

Social Economic Factors Affecting Women Loan Repayment Behaviour in KWFT

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1 Abstract

Women encounter greater limitations and fewer opportunities than men, especially with regard to income-generating activities. They face social and economic constraints that perpetuate poverty and spans generations. Significant opportunities exist in both formal and informal sector that can empower women economically. Emergence of microfinance institutions has had a great impact as an apt method of increasing delivery of formal rural credit and savings facilities on sustainable and non-exploitative terms albeit of financial imprudence stemming from poor credit repayment records. There is however, a paucity of empirical research on social economic factors that affect loan repayment behavior of women in Kakamega north district. Main objective of this study was to contribute to this domain by conducting an in-depth analysis of the socio-economic factors. The theoretical basis of this study borrows heavily from the self efficacy theory. The study employed descriptive design for primary data collection on variables contributing to the loan repayment behavior. A Sample (236) respondents representing 30% of the targeted population of 793 KWFT women loan borrowers spread among 13 locations of Kakamega North District was selected by stratified and random sampling techniques. Primary data was collected by use of structured and semi-structured questionnaire and interview schedule. Observations were carried out where necessary. A binary logistic regression empirical model was employed to estimate the contribution of each variable to credit repayment rate. The study findings reveal that there is a significant relationship between socio-economic factors and loan repayment behavior by women loan borrowers. The study recommends paradigm shift in the micro-credit management model to allow more direct involvement by micro-finance firms in the management of disbursed funds.

Key words: microfinance, repayment, poverty, empowerment, gender

2 Introductions

International organizations are coming to the realization that Non-Governmental Organizations (NGOs) are veritable and effective channels to ensure programme implementation effectiveness, particularly in poverty alleviation projects and firsthand knowledge of the needs and interest of the poor (Okumadewa, 1998). Thus, microfinance intermediaries comprise mostly of NGOs. According to Dichter (1999), the World Bank sustainable Banking with the poor project (SBP) in mid-1996 estimated that there were more than 1,000 microfinance institutions in over 100 countries, each having a minimum of 1,000 members and with 3 years of experience. In a survey of 206 of such institutions, 73 percent were NGOs, 13.6 percent credit unions, 7.8 percent banks and the rest

In Kenya, Women Micro and Small Enterprises MSEs make use of different financing sources depending on their circumstances. It depends on the scale of their enterprises, their level of personal and family savings, whether group lending programmes meet their needs, the cost of financing, their business development and growth objectives, and their ability to meet the collateral security requirements of banks. The predominant sources of financing for women in the informal and micro-sector (the grassroots “underclass”) are group savings programmes, merry-go-rounds, ROSCAs and micro finance NGOs, including WEEC and the KWFT. The “elitist” classes of women entrepreneurs are more likely to be able to secure financing from the commercial banks, but they also use their own savings or, to a limited extent, participate in professional savings/ credit groups, like the United Women’s SACCO and the National Association of Self-Employed Women of Kenya (NASEWoK). The “missing middle” group makes use of micro-finance at the lower level (possibly the KWFT) but they soon outgrow the low lending limits. Unable to meet the requirements for commercial bank loans, they either grow at a slower rate than they would wish, or participate in the membership of higher-level SACCOs, like the United Women’s group or NASEWoK.

The Kenyan economic growth shrink from 7.1% in 2007 to 1.7 in 2008 means that the much hyped vision 2030 now faces serious threat with the government scaling down projected growth rate by 2010 to a moderate 3% for 2009, (Financial journal, The Standard, Tuesday, September 8th , 2009). This means that the rural financial market will even be less efficient. There are already a number of factors suppressing the development of an enabling financial market in the rural areas, especially in the developing countries, (Carter and Water, 2004). Some of these factors include absence of convenient saving facilities, high transaction costs, inability to expand services to respond to increasing population and poor loan repayment due to high interest rates and terms have reduced development opportunities (Nwanna, 2000).

