

**FACTORS INFLUENCING WOMEN PARTICIPATION IN COMMUNITY-  
BASED MICROFINANCE PROGRAMS: A CASE OF CATHOLIC DIOCESE OF  
ELDORET, SAVINGS AND INTERNAL LENDING COMMUNITIES (SILC)  
PROJECT**

**BY**

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**DECLARATION**

This research project is my own original work and has never been presented for a degree in any other university.

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## **DEDICATION**

This study is dedicated to my loving wife Mrs. Ann Mukenya and my parents Mr. Samson Welikhe and Mrs. Beatrice Khayongo and my siblings for their financial and moral support in the entire study period.

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## ABSTRACT

Women play a crucial role in the economic development of their families and communities but certain obstacles such as social-cultural factors, socio-demographic factors, poverty, unemployment, low household income and societal discriminations mostly in developing countries have hindered their effective participation in community based micro-finance programs. The aim of the study was to investigate the factors that influence women participation in community based microfinance programs. The following objectives was achieved for the purpose of the study; to examine the effects of socio-cultural and demographic factors on women participation in community based microfinance programs , to determine the effects of socio-demographic factors on women participation in community based microfinance programs , to establish the effects of amount of savings on women participation in community based microfinance programs and to assess the effects of satisfaction of interest charges on women participation in community based microfinance programs at Catholic Diocese of Eldoret. The study adopted descriptive survey research design. For the purpose of this study, the study targeted the women within Catholic Diocese of Eldoret; Savings and International Lending Communities. The target population specifically comprised of the self-help groups and church organized groups. The researcher targeted 280 respondents. The study used stratified sampling technique to put the members in groups. After stratification, simple random sampling was used to select the respondents. Simple random sampling was used to avoid biasness and to enable every individual to participate in the study. The sample size comprised of 74 respondents. The study used primary data obtained through questionnaires with selected respondents. The descriptive statistics that were used included frequencies tables and percentages. The inferential statistics linear regression was also used to test the hypothesis. The computer program, Statistical Package for Social Science (SPSS) version 18 for windows, was useful in coding the data that was collected. The data collected was analyzed using descriptive statistics. The study rejected this hypothesis because the study findings indicated that there was a significant relationship ( $\beta = .645$ ,  $P = 0.002$ ) between the Socio-cultural and demographic factors and the women participation in community based microfinance programs while the study also rejected this hypothesis because the study findings indicated that there was a significant relationship ( $\beta = .713$ ,  $P = 0.000$ ) between the interest rates charged and women participation in microfinance programs and finally the study accepted this hypothesis because the study findings indicated that there was no significant relationship ( $\beta = .095$ ,  $P = 0.094$ ) between the amount of savings and women participation in microfinance programs. The study concluded that the social cultural and the demographic factors affect women participation in micro-finance the most followed by the interest rate charged while the amount of savings had a negative effect on women participation. The study recommended effective training and creation of awareness on the need for participation in micro finance programs by women with an aim of raising literacy levels of the women with an aim of increasing the participation level. The information from the study also formed basis for literature for other researchers and academicians who are willing to carry out studies in the same field. Next, the study was a starting point for further studies on women participation in community based microfinance.

## OPERATIONAL DEFINITION OF TERMS

**Microfinance** – refers to all types of financial intermediation services; savings, credit funds transfer, insurance, pension remittances, provided to low-income households and enterprises in both urban and rural areas, including employees in the public and private sectors and the self-employed.,

**Micro-finance institution** – refers to an organization that offers financial services to the very poor. They are also specialized providers of financial services to the micro-enterprises.

**Factors** - A constituent or element that brings about certain effects or results, or indicates a specific multiple, number, or quantity.

**Women** – A female person who participate in community based micro finance programs

**Participation** -different mechanisms for the public to express opinions - and ideally exert influence – regarding community based microfinance programs.

**Community** -A community is a social unit of any size that shares common values.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.0 Overview**

This chapter presents the introductory part of the study and comprises of the background of the study, statement of the problem, objectives of the study and research hypothesis. The chapter will also review the assumptions, significance and scope of the study.

