women access information regarding the nature of the credit facility from the various institutions as well as from their peers while 45% do not have information regarding the credit facility. 15% of the respondents are undecided. From the table it indicates that almost a half of the target population has access to information on credit facility. It indicates however that the respondents do not have the knowledge on the extent to which the financial facility is available, cost of acquiring this facility, the procedures, terms and conditions and most especially the benefits of microcredit. This means that there is an information gap amongst the target population. Given enough information, the remaining a half of the population would know the benefits of the facility, go for it and in turn majority of the women would be empowered.

It also indicates from the table that only 30% of the women could learn and access skills on the best use of credit facility, 60% could not get these skills from the institutions while 10% of the respondents were undecided. This indicates that the three institutions in the county did not offer any training or counseling sessions to their customers on how best one can use the product for a better output.

This however made majority of the women be reluctant to go for the facility since they did not have any idea on how best the facility can be used for the better hence hindering their empowerment too.

Table 12. Results of Descriptive Analysis of Access to Credit.

ITEM n=154	SA	A	U	D	SD	M	SD
	%	%	%	%	%		
Access to capital	20	40	5	30	5	2.73	1.191
Access to information on credit facility	5	35	5	35	10	2.61	1.182
Access to microcredit learning and skills	10	20	10	40	20	2.64	1.182
Average Mean						2.69	

Source: Survey data, (2012).

4.8. Findings on Cost of Microcredit

The key costs of microcredit factors of interest to the study were interest rate, terms and conditions, loan charges and loan security systems. The following section highlights the study results on these set of cost of credit factors

The study indicates in Table 13 that 45% of the respondents find the interest rates charged on the micro credit facility affordable while 55% of them find it too high thus unaffordable. None of the respondents were undecided. This indicates that majority of the respondents finds the interest rates unaffordable. It therefore means that the interest rates charged on the facility are unaffordable. This is a challenge to the microcreditors and paying back these loans may become a difficulty.

This is a major problem to the microcreditors but as postulated by Zaman [14] the interest charged on the loans are the main source of income for microcredit institutions, just like other business needs to charge prices high enough to cover costs. This objective is however a dilemma since the institutions needs to generate income and at the same time they need to cut down the interest rates to make it affordable to their customers. This need to be taken care of because it's intense may cause a high turnover of microcreditors and eventually women will not be empowered as it is expected through the credit facility.

Table 13 also shows that in the study, 60% of the respondents agreed that the prevailing terms and conditions for qualifications of the credit facility were manageable. 40% could find it unmanageable. It can be established from this findings that majority of the women are able to meet the terms and conditions necessary to acquire the credit facility. As postulated by Zaman [14] that there are conditions that have to be fulfilled before lending credit, for instance, collateral requirements, application procedures and compulsory savings.

It appeared in this study that although the interest rates charged are unaffordable, the terms and conditions appeared softer and could easily be met by the microcreditors. This means also that majority of the microcreditors are hindered from going for this facility not because of the terms and conditions but due to the high interest rates charged on the facility.

From the findings, 50% of the respondents agreed that the security systems used by the three institutions were harsh and

majority of the respondents could not meet them. 40% of them found the security system used more friendly while 10% were undecided.

The security system used by the three institutions were common as indicated from the interview schedules of the institutional managers and they included items like compulsory savings, guarantors to guarantee an amount equivalent to the loan borrowed to cover up for any defaults.

Assets were also a necessity that a borrower must have assets equivalent to the loan borrowed which could later be owned by the respective institution in case of loan default.

Table 13. Results of Descriptive Analysis of Cost of Credit.

ITEM n=154	SA	A	U	D	SD	M	SD
	%	%	%	%	%		
Affordable interest rates charged on loans	5	40	0	5	50	2.65	1.056
Manageable terms and conditions on loans	10	50	0	35	5	2.72	1.208
High loan charges	55	15	0	30	0	2.84	0.910
manageable security system for loans	10	40	10	30	10	2.53	1.252
Average Mean						2.75	

Source: Survey Data (2012).

The study indicates in Table 13 that, 69% of the respondents are members of a microcredit group with their main activity in rotating savings while 31% are not participating in any microcredit group. This means that majority of the microcreditors are members of a microcredit group.