Statement of the Problem

Small enterprises over the last ten years have been recognized to be the major force in job creation, innovation and economic development (Gordon, 2000). On the same breathe according to the financial Access Survey 2007 by the FSD Kenya, the banking sector serves only 19% of the Kenya's bankable population with 8% being served by other financial services providers such as MFIs and SACCOs. About 38% is totally excluded and 35% rely on the informal financial service providers such as ROSCAs. The indication is that access to financial services is limited thus the need for the study to find out if women loan repayment trend could be the reason causing poor accessibility to loans especially in the rural areas. Even though economic theory suggests that a more flexible repayment schedule would benefit clients and potentially improve their repayment capacity, micro-finance practitioners argue that the fiscal discipline imposed by frequent repayment is critical to preventing loan default. Some times most women loan borrowers apply for loans with well laid down investment plans but after getting the loans they use for other purposes other than the intended purpose for which the loan was taken, which results to poor repayment behavior. Women in the rural area face many challenges; they are left as defacto leaders by being widowed or after their husbands' abandon them and thus remain the sole breadwinners of their households With the view of the above problem the following questions deserve attention. Are there some factors that enhance the loan default problem in such micro financing schemes? What are the loan repayment trends among rural women loan borrowers in Kakamega North district? What are the factors that influence the loan repayment performance of borrowers financed by MFIs? What are the economic and social factors affecting loan repayment among rural women in the district? In an attempt to answer these questions this study tries to analyze the factors behind loan repayment problems, and the impact of the micro financing scheme on the poor beneficiaries by taking the case of KWFT Kakamega North branch.

Purpose of the Study

The purpose of the study was to establish the Social Economic factors affecting women loan repayment behaviour in Kakamega North District who are members of Kenya Women Finance Trust. By finding out the loan repayment trends among rural women loan borrowers, the factors contributing to loan repayment behavior among women borrowers in Micro Finance Institutions and the nature and magnitude of the relationship between the socio-economic factors and the loan repayment behavior among women borrowers.

Literature and Conceptual Base for the Study

The exodus of males to cities (rural-urban migration) depleted rural labor forces in many developing countries and the ever rising unemployment levels, has left rural women as de facto leaders and sole providers for their households as noted by Kiteme (1992). But the position of household head for many women is disadvantageous culturally, economically, legally, and socially. To that end, a poverty study by Buvinic (1997) in 41 developing countries revealed that more women in rural areas were made poorer and their economic challenges exacerbated by being widowed or abandoned by their husbands for long periods. They faced special social and economic constraints that perpetuated a cycle of low-education and low-paying jobs from one generation of women to another. Interventions at the household level seem to be inadequate, and thus the need to expand their socio-economic opportunities exists (Bardhan, 1996). Some women in Kenya already demonstrate competence through the use of "informal networks" frequently known as "women's self-help groups." Their actions also complement efforts of various agencies to reduce poverty (Snow & Buss, 2001) and improve the lives of rural people. Community groups are popular institutions in Kenya's rural areas; groups help provide services that the government may have failed to deliver. They take the forms of burial groups, church mission groups, women's groups, or youth groups (Freeman, Ellis, & Allison, 2004). Kenya's local self-help development efforts are predicated on the spirit of Harambee - a Swahili word that connotes community efforts for a common goal (Thomas, 1988). Modern women's groups' objectives now focus more on income-generating projects rather than solely welfare activities. They are multi-purpose and combine mutual financial assistance in the form of