#### **1.1 Background of the Study**

Micro finance community based programs are treated as a key strategy in addressing development issues across nations since the last three decades. Microfinance has also gained huge prominence worldwide in the arena of economic development enhancement. The vision of micro financial systems worldwide is to serve the impoverished majority, help them to lift them out of poverty, and make them full participants in their country's social and economic development (Bhardwaj and Gebrehiwot 2012). As an efficient socio-economic financial mechanism, micro-credit enables various agencies, both governmental and non-governmental, to realize their targets, among them are the Millennium Development Goals (Zhao and Zhang 2012). Microfinance is the provision of broad range of financial service such as deposits, loans, payments, money transfers and insurance to the low income households and their micro enterprises to break out of their impoverishment (Bhardwaj and Gebrehiwot 2012). Microfinance programs have the potential to transform power relations and empower the poor and women. In well-run microfinance programs, there is a relationship of respect between the provider and the client that is inherently empowering (Olaoye and Odebisi 2012).

Internationally, fostering the women participation in the nation building became a major concern of many governments all over the world. The establishment of sustainable financial services as a means to support or empower women to help them out of poverty has been at the centre of discussions for many decades in many countries. The widely documented and mostly applied intervention methods on the issue are community based micro finance programs (Batra, 2012). The techniques used to implement these kinds of community based micro-finance programs vary from country to country. For instance, in India microfinance has become an important tool of economic development (Feroze et al. 2011). Women's empowerment and participation in community based microfinance programs became a critical pre requisite of the socio-economic development of any community. However there are various factors that influence women participation in micro-finance which are triggered by some culture and others are the economic conditions (Feroze et al. 2011).

In Africa, several decades of extensive community-based rural development programmes undertaken by various government and non-governmental organizations have resulted in the overall achievement of reducing poverty and improving women well-being. Factors such as number of years in formal education, satisfaction of application procedures, membership to business associations and amount of saving within the financial institutions have influenced women participation in community based micro-finance programs (Moyo, 2009). For instance, a number of SACCOS and micro-finances are operating in Tanzania and are involved in a myriad of activities in the quest to empower members including women and men for a more active participation in cooperative development. The participation in community based microfinance has been different for

women and men. This is because of social and economic factors in which they live and work (Casely and Lury, 2012).

In Kenya, the government (in collaboration with donor agencies) initiated a special program named “Women Enterprise and Development Fund” (WEDF) as strategic measure aimed at alleviating poverty through socio-economic participation and empowerment of women (FIDA, 2009). The WEDF (popularly known as – Women Fund) was launched in 2007 and is open to all women either as a group, company or on individual basis (Federation of Women Lawyers Kenya, 2009). Loan application forms are to be obtained either from the district offices or participating micro credit institutions (namely intermediaries), which according to official reports, were allocated a total of Kshs 685 million in 2009 to on-lend to the target groups (Kangogo, et al., 2013). Analysis of determinants of women’s participation in microfinance programme using probit model has revealed that the age of women and value of productive assets other than land have a significant negative influence on their participation. However, social backwardness, indebtedness and presence of other microcredit programmes in the same or nearby villages have a significant positive influence on women participation in this programme (Kangogo, et al., 2013). Despite these efforts, however, access to financial services to marginalized women in remoter communities in Kenya is still problematic. Studies have shown that the majority, if not all the intermediaries that are supposed to provide the services consider such areas as too costly, and therefore tend to confine their operations in the urban centers. In recent years in Kenya, there has been renewed interest in microfinance by both policy makers and practitioners (Kangogo, et al., 2013). This interest is based on its valued contribution to efforts aimed at improving the livelihoods

of the rural population in the country through policies and programs geared towards addressing inequalities arising from the country's socio-political history (Chu, 2013).