Table 14. Being a Member of a Microcredit Group.

	FREQUENCY	VALID PERCENTAGE
Agree	106	69
Disagree	48	31
Total	154	100

Source: Survey Data.

4.9. Correlation Analysis

To determine the associations of the variables if they were significant, a simple correlation test was carried out. All the variables (both dependent and independent) were correlated against each other. For the purposes of this study, the dependent variable women empowerment, while independent variables included; access to credit, cost of microcredit, group savings and insurance provision respectively.

The results from Table 15 show that the variables are significantly correlated at 99% level of confidence and therefore can be adequately used to measure the relationship between microcredit and women empowerment. The results are shown in Table 15 below.

Table 15. Results of Correlation Analysis among the Variables.

		WOMEN EMPOWERMENT	ACCESS TO CREDIT	COST OF MICROCREDIT
WOMEN EMPOWERMENT	Pearson Correlation	1	.771**	.604**
	Sig. (2-tailed)		.000	.005
	N	154	154	154
ACCESS TO CREDIT	Pearson Correlation	.771**	1	.645**
	Sig. (2-tailed)	.000		.002
	N	154	154	154
COST OF MICROCREDIT	Pearson Correlation	.604**	.645**	1
	Sig. (2-tailed)	.005	.002	
	N	154	154	154

Source: Survey Data (2012).

4.10. Test of Hypotheses

The study was based on the premise that microcredit institutions impact on women empowerment. Four hypotheses had been set to guide the study as highlighted in the conceptual frame work in chapter two. In order to establish the statistical significance of the respective hypotheses, simple regression analyses were conducted as appropriate at 95% confidence level. The following sections present the results of the hypotheses tests

4.11. Effect of Access to Microcredit on Women Empowerment

To assess the impact of access to microcredit on women empowerment, the study had set the following null hypothesis:

Ho1: There is no significant relationship between access to microcredit and women empowerment

The aggregate mean scores of access to microcredit measures (independent variable) were regressed on the aggregate mean scores of women empowerment measures (dependent variable). The results are presented in Table 16 below.

Table 16. Results of Regression of Access to Microcredit on Women empowerment.

Sample size	R	R Square	Adjusted R Square	Std. Error of the Estimate
154	.771 ^a	.694	.571	.5808

a. Predictors: (Constant), ACCESS TO CREDIT.

Overall significance: ANOVA (F-test)

	Sum of Squares	df	Mean Square	F	Significance.(p- value)
Regression	8.879	1	8.879	26.326	.000 ^a
Residual	6.071	18	.337		
Total	14.950	19			

a. Predictors: (Constant), ACCESS TO CREDIT.

b. Dependent Variable: WOMEN EMPOWERMENT.

Individual significance

Model	Unstandardized Coefficients		Standardized Coefficients		t	Significance (p-value)
	B	Std. Error	Beta			
(Constant) Aggregate Mean-	.787	.349			2.255	.037
Access to credit	.627	.122	.771		5.131	.000

a. Dependent Variable: WOMEN EMPOWERMENT.

Source: Research data (2012).

The regression results in Tables 16 reveal statistically significant positive linear relationship between access to microcredit and women empowerment ($\beta = 0.771$, p-value = 0.000). Hence, Ho is rejected since $\beta \neq 0$ and p-value < 0.05. The results also show that access to micro-credit had high explanatory power on women empowerment as it accounted for 69.4% of its variability (R square = 0.694).

On the basis of these results, the following simple regression equation can be used to estimate women empowerment for a given level of access to micro-credit:

$$WE = 0.787 + 0.771AC \quad (1)$$

(0.037) (0.000)

Where:

WE = Women empowerment

AC = Access to microcredit

0.787 = y-intercept; constant

0.771 = an estimate of the expected increase in women empowerment corresponding to change in access to

microcredit

0.037 and 0.000 = p-value (a measure of how significant the sample results are; the smallest value of α for which H_0 can be rejected)

4.12. Effect of Cost of Microcredit on Women Empowerment

To establish the impact of cost of micro-credit on women empowerment, the study had set the following null

Table 17. Results of Regression of Cost of Microcredit against Women Empowerment.