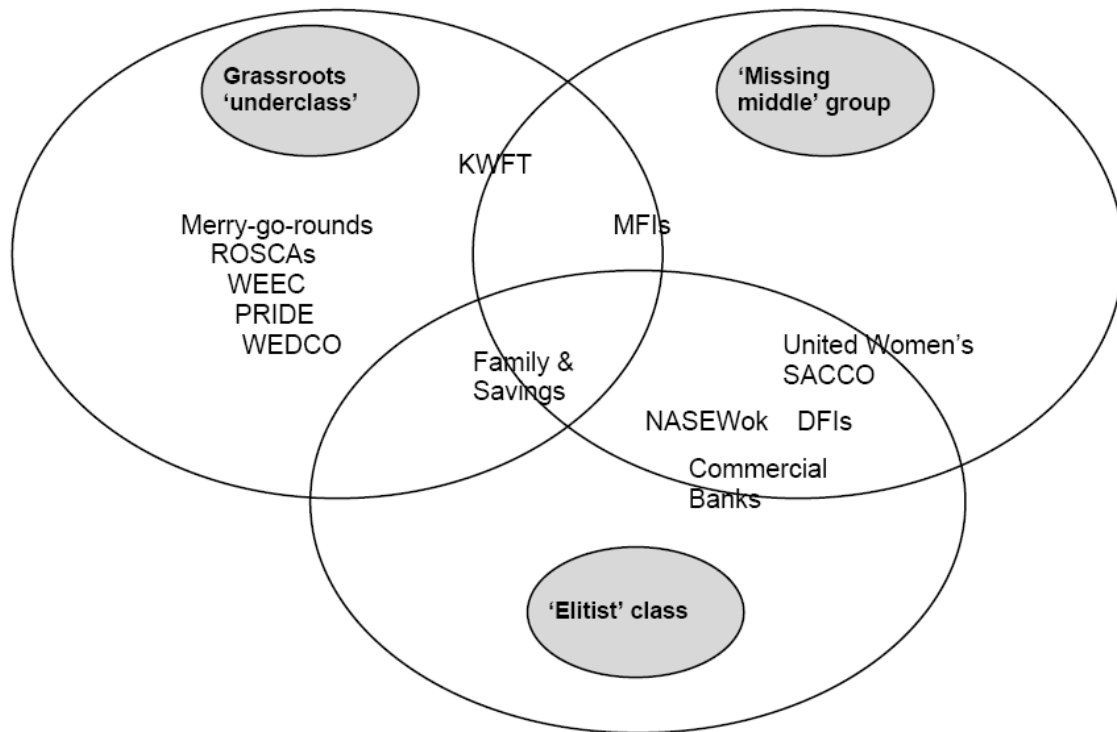
rotating credit associations to provide the means to pursue social, educational, and economic activities (Mbugua-Murithi, 1997).

Kenya's population is just under 32 million. GDP in 2002 was reported to be Ksh. 850.1 billion (equivalent to 32 billion international dollars in PPP), resulting in a GDP per capita of Ksh. 26,996 (international \$1,120 in PPP) Figures in national currency come from the Kenya Economic Survey 2003. GDP and GDP per capita using purchasing power parity are taken from the World Bank, World Development Indicators 2003. The economy has been deteriorating over the past two decades, with low economic and employment growth and a decline in productivity Interim Investment Programmes for the Economic Recovery Strategy for Wealth and Employment Creation 2003-2007, Ministry of Planning and National Development, Republic of Kenya, Nairobi, 2003, p. 4. The percentage of people living below the poverty line has increased steadily since 1990 and is estimated at 56 per cent in 2003. Two thirds of Kenyans live in rural areas and 75 to 80 per cent of employment is in the agricultural sector. Kenya's liberalization efforts began in earnest in 1994 following its move to a multi-party system. However, because of government downsizing and the retrenchment of many large private sector and foreign-owned firms, formal sector employment has been decreasing. Lack of employment alternatives has thrust a growing number of people into self-employment activities to ensure a livelihood. Throughout the 1990s the growth rate of the informal economy considerably outpaced that of the formal sector. From 1999-2002, the MSE sector was responsible for generating 675,000 jobs annually. Struggling to thrust the country into a state of economic recovery, the new government has stated its commitment to "integrating the MSE sector into the national economic grid", "Sessional Paper on Development of Micro and Small Enterprises for Wealth and Employment Creation", (Draft, February 2004), Ministry of Labour and Human Resource Development, Republic of Kenya, Nairobi, p.8. causing the government to take a serious look at the potential of the informal and micro and small enterprise (MSE) sectors for driving employment and economic growth and thus the need for this study.

