Influence of Women Enterprise Fund credit access on socio-economic empowerment of rural women of Moiben Sub-County, Uasin Gishu County, Kenya

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Abstract: Access to finance is a key issue for women. Accessing credit, particularly for starting an enterprise, is one of the major constraints faced by women entrepreneurs. Access to credit play a major role in rural women empowerment, it helps to deliver new found respect independence and participation in their communities and their household. The objective of the study was to determine the influence of Women Enterprise Fund credit access to socio-economic empowerment of rural women. The study adopted both quantitative and qualitative design that is descriptive survey. The target population for this study was 290 rural women entrepreneur who were accessible to the study. While the sample size was 87 this figure arrived at using simple random sampling. And purposive sampling technique to sample WEF government officers and group leaders with target population of 50. The sample size was 15. The total target population was 340 but the sample size was 102. The study used both descriptive techniques to analyze data. The descriptive statistics and inferential was used and the mean, indicated the average performance of a group or a measure of some variable, and the standard deviation which indicates how to spread out a set of scores is around the mean. All data was analyzed at a level of significance of 95% and the degree of freedom depending on the particular case as was determined. Presentation of this information was done using tables and bar graphs. Based on the findings of the study, the study concluded that, there is low credit access from WEF since respondents were not fully benefiting from the credit being offered.

Keywords: Women Enterprise Fund, Socio-economic empowerment

I. Introduction

Governments increasingly consider entrepreneurship and innovation to be the cornerstones of a competitive national economy, and in most countries entrepreneurship policies are in fact closely connected able to help to meet the new economic, social and environmental challenges. Governments increasingly consider entrepreneurship and innovation to be the cornerstones of a competitive national economy, and in most countries entrepreneurship policies are in fact closely connected to innovation policies, with which they share many characteristics and challenges. The dynamic process of new firm creation introduces and disperses innovative products, processes and organizational structures throughout the economy. Entrepreneurship objectives and policies nevertheless differ considerably among countries, owing to different policy needs and diverse perspectives on what is meant by entrepreneurship. In support of this Schumpeter (2005) stated. However, it is generally recognized that MSEs various face challenges, which affect their growth and profitability and hence, diminish their ability to contribute effectively to sustainable development. The International Finance Corporation (2011) has identified various challenges faced by MSEs including lack of access to credit, lack of innovative capacity, lack of skills, managerial training and experience, inadequate education, technology, poor infrastructure and scanty market information.

II. LITERATURE REVIEW

2.1 Theoretical Framework

The study was based on Capital Theory of School Effectiveness and Improvement. Hargreaves (2001) developed a theory of the role of gender in development can best be understood by understanding the socio-cultural, political as well as economic contexts in which development takes place. In this regard, the concept of empowerment has meaning only within those specific contexts. Measuring women’s empowerment faces two major challenges. The first challenge is that empowerment is context-specific. This means that changes which can be taken to signify empowerment in one area may not have similar significance elsewhere. The challenge here is in terms of comparability and consistency in measurement over time. These authors have noted that this
challenge is increasingly being met by adopting qualitative studies that attempt to capture the process of empowerment. Hargreaves (2001) argues that the second challenge in measuring empowerment is the difficulty of measuring a process. Specifically, the challenges include whether to use direct measures or proxy indicators, the lack and use of data across time, the subjectivity involved in assessing the process and the change in the relevance of indicators empowerment through in-depth interviews and case studies. Through retrospective narrative, the life changes of men and women are traced. This is because the process of empowerment is essentially qualitative therefore this theory intends to find out influence of women enterprise fund in promoting rural women socio-economic.

2.2 Rural Women empowerment through financial access

As explained above, economic empowerment helps the economy by creating wealth for many individuals seeking business opportunities. Over 3,300 microfinance institutions (MFIs) reached over 134 clients in 2006. 93 million of these were among the poorest when they took their first loan 85% of the clients where women (microfinance summit campaign report 2007). Access to credit play a major role in rural women empowerment, it helps to deliver new found respect independence and participation in their communities and their household, asserts Juan Somario, ILO director general. Although this is not the only reason why rural women pursue entrepreneur activities, access financial credit plays a major role in the economy. Both a new business and the wealth the owner can obtain will help boost the economy by providing new products as well as the spending power created for the entrepreneur. Without women entrepreneurs, our economy would not benefit from the boost they give from added business and ideas. Access to finance is a key issue for women. Accessing credit, particularly for starting an enterprise, is one of the major constraints faced by women entrepreneurs. Women often have fewer opportunities than men to gain access to credit for various reasons, including lack of collateral, an unwillingness to accept household assets as collateral and negative perceptions of female entrepreneurs by loan officers (Mahbub, 2000).