Goodness-of-fit

Sample size	R	R Square	Adjusted R Square	Std. Error of the Estimate
154	.604 ^a	.765	.329	.7265

a. Predictors: (Constant), COST OF MICROCREDIT.

Overall significance: ANOVA (F-test)

	Sum of Squares	Df	Mean Square	F	Significance (p-value)
Regression	5.450	1	5.450	10.326	.005 ^a
Residual	9.500	18	.528		
Total	14.950	19			

a. Predictors: (Constant), COST OF MICROCREDIT.

Individual significance

	Unstandardized Coefficients		Standardized Coefficients	T	Significance (p-value)
	B	Std. Error	Beta		
(Constant)	.570	.480		2.085	.042
Aggregate Mean-COST OF MICROCREDIT	.500	.156	.604	3.213	.005

Dependent Variable: Women empowerment.

Source: Research data (2012)

The regression results in Tables 17 reveal statistically significant linear relationship between cost of microcredit and women empowerment ($\beta = 0.604$, p-value = 0.005). Hence, H_0 is rejected since $\beta \neq 0$ and p-value < 0.05. The results also show that cost of microcredit had a high explanatory power on women empowerment as it accounted for 76.5% of its variability (R square = 0.765). On the basis of these results, the following simple regression equation can be used to estimate women empowerment for a given level of cost of microcredit:

$$WE = 0.570 + 0.604CM \quad (2)$$

(0.042) (0.005)

Where:

WE = Women empowerment

CM = Cost of microcredit

0.570 = y-intercept; constant

0.604 = an estimate of the expected increase in women empowerment corresponding to change in cost of micro-credit

0.042 and 0.005 = p-value (a measure of how significant the sample results are; the smallest value of α for which H_{02} can be rejected)

hypothesis:

H_{02} : There is no significant relationship between cost of microcredit and women empowerment.

The aggregate mean scores of cost of micro-credit measures (independent variable) were regressed on the aggregate mean scores of women empowerment measures (dependent variable). The results are presented in Table 17 below.

Table 18. Summary of Hypotheses Test Results.

Hypothesis	Hypothesis test	Results
H_{01} : There is no significant linear relationship between access to micro credit and women empowerment	$H_0: \beta_1 = 0$ $H_A: \beta_1 \neq 0$ -Reject H_0 if p-value $\leq \alpha$ otherwise fail to reject H_0 if p-value is $> \alpha$	Rejected H_0
H_{02} : There is no significant linear relationship between cost of micro credit and women empowerment	$H_0: \beta_1 = 0$ $H_A: \beta_1 \neq 0$ -Reject H_0 if p-value $\leq \alpha$ otherwise fail to reject H_0 if p-value is $> \alpha$	Rejected H_0

Source: Research data (2012).

4.13. Summary Discussions

The basic premise of this study was that microcredit institutions influence women empowerment. The results established that, women in Baringo County were empowered but their level of empowerment was not optimized due to some gaps in the credit facility operational principles. It was also established that in Baringo County there is great accessibility to the micro credit facility from the three institutions namely, Baringo Teachers Sacco, Kenya Women Finance Trust and Faulu Kenya. The three institutions have made tremendous strides to ensure that the credit facility is

easily accessible and more so to women entrepreneurs. Access to information however was a major challenge in the County as it was established that, a half of the population had access to credit information while the rest did not hampering women participatory towards women empowerment through credit facility.

The cost of acquiring the micro credit according to the respondents is quite high. This explains the challenges women have in obtaining a loan for themselves. Majority of the women have cited on the interest rates charged on the facility to be high although the terms and conditions were relatively affordable and could be met by the micro creditors.

The results indicated that Majority of women respondents belong to a micro credit group and these self-help groups help the members have pride of ownership and autonomy. Even though some self-help groups are given training and support from NGO'S, majority of these externally supported groups rely primarily on member savings for their capital instead of an externally supported group [15]. It clearly, therefore shows that, in this County the self-help groups are effective and has had positive impacts for women.