African women entrepreneurs are playing an increasing role in diversifying production and services in Africa economies. Fostering women's entrepreneurship development is crucial for the achievement of Africa's broader development objectives, including economic development and growth. However, many women entrepreneurs are operating in more difficult conditions than men entrepreneurs. The constraints that impede all entrepreneurs such as political instability, poor infrastructure, high production costs, and non-conducive business environment, tend to impact more on businesswomen than businessmen. In addition, women's entrepreneurial development is impeded by specific constraints such as limited access to key resources (including land and credit), the legal and regulatory framework, and the socio-cultural environment. Furthermore, the combined impact of globalization, changing patterns of trade, and evolving technologies call for skills that women entrepreneurs on the continent do not for a large part possess, as many more women than men lack the requisite level of education and training, including business and technical skills and entrepreneurship training.

In the statement of the problem, it was indicated that small enterprises over the last ten years has been recognized to be the major force in job creation, innovation and economic development (Gordon, 2000). On the same breathe according to the financial Access Survey 2007 by the FSD Kenya, the banking sector serves only 19% of the Kenya's bankable population with 8% being served by other financial services providers such as MFIs and SACCOs. 38% is totally excluded and 35% rely on the informal financial service providers such as ROSCAS. Figure 1 graphically illustrates the financing options available to each of these three groups of women entrepreneurs.

Figure 1: Credit Sources of the Three Segments of Women Entrepreneurs



The indication is that access to financial services is limited thus the need for the study.

The primary purpose of entrepreneurship promotion strategies is to motivate and inspire members of the population (women, in this case) to pursue entrepreneurship as a viable and feasible employment option. However, it is also important to make the support environment more favourable towards the role of women as entrepreneurs. This is easier in a country or region where entrepreneurship is already perceived as being a legitimate employment activity. In the context of Kenya, entrepreneurship has only recently been positioned as a valued economic activity. Members of the current SMEs sector were more likely to have started an enterprise “out of necessity” since there were no employment alternatives. Therefore, there is still much work to be done to reinforce and strengthen the overall “entrepreneurial culture” in the country, especially if the current generation of young people is to view it as an attractive option for “pursuing opportunity”. In

the case of women, the entrepreneurship promotion challenge is even more daunting. As one key informant aptly framed it, “when you talk about a woman entrepreneur in Kenya, the image immediately goes to the woman selling vegetables in the market”. Gakure (2003) summarizes a series of studies highlighting the stigmatization of women entrepreneurs in Kenyan society. Even successful women entrepreneurs are viewed negatively because society does not expect women to succeed on their own without male assistance. Challenging these stereotypes is an important starting point for creating a more favourable environment for women entrepreneurs in Kenya.

McCormick (2001) noted significant differences in the performance of women’s enterprises vis-à-vis those of Kenyan men. Their enterprises are smaller, less likely to grow, less profitable, and begin with less capital investment than those owned by men. Not only is there a great deal of gender segregation by sector (with women dominating in food processing, beer brewing, hairdressing, dressmaking, and retail of second-hand clothing, while men dominate in metalwork, carpentry, vehicle repair, shoe making, construction and transport), but women and men operate from different locations. Men are twice as likely as women to locate in trading centres, commercial districts or roadside locations; women are almost twice as likely to be operating from the home. Women are three times as likely as men to belong to some type of business association, although there are indications that women’s networks have less power to assist their businesses.

McCormick (2001) isolated three factors that account for these differences in enterprise performance. The first factor has to do with the level of education. On average, women entrepreneurs are less educated than their male counterparts and twice as likely as men to be illiterate. The major reasons for this difference are institutional in nature.

Marriage institutions discourage investment in women's education and the division of labour assigns a greater share of household responsibility to girls. Because they have lower educational attainment, they are also less likely to benefit from management and technical training programmes. The second factor has to do with the opportunity to accumulate savings. Because women have lower levels of education and are segregated into lower paying jobs, they have lower savings with which to start a business.