Furthermore, starting a business can be rewarding. Women who are entrepreneurs are their own bosses. They can have more control over their working hours and conditions than they would have if they worked for someone else. If they cannot find a job they want, they can go into business to create one. For example, they may have a new idea about a particular product or service. If they believe that others would be interested in it, they can go into business for themselves. They may make a profit, which is the money left over after paying their bills, from being creative and doing what they enjoy.

A research conducted by Ruth N. Kobia M. and kitwalo M. reports that there were five major challenges found at the Fund level. These included inadequate WEF field personnel, inadequate fieldwork facilitation, low loan amounts, delays in disbursements and an inefficient multi layered Fund structure. The inadequacy in the number of field personnel greatly diminished the effectiveness in targeting and reaching the most deserving prospective borrowers. On the other hand, inadequate facilitation to field staff adversely affected motivation and the overall efficiency of the Fund’s field staff. The use of weakly CWES stream greatly compromised the operationally efficiency at this level since such volunteers were in constant search of employment and promptly move into better opportunities. In such circumstances, the Fund often lost its most important personnel who had developed relationships with borrowers and understood their most critical needs.

At the lender level, and as pointed out by St-Onge (2005a), the study found that the high cost of loan administration prompted FIs to limit the number of borrowers and instead give bigger lump sums. This effectively led to low coverage in this stream. This finding was particularly ironic given the fact that the FI stream received a greater share of the funding compared to the CWES stream. Findings pointing at competition between the WEF loan and commercial bank products was the result of an artificial ‘displaced demand’ created by commercial banks that were intent on moving their products before availing the WEF loan to their customers. In such situations, the banks tended to hoard information on the availability of the WEF loan.

Left with no option in accessing below-market rated WEF loans, borrowers opt for the next available products offered by the banks. Often, the loan products provided by banks were at higher interest rates. Although the lack of access to finance is almost universally identified as a key challenge for MSEs, the contention in this study is that the success of MSEs, especially the lower values ones that many women entrepreneurs operate, is their ability to apply finances appropriately to support innovation that can give them a competitive edge in the market, thereby enhancing their growth (Government of Kenya 2009)

A study conducted by ILO (2008) in Ethiopia, the United Republic of Tanzania and Zambia identified that, women entrepreneurs do not have the same access to networks as men; women entrepreneurs have difficulties
accessing premises due to, among other things, lack of property and inheritance rights; women’s lack of access to titled assets that can be offered as collateral for loans adversely affects the growth of their enterprises; rural women entrepreneurs lack access to formal finance and rely on loans from family and community; women entrepreneurs tend to be grouped in particular sectors, particularly food processing and textiles; business development service providers do not give adequate time or effort to target women entrepreneurs – they do not offer flexible arrangements in respect of the timing and location of service delivery; Women often experience harassment in registering and operating their enterprises.

2.3 Conceptual Framework

The framework conceptualizes influence of women enterprise fund on rural women socio-economic status. The researcher identified independent variable as the influence of Women Enterprise Fund which consisted of credit access which is measured by providing employment to people; Generating revenues/profits; providing adequate family support and creating awareness, timely decisions and effective management. While the dependent variable as Socio-economic empowerment. The intervening variables included cultural aspects; Women themselves having negative attitude about their ability Economic fluctuations; Environment factors and the moderating variables are the policies an NGOS participating in MSE.

III. METHODOLOGY

The study adopted both quantitative and qualitative design that is descriptive survey. This design attempts to determine the cause or reason for pre-existing differences in groups of individuals. It is treated as a type of descriptive researcher since it describes conditions that already exist. The study design was used to finalize the outcomes from the selected subjects used in the study. The study intends to find out the influence of Women Enterprise Fund credit access to socio-economic empowerment of rural women.

The target population for this study comprised of respondents from rural women in Moiben Sub –County, UG. This study targeted 290 rural women, who were accessible to the study, WEF Government officials with a population of 30 employees and one women group leader of each group (20 groups). The target population of this study comprised rural women engaged in micro-enterprise access to WEF and those who do not. The employees of WEF also participated in the study. Total target population was 340.

The study used stratified sampling technique, it entails grouping the population into categories based on their socio-economic activities age and educational background. Categorization was done to separate the population into homogenous subjects that share similar characteristic so as to ensure equitable representation of the population in the sample. The simple random sampling was used to select sample respondents from the entire target population of 340 participant’s women entrepreneurs. Purposive sampling technique was applied to sample WEF Government Officers and group’s leaders. To arrive at a sample size of 87 rural women, the study considered 30% of the total number of rural women who were the target population. The women were then randomly selected to participate in the study whereby those who were available were considered for the study. 9 WEF government officers and 6 groups’ leaders were purposively sampled. This ensured that each member of the target population had an equal and independent chance of being included in the sample. This sampling technique was used to collect focused information.

The study used questionnaires and interview schedules as the main tools for collecting data. The selection of these tools was guided by the nature of data to be collected, the time available as well the objectives of the study. The study mainly concerns with views, opinions, perception feeling and attitudes. Such information can be best collected through the use of questionnaire an interview technique. (Kombo and Tromp, 2007).