It was established from the study that women in Baringo County do not have good access to insurance cover though majority of them are able to contribute to the various types of cover from their savings. Insurance serves as a useful device for solving complex social problems that includes compensation to victims of industrial injuries, road accidents as well as the financial difficulties arising from old age, disability or death are also minimized. It thus enables many families and business units to continue even after a loss.

It can however be concluded that, microcredit facility has had positive effects to majority of the respondents. It can be established from this study that majority of the women are for the opinion that microcredit has generally improved their lives, for example ability to access education and generate income. Niranjana [26] reaffirm the importance of education to empowerment. The two Indians in Tamil were also to the opinion that education has a positive impact on women empowerment.

4.13.1. Effects of Access to Credit on Women Empowerment

The results of the study indicate that access to microcredit significantly influence women empowerment ($\beta=0.771$). It was established from the study that microcredit facility is available in Baringo County. There are three reliable institutions namely, Kenya Women Finance Trust, Baringo Teachers Sacco and Faulu Kenya who make the facility easily available to the customers. This is not the case as studied by World Bank [17] that rural based women have little access to finance which hampers their empowerment. From this facility, as it indicates in the study, the access to credit makes women to own assets, which enables them start up businesses that increases their income. Yunus [1] indicates that the microcredit facility has extremely impoverished people to engage in self employment projects that allow them to generate an income and in many cases begin to build wealth and exit poverty. The only challenge that was

discovered in the study in relation to this objective is access to microcredit information.

Majority of the respondents felt that they were not getting sufficient information on the facility. This is for instance the benefits of microcredit and how well the facility can be used to produce a maximum output. Some of the respondents also lacked awareness and did not have any knowledge on the accessibility of the credit facility. This therefore is a gap that needs to be filled since improving access means improving the degree to which financial services are available to all at a fair price.

Women in this County are therefore poised for greater empowerment if this information is readily descended to them.

4.13.2. Effect of Cost of Credit and Women Empowerment

The overall finding from the study was that cost of micro credit significantly positively influences women empowerment ($\beta=0.604$). The study established that the cost of acquiring micro credit in Baringo County is high due to the interest rates charged on the facility. Zaman [14] indicates that micro credit has not reached a majority of the poorest people and is not widely used because of its high cost.

Thus because this access becomes a high cost commitment, obtaining a loan may be somewhat difficult to a woman entrepreneur. This is a challenge that lowers the empowerment of a woman because if they can access the facility then its cost should also be lowered to a level of significant to both the customer and the institution and not to the advantage of the institution alone for cheaply affordability of facility by majority.

On the contrary it was established that the terms and conditions for obtaining the loan were manageable and the respondents could manage them for instance collateral requirements, application procedures and compulsory savings. This means that, if the interest rates are made as affordable as the terms and conditions, then it would be cheaper for the women and majority would go for these loans, develop them and the outcome would be a greater empowerment for women in the county.

5. Conclusions

The study found out that access to credit significantly influence women empowerment. This implies that microcredit institutions should strive to improve on the strategies they employ in addressing issues of access to microcredit by women, as this not only enhances their performance through increased clientele but also improve their competitiveness in the face of stiff competition from commercial banks and other related financial institutions.

Another result from the study was that cost of credit significantly influences women empowerment. This imply that effective and efficient performance of microcredit institutions depend on cost of credit factors such as interest rate charged, terms and conditions of credit, charges on loans and security systems for loans. Managers should strive to

address and harness these factors to the advantage of their respective microcredit institutions, if they wish to achieve the performance standards expected of them.

The study also found out that group savings significantly influence women empowerment. This implies that women should actively involve themselves in group activities so as to improve on their savings, increase their income, own capital and repay loans. Microcredit institutions should also employ strategies to encourage women to involve in group savings so as to improve on their credit worthiness.

Finally, the study established insurance provision significantly influence women empowerment. This implies that insurance is vital to access to credit from microcredit institutions especially on factors such as types of insurance cover and ability to pay for such insurance covers.

The three noble financial institutions studied have given a second chance to a breath of life to a large number of poor women in Kabartonjo Division, Baringo County. That is in improving their standard of living of their families by providing them microcredit to have pride to start and own small business. Its experience shows that with six to ten successive loans, an utterly destitute person can break free of the shackles of poverty.

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