When it comes to theory, a number of arguments have been put forward to explain gender-differences with respect to repayment rates (Armendariz and Morduch 2005). For instance, based upon her experience in Grameen-villages in Bangladesh, Todd (1996) argues that women are more conservative or cautious in their investment strategies, and therefore have better repayment records. Also from Bangladesh, Rahman (2001) and Goetz and Gupta (1996) argue that women are more easily influenced by peer-pressure and the interventions of the loan-managers. Organization is also a constraint that manifests itself as a lack of records or poor bookkeeping as well as inadequate organizational and management skills (Mbugua-Murithi, 1997).

However, a dire need exists to train more women in group dynamics and team building strategies, record keeping, leadership skills, monitoring and evaluation of projects, as well as proposal writing, including grants and business plans (Kane, Walsh, & Nelson, 1991). According to Kane *et al* (1991) the immediate social and economic environment experienced at the household level can be linked to a trend that makes most women's groups struggle to operate their businesses efficiently. So, efforts must be made to strengthen women's groups' management and logistical capacity (Hertz, 1989). The capacity for expansion of local industries in rural areas exists, although women's groups have to contend with "the harsh competition to corner a small section of a limited market" (Feldman, p. 82).

"Entrepreneurial, management, and technical training are very important to enterprise development" (Stevenson & St-Onge, 2005, p. 42). There are many governmental, private, and non-governmental agencies professing to offer training in areas such as starting a business, continuing its existence, and expanding it, yet very few female entrepreneurs have access to such training. Additionally, many women who own micro-enterprises still can not access this type of training, which they need for the expansion of their livelihoods (Stevenson & St-Onge).

4 Theoretical Framework

The conceptual base for this study was drawn from the theory of self-efficacy postulated by Bandura (1995). It "refers to beliefs in one's capabilities to organize and execute the courses of action required to manage prospective situations" (Bandura, 1995 p. 2). Self-efficacy affects people's thoughts, feelings, actions, motivations, efforts, and determinations to confront the obstacles faced in life. Culture affects the type of information people select and incorporate into their judgments, which may, in turn, reflect their self-efficacy (Oettingen, 1995). In this study, it was assumed that women held strong beliefs about the need to change their destinies and enhance their livelihoods in an environment with poor incomes. Due to strong beliefs in their personal abilities and chances of success, Mbugua-Murithi (1997) contended that women devise strategies to help them meet their demands, including the formation of self-help groups and Microfinance.

Moreover, Oettingen (1995) used the theory of self-efficacy to explain how change can take place in social systems, especially in societies that are collectivist. This is true of Kenya's traditional rural societies where women help each other in times of need such as death, sickness, or with the provision of farm labor (Karani, 1987; Srujana, 1996; Thomas 1988). High self-efficacy means that people are more likely to participate in activities in which they believe they can succeed. It promotes the premise that individuals have the potential to mitigate and improve their situations. For instance, a high sense of self-efficacy correlates with higher resilience to problems found in life, but, conversely, low self-efficacy reciprocates with failure. Finally, the theory identifies factors that affect the success or failure of individuals, including their collective or group actions.

5 Methodology

This descriptive survey study used 30% of the target population, 793 KWFT women loan borrowers, chosen from each of the stratum whereby the target population was divided into strata (locations) selected by use of simple random sampling, which yielded a sample size of 236 respondents from the thirteen location in Kakamega North district. Patton (2002) recognizes a sample size 30% of the target population as enough for descriptive survey studies. This approach ensured that all the strata within the study area were included in the study and thus taking into consideration the socio-economic dynamics of the area by spreading the sample Kakamega North district. The main data collection instruments were questionnaires and interviews.

Data Analysis

Data collected was analysed descriptively and presented in form of frequency and percentage tables. Logit model was adopted in the study and the data was analysed based on the model variables.