The study used descriptive techniques to analyze data and inferential technique. The descriptive statistics used was the mean, which indicates the average performance of a group or a measure of some variable, and the standard deviation which indicates how to spread out a set of scores around the mean. All data was analyzed at a level of significance of 95% and the degree of freedom depending on the particular case as was determined. Analysis was done using SPSS a computerized statistical package by encoding responses from questionnaires and interview guides. Presentation of this information was done using tables and graphs.
IV. RESULTS AND DISCUSSION

4.1 Effect of Financial Access on Socio-economic Empowerment of Rural Women

4.1.1 Employment

The study sought to determine the influence of WEF credit access to socio-economic empowerment of rural women. Respondents were asked to indicate the influence of WEF credit access to socio-economic empowerment of rural women.

Table 4.1 Number of employees in the enterprise after Acquiring Credit

<table>
<thead>
<tr>
<th>Number of employees</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5</td>
<td>20</td>
<td>23</td>
</tr>
<tr>
<td>6-10</td>
<td>50</td>
<td>57</td>
</tr>
<tr>
<td>11-15</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>More than 15</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>87</td>
<td>100</td>
</tr>
</tbody>
</table>

The study established that majority of the women enterprises had between 6-10 employees as represented by 57%. 23% had less than 5 employees; 11% respectively had 11-15 and 8% had more than 15 employees. Women enterprises in Moiben sub-county, Uasin Gishu County experienced an increase in employment levels after the acquisition of credit. Such employment is an indication of socio economic empowerment among the women. Creation of employment is associated with, poverty reduction, self sufficiency such as access to basic needs, improvement of living conditions like housing and access to education for their children.

4.1.2 Family Support

Table 4.2 Effect of Credit Access on Family Support

<table>
<thead>
<tr>
<th>Number of employees</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to education for their children</td>
<td>30</td>
<td>35</td>
</tr>
<tr>
<td>Basic needs like food and shelter</td>
<td>55</td>
<td>63</td>
</tr>
<tr>
<td>Non basic such as luxuries</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>87</td>
<td>100</td>
</tr>
</tbody>
</table>

The study established that majority of the women in Moiben sub-county; Uasin Gishu County experienced an improvement in family support after accessing credit. This is because, the study recorded a 63% of the respondents citing ability to provide basic needs such as food and shelter for their families, 30% of the respondents further agreed to access of education for their children while 2% were able to acquire non basic items like Television sets and expensive household items. They further stated that, they were unable to provide the family support before acquiring the credit from the WEF.

Table 4.3 General Effects of Credit Access on Socio-economic Empowerment of Rural Women

<table>
<thead>
<tr>
<th>Effect of Credit Access</th>
<th>SA</th>
<th>A</th>
<th>UD</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-employment</td>
<td>55</td>
<td>30</td>
<td>0</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Creation of employment</td>
<td>20</td>
<td>30</td>
<td>30</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>Acquisition of necessities</td>
<td>7</td>
<td>30</td>
<td>50</td>
<td>30</td>
<td>0</td>
</tr>
<tr>
<td>Mean</td>
<td>27</td>
<td>21</td>
<td>27</td>
<td>10</td>
<td>2</td>
</tr>
</tbody>
</table>

According to the general findings concerning the overall effect of credit access on women socioeconomic empowerment, financial access has various effects according to the study. However there were mixed feelings concerning effects of financial access on women socio-economic empowerment of rural women as shown by 31% of the respondents strongly agreeing and another 31% undecided concerning the statements seeking to establish the effect of credit access on socio-economic empowerment of rural women. Those who were undecided had not accessed the credit services as per the findings due to lack of information.
Generally, there is low credit access according to these findings since respondents are not fully benefiting from the credit services being offered by WEF. These findings are in agreement with other studies such as that of (Mahbub, 2000), concerning credit access. Accessing credit, particularly for starting an enterprise, is one of the major constraints faced by women entrepreneurs. Women often have fewer opportunities than men to gain access to credit for various reasons, including lack of collateral, an unwillingness to accept household assets as collateral and negative perceptions of female entrepreneurs by loan officers.

Discussions with the WEF government officers and women group leaders revealed that most of the women who access credit start their own businesses. Rarely do they create employment for others since they access low capital outlay for reasons such as lack of collateral and unwillingness to accept household assets as collateral. Therefore, access to credit by women in the region has not fully attained its success in terms of improving socioeconomic lives of rural women. The few with information have achieved improved socioeconomic status.

V. CONCLUSIONS

The data from the field revealed that, there is low credit access from WEF since respondents are not fully benefiting from the credit services being offered. The effect of credit access on socio economic empowerment of rural women was; creation of self employment and creation of employment for others. On comparing these findings with past studies, the study concluded that, there is low credit access since respondents are not fully benefiting from the credit services being offered.

References