### **1.2 Statement of the Problem**

Microfinance has become an important tool for poverty reduction in many parts of the world. Microfinance institutions (MFIs) target the poor through innovative approaches which include group lending, progressive lending, regular repayment schedules, and collateral substitutes. However, according to Otero and Rhyne (2005), the participation of women in community based micro-finance programs seems not encouraging despite the fact that international and national development programs have been giving high priority on sustainable microfinance to the poor for many years. Women play a crucial role in the economic development of their families and communities but certain obstacles such as social-cultural factors, socio-demographic factors, poverty, unemployment, low household income and societal discriminations mostly in developing countries have hindered their effective participation in community based micro-finance programs (Chu, 2013). It is against this background that the study investigated the factors influencing women participation in community based micro-finance programs.

### **1.3 Objectives of the study**

The aim of the study is to investigate the factors that influence women participation in community based microfinance programs. The following objectives was achieved for the purpose of the study.

- i. To examine the effects of socio-cultural and demographic factors on women participation in community based microfinance programs at Catholic Diocese of Eldoret; Savings and International Lending Communities.
- ii. To establish the effects of amount of savings on women participation in community based microfinance programs at Catholic Diocese of Eldoret; Savings and International Lending Communities.
- iii. To assess the effects of satisfaction of interest charges on women participation in community based microfinance programs at Catholic Diocese of Eldoret; Savings and International Lending Communities.

#### **1.4 Hypotheses of the Study**

This study seeks to test the following research hypothesis;

**HO<sub>1</sub>** Socio-cultural and demographic factors have no significant effect on women participation in community based microfinance programs.

**HO<sub>2</sub>** Amount of savings have no significant effect on women participation in community based microfinance programs.

**HO<sub>3</sub>** Satisfaction of interest charges have no significant effect on women participation in community based microfinance programs.

#### **1.5 Assumptions of the Study**

For the purposes of this study the following assumptions will be made to perform the necessary analysis and evaluation of the stated research problem. First the study assumes that Catholic Diocese of Eldoret, Savings and Internal Lending Communities (SILC) project member and women have participated in community based micro finance programs in their organization. Second, it will be assumed that the respondents will

answer the questions with openness, candor, and honesty with regards to the questionnaire. Finally, the third assumption will be that the results will not be biased towards one outcome over another.

### **1.6 Significance of the Study**

The findings of the study were useful to the following stakeholders;

#### **Government**

To the government in line with the ability of micro financing services to ensure economic development by providing savings and credit to low income women, the government has been pushed to support the development of microfinance institutions. This has seen a lot of investment by the government in providing financial support to the microfinance institutions. The information from this study on the factors that influence women participation in community based microfinance may help the government in determining the viability of their investments.

#### **Microfinance institution's management**

The microfinance institutions are formed with the objective of ensuring that women participate in community based microfinance to have access to financial services. There are several women who fall under the bracket of low income earners. Microfinance institutions aim at ensuring that all these women who are low income earners are catered for in terms of provision of financial services. It is therefore necessary for the institutions to understand the perceptions of the women on the factors that influence women participation. This information may be used by the management of the microfinance institutions in determining areas for improvement so as to ensure their success.

### **Academicians/ Researchers**

Little research has been done in Africa to directly identify the factors that influence women participation in community based microfinance. Considering the benefits attributed to microfinance institutions in economic development and the rapid development of these institutions, factors influence have received attention of researchers and academicians. Therefore a study on the awareness and the factors influencing women participation in community based microfinance in Kenya, with major focus on Catholic Diocese of Eldoret; Savings and International Lending Communities Innovations, may therefore attract researchers and academicians who are in need of educating more and providing solutions to lack of access to financial services in Africa. The information from the study also formed basis for literature for other researchers and academicians who are willing to carry out studies in the same field. Next, the study was a starting point for further studies on women participation in community based microfinance.

### **1.7 Scope of the Study**

The scope of the study shows the boundaries from which the study is limited for effective investigation.

Geographically, the study was limited to Catholic Diocese of Eldoret; Savings and International Lending Communities. This is due to resources and logistical problems being faced by the researcher which could not allow the researcher to carry out the research in all the organizations country wide. Conducting the research in Catholic Diocese of Eldoret; Savings and International Lending Communities with quite a good number of women as who participate in community based microfinance enabled the researcher to get better outcomes of the research.