6 Results

The Loan Repayment Trend among Rural Women Loan Borrowers

Past studies by Githimu (2006) showed a high positive correlation between repayment and drop outs, the reasons for client exit however, have been both internal and external and cover various aspects of Micro Finance Organizations (MFO) operations. The study established that drop out rates in the Rift Valley Region, 75% of drop out was due to staff related issues, 64% on financial cost of the products and services, and 88% attributed to group dynamics. Viability of micro finance institutions is through repeated borrowings, which provide invaluable financial services to low-income households in Kenya. Repeat borrowers reduce MFI administrative costs, lower risks, and increase organizational productivity. In practice, however, several MFIs are experiencing high borrower exit, *for example*, termination of the lender-client relationship, which hamper organizational and financial sustainability. This study sought to specifically establish the socio-economic factors affecting loan repayment behaviour among women in Kakamega district.

Summary of Respondents Background Information

The study found it worth to establish the age of the respondents and from the study findings it was revealed that most of them 39.5% were above the age of 40 years. In typical African community marriage is reserved for the mature and those who get into it are those who are capable of taking care of their family. From the study most of the women 59.3% were married. With the current economic hardship most of the countries are rallying for small families by encouraging its citizens to practice family planning. According to the study findings most of the loan borrowers 68.5% have 3-5 children. As shown in Table 1.

Education is a gate pass to employment in most of the private and public sectors and when someone does not have good education he/she will be forced to find other ways of sustaining their families and in African communities women are most disadvantaged. From the study 71.6% of the women have secondary education as shown in table 1.

Table 1: Background Information

Age of respondents	Frequency	Percent
Below 30 years	52	32.1
30-40 years	46	28.4
above 40 years	64	39.5
Total	162	100.0
Marital status	Frequency	Percent
Single	22	13.6
Married	96	59.3
Divorced	20	12.3
Widowed	24	14.8
Total	162	100.0
Number of children	Frequency	Percent
1-2	9	5.6
3-5	111	68.5
above 5	24	14.8
none	16	9.9
Total	160	98.8
Non response	2	1.2
Total	162	100.0
Level of education	Frequency	Percent
Secondary certificate	116	71.6
Diploma	24	14.8
Bachelors degree	2	1.2
Masters	6	3.7
Other	14	8.6
Total	162	100.0

This could mean that the number of years a borrower has enhances her creditworthiness in the eyes of the potential lenders. This shows that age is translated into experience of the borrower in the economic activity being financed like farming. Women taking loans are seeking to find finance to start business so that they can help their families financially. It also meant that the women in Kakamega north district are working hard to provide to for their families by also taking loans.

It also implies that women are opting to start small scale business to support their families since majority of them 71.6% do not have college education. However the number of years of formal education is a sign of potential human capital which has a positive effect. An educated woman is able

to evaluate group activities and monitor other group members' loan utilization and repayment and take advantage of the training and visits by the officials of the microfinance institutions. According to Ziderman (2003), globally, women face more restrictions on their choices and opportunities than men do; for instance, unequal opportunity in school restricts opportunities for employment and also a creative life. Such gender bias has led to lower survival for women despite their biological advantage, Sub-Saharan Africa is among the areas where poverty is geographically concentrated, and it is so pervasive that many of the policies concerned with poverty alleviation encompass practically most of the development plans. Ziderman (2003) asserted that "small-scale informal sector enterprises" presented enormous opportunities in Sub-Saharan Africa for the employment of women. The development of skills through targeted programs is essential to improving the livelihoods of disadvantaged groups, including women; training and supervision could better enable women to function well in the informal sector.

The Amount of Loan Received from KWFT

The study also sought to find out the amount of loan received from KWFT and according to 48.1% of the respondents agreed that they received from 30001-40000 kshs.

Table 2: The Amount of Loan Received from KWFT

Amount Received	Frequency	Percent
<10000	4	2.5
10001-20000	14	8.6
20001-30000	22	13.6
30001-40000	78	48.1
40001-50000	9	5.6
over 50000	29	17.9
Non response	6	3.7
Total	162	100.0

Purpose of Loan Borrowed

When asked the use of loan borrowed most of the respondents 56.8% borrowed the loan for purchase of agricultural inputs.

Table 3: Purpose of Loan Borrowed

Factors	Frequency	Percent
Agriculture inputs	92	56.8
Petty trade	57	35.2
Purchase of farm oxen	21	13.0
Fattening	15	9.3
Opening salon	2	1.2

Advisory Visits and Training for KWFT Loan Members

Study sought to find out whether KWF employees helped the loan borrowers through supervision and most of them 86.4% and 87% agreed that they were supervised in regards to; loan utilization and repayment 88.9% feel supervision is important and 98.8% agree that training before getting loan is very important.

Table 4: Advisory Visits and Training for KWFT Loan Members

Advisory visits	Frequency	Percent
If ever supervised regarding loan utilization	140	86.4
If ever supervised regarding loan repayment	141	87.0
If supervision is important	144	88.9
If trained before getting loan	160	98.8

Profit Trend for Last Two Years

Study further sought to find out the trend of profit for the last two years and according to the study findings 51.9% feel that their profit has been increasing as shown in table 5.

Table 5: Profit trend for last two years

Profit trends	Frequency	Percent
Increased	84	51.9
Decreased	23	14.2
Stayed the same	55	34.0
Total	162	100.0

Records Keeping

When asked if they keep records most of the respondents (84%) agreed to keep records. When asked the reasons as to why they keep records most of them (66%) keep records to evaluate profit and loss. Those who do not keep records where also asked the reasons why they did not keep records and (14.2%) and (13.6%) do not keep records due to lack of knowledge and small business respectively as shown in table 6.

Table 6: Records Keeping

Records Keeping	Frequency	Percent
Yes I keep records	136	84.0
Reasons for keeping records		
To evaluate profit and loss	107	66.0
For loan repayment purposes	39	24.1
Reasons for not keeping records		
Lack of knowledge	23	14.2
Transaction too small to keep records	22	13.6

Entrepreneurial, management, and technical training is very important to enterprise development. Business start-up, survival and growth training is offered by a wide array of Kenyan government agencies, private consulting

firms and NGOs, including the ILO's Start and Improve Your Business (SIYB) training (Namusonge, 1999). However, few entrepreneurs in Kenya access any sort of such training. Only 7 per cent of MSEs in the 1999 Baseline Survey had received any form of non-financial assistance in the previous four years, despite the increasing number of formal and informal organizations in the country offering all types of non-financial assistance by way of training in business skills and entrepreneurship, practical skills, technical assistance, and marketing support (*National Baseline MSE Survey 1999*, p. 55). Eighty-five per cent of Kenyan entrepreneurs reported not having received any training at all – 86.9 per cent of women and 83.4 per cent of men. Only 1.15 per cent of women had taken any management training, and only 1.9 per cent had received any consultancy or counselling. The highest percentage of any type of training received by women was in marketing (7.5 per cent). The situation was not much different for men, although 4 per cent of men had accessed some counselling or consultancy services. In addition, two-thirds of MSEs do not keep any business records, 77 per cent do not have bank accounts, and 62.7 per cent said that they had no specific source of market information. Very few MSEs do any marketing of their products or services. Much work needs to be done in all of these areas, including identifying means and strategies for improving women MSE access to training in entrepreneurship and growth.

7 Model Results and Discussion

Out of 162 respondents 126 have either fully paid their loans or are currently servicing it while 36 still have arrears this was equivalent to 77.7% and 22.3% of the total sample respectively.

Predictor Variable in the Model (Enter Method)

Step 1

	β	SE	Wald	df	sig	Exp(B)
Age	1.439*	0.694	4.304	1	.038	4.216
Family size	-.180**	1.160	.024	1	.287	.835
Education status	1.374*	.730	3.540	1	.060	3.951
Visits	-.722*	.526	2.661	1	.030	0.145
Purpose	1.36	.0523	2.186	1	.015	4.136
Amount of credit	-3.094**	2.096	2.180	1	.175	3.175
Credit processing	2.000**	1.477	1.920	1	.165	7.266
Disbursing time	-0.586**	0.464	1.593	1	.165	0.557
Constant	-.079	1.328	.004	1	.953	.924

A Variable(s) entered on step 1: age bracket, family size, education status.