In content, the study focused on the factors that influence women participation in community based microfinance as the independent variable and community based microfinance as the dependent variable using Catholic Diocese of Eldoret; Savings and International Lending Communities. The study reviews the effects of socio-cultural and demographic factors on women participation in community based microfinance programs, effects of amount of savings on women participation in community based microfinance programs and effects of satisfaction of interest charges on women participation in community based microfinance programs at Catholic Diocese of Eldoret. The study covered a period of three months, that is, from August 2014-November 2014.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Overview**

This chapter reviews the existing knowledge or literature on factors influencing women participation in community based microfinance in relations to the objectives of the study. The chapter will review the concept of women participation in community based microfinance , community based microfinance programs, savings and internal lending communities (silcs) and the role of microfinance in women's participation. This chapter will also review the effects of socio-cultural and demographic factors, amount of savings and interest rates charges on women participation in community based microfinance programs. The conceptual framework will also be reviewed in this chapter.

#### **2.1 Women Participation in Community Based Microfinance**

With an estimated 2.5 billion people remaining outside the formal financial system, community-based approaches to microfinance are proving to be effective for contributing to financial inclusion goals and reaching those who are currently not served by banks or other financial institutions. These approaches not only provide access to financial services at doorstep, but they also build community institutions, strengthening solidarity and social capital. Community-based approaches to microfinance are particularly useful in remote areas and especially popular among women, though they have also proven successful in urban regions (Lewis and Conaty, 2009).

A study by Kangogo, et al. (2013) on the influence of social capital dimensions on household participation in micro-credit groups and loan repayment performance have been identified following the multi-stage purposive and random sampling technique and

selecting in Uasin Gishu County for the study. It has been observed that socially backward, landless and marginal farm households participate more in this programme. Possession of livestock and consumer goods by the member households has been found to deter the joining of group.

However, according to Mahadeva (2009) the number of households having informal borrowings, especially from money lenders has been recorded to be higher among the members before joining the group. Analysis of determinants of women participation in microfinance programme using probit model has revealed that the age of women and value of productive assets other than land have a significant negative influence on their participation. However, social backwardness, indebtedness and presence of other microcredit programmes in the same or nearby villages have a significant positive influence on women participation in this programme (Little, 1997).

All over the world, the significant of women entry into the workforce over the past three decades has produced profound transformations in the organization of families, society, the economy, and urban life. Since the late 1950s, women's economic activities have been steadily increasing. Women have always actively participated in their local economies. In Africa, for example, women produce 80 percent of the food and in Asia 60 percent and in Latin America 40 percent. In many cases, women not only produce the food but market it as well, which gives them a well-developed knowledge of local markets and customers. This is a small example of the importance of women's work in society. It does not illustrate the real extent of women's contribution, especially in developing countries, not only to the labour force, but also their role as a significant income-source for the family (Schumacher, 2003).

For instance, in Africa all tasks related to a family's support are the responsibility of women. Due to cultural and traditional aspects, a woman's presence has been a question of survival of her family. Women, especially poor mothers, must divide their time between work "productive role" and family "reproductive role", and balancing all the demands. Time is valuable for these women, as their livelihoods depend largely on their ability to fulfill the multiple demands of the household and the marketplace. In spite of the remarkable importance of women's participation, their jobs have been considered as an "extra income" to family survival or simply to improve its living conditions (Jackson, 2009).

Moreover, microenterprises owned by women have been considered as a way to meet primary needs instead of a profitable source of income. Unfortunately, labor markets have followed this perception and have offered less favorable conditions to women. Women workers consistently earn less than their male partners do. Women have had to fight against an adverse environment, which traditionally had been minimizing and exploiting their capacities. As a consequence of this reality, in some cases, women are just satisfied with the non-financial benefits, such as the psychological satisfaction of "social contact (Moyo, 2009). Although men, as well as women, face difficulties in establishing an additional enterprise, women have barriers to overcome. Among them are negative socio-cultural attitudes, legal barriers, practical external barriers, lack of education and personal difficulties. In spite of this, for women and especially for poor women, micro enterprise ownership has emerged as a strategy for economical survival.

One of the most essential factors contributing to success in micro entrepreneurship is access to capital and financial services. For various reasons, women have had less access to these services than men. In this context, credit for microenterprise development has been a crucial issue over the past two decades. Research has shown that investing in women offers the most effective means to improve health, nutrition, hygiene, and educational standards for families and consequently for the whole of society. Thus, a special support for women in both financial and non-financial services is necessary. Regarding limited-access to financial services, women depend largely on their own limited cash resources or, in some cases, loans from extended family members for investment capital. Smaller amounts of investment capital effectively limit women to a narrow range of low-return activities which require minimal capital outlays, few tools and equipment and rely on farm produce or inexpensive raw materials (Anielski, 2006).

In general, women need access to small loans (especially for working capital), innovative forms of collateral, frequent repayment schedules more appropriate to the cash flows of their enterprises, simpler application procedures and improved access to saving accounts. Surveys have shown that many elements contribute to make it more difficult for women in small businesses to make a profit. These elements are: lack of knowledge of the market and potential profitability, thus making the choice of business difficult, inadequate bookkeeping, employment of too many relatives which increases social pressure to share benefits, setting prices arbitrarily, lack of capital, high interest rates, inventory and inflation accounting is never undertaken and Credit policies that can gradually ruin their business (many customers cannot pay cash; on the other hand, suppliers are very harsh towards women) (Kennedy, 1995).

## **2.2 Community Based Microfinance Programs**

One solution to the imperfect credit markets is the concept of microfinance. Since its breakthrough that came with the start of banks in 1976, microfinance has become one of the most important channels of accessing credit for poor people in developing countries (Buckley, 1997). Grameen bank developed a microfinance program based on a group lending technique where the group members serve as guarantees for each other's individual loan. The loan amount normally starts at a low level, but can be increased as the lending group demonstrates financial stability in terms of repayments (Albee, 1994) The method of group lending and its fundamental idea of group responsibility can therefore circumvent the previously discussed issues that asymmetric information in the formal banking sector gives rise to (Ardener and Burman, 1995).

From the start, microfinance was called microcredit as its purpose was purely lending. Over time the concept of micro credits broadened to include other financial services as well (Robinson 2001). A presentation of all different microfinance activities and their objectives are beyond the scope of this paper. A brief summary over the key principles of microfinance by Wiig (1997). These include a presumption that access to credit is more important to the poor than the price of that credit, the widespread use of group and progressive--lending as a substitute for collateral, the maintenance of low administration costs through simplified procedures, the mobilization of savings through deposit products, and the use of intensive motivational techniques (Zamperetti and Dalla, 2008).

Long and Long (1992) also presents a list of activities normally included in a microfinance program Small loans, typically for working capital, Informal appraisal of borrowers and investments, collateral substitutes, such as group guarantees or compulsory savings, access to repeat and larger loans, based on repayment performance, streamlined loan disbursement and monitoring and secure savings products. A majority of the loans from microfinance programs are issued for self-employed and income--generating activities and loans are thus provided mainly to poor, who operate, or plan to start up and to substantially expand small enterprises (Moris and Copestake, 1993). These microenterprises can range from production, recycling, repairing or selling of various goods, to services such as renting out small amounts of land, draft animals or machinery and tools (Rogaly, 1996). Even though the definition of microfinance normally only includes financial activities, it is common that a microfinance program is not exclusively about providing the poor with financial services, but often includes a non--economic agenda as well. Examples of such non--economic activities are: skills training, marketing, literacy training and health care. The purpose of these non--economic activities is to give support to the lender's business as well as social support for the individual borrower and her family (Lutiz, 1999). On the basis of the economic, as well as the non--economic activities offered by a microfinance program, Moselyand Hulme (1998) state microfinance presents a series of exciting possibilities for extending markets, reducing poverty, and fostering social change (Fairbourne, et al., 2007).

### **2.2.1 Savings and Internal Lending Communities (SILCs)**

Savings and Internal Lending Communities (SILCs) are a type of community-based savings groups promoted by Catholic Relief Services (CRS) and its partners to strengthen the livelihoods of the people we serve. SILCs build on traditional savings practices, and benefit from the