Omnibus tests of model coefficients and summary

Step 1 χ^2 df sig. -2log likelihood Cox & Snel Nagelkerke R^2

Model 24.138 1 0.000 135.91261 0.83 0.047

H&L test 0.0196 1 0.864

Step 2	Model	42.352	2	0.000	62.158	0.231	0.315
	H&L test		5.631		5		0.125
Step 3	Model	42.312	3	0.000	51.258	0.287	0.122
	H&L test		9.265		7		0.125
Step 4	Model	42.152	4	0.000	54.618	0.241	0.665
	H&L test		4.181		8		0.425
Step 5	Model	52.107	5	0.000	34.158	0.357	0.618
	H&L test		1.265		7		0.721
Step 6	Model	57.254	6	0.000	32.162	0.264	0.753
	H&L test		2.614		8		0.725

Note: * Significant at $\alpha=0.0$ ** significant at $2 \cdot p= 0.22$ per cent

From the test it was revealed that age, education of the borrower, purpose of loan and number of visits by the KWFT officers were highly significant at (05 .0= _) this implies that they have a positive impact on loan repayment. The amount of credit disbursed, credit processing period, family size and disbursement time were less statistically significant at (22 per cent level).

The variables with positive coefficients indicate that credit repayments performance increases with increase magnitude of these variables and decreases with decrease in the magnitude. On other hand, the variables with negative coefficients are those indicating a fact that credit repayment performance decreases with decrease in the magnitude of these variables and vice versa

The positive coefficient for education indicates, a higher repayment record increases with an increased of education level of the women. The rationale is that the women who had a formal education also had a commitment with keeping their records as advised by KWFT officials. Women borrowers were not quiet open with revealing how much profit they were making so profit was not included in the loan repayment predictive variables.

The findings were summarized to mean that there is a significant relationship between socio-economic and loan repayment among women loan borrowers. Thus increase or drop in socio-economic factors in the area affects loan repayment.

8 Conclusion

In summary it can be concluded that most of the women loan borrowers in Kakamega North district are aged over 40 years, have secondary education, married and with families to take care of.

The women loan borrowers are grouped into groups but most of them have 11-15 people which most of the members know ach other. The group members feel responsible and monitor other members' loan utilization. In cases of loan diversification most of the members report it to KWFT or put social sanctions to the loan diverter. Although most of the members are borrowing loan from KWFT they have other sources of funds of which majority get it from women groups. The amount they get from this other sources range from 3001-4000 Kshs. The loan borrowers feel that the loan repayment period is sufficient and the amount they get is enough. Those who have loan have full paid it and those who have arrears is less than Kshs 1000 and when asked why they fear to default loans they said that they fear losing access to loan in future.

Loan borrowers in the district got loan for purchase of agricultural inputs. Those who applied for loans did not get the amount they requested for. Although most of them used the loan borrowed for the intended purposes some used the money for other purposes like education because the amount given to them was not enough for the intended purpose. KWFT plays a role of supervision in loan utilization by conducting training on loan utilization, repayment and savings. This meant that the organization is concerned about its members finance utilization but the issue of savings is considered to be important.

Although most of the women had other sources of income most of them got the finance for farming and savings. The loan borrowers were asked their assets and most of them have assets worth less than Kshs 5,000 this could be the reason why most of them could access loans from KWFT only. Although the living condition of the respondents has improved the education has become unaffordable due to low financial income. The family annual expenditure has increased from the other years before loan accessibility which was attributed to loan given and thus meaning that they are using the amount given for personal use instead of investment this could be because they are the breadwinners to the family. Since the respondents accessed loans the demand for their products has increased and the profit over the years has improved this could be because the loan helped them improve on their products quality and also do some marketing. From the study it was also seen that women loan borrowers in Kakamega north district keep records to evaluate their lose and profit and also monitor their loan repayment trends. Those who do not keep records were because they lacked knowledge and also because they felt that their business was too small. In general it was revealed loan has improved borrowers live generally this meant that KWFT has changed the life of women positively.

9 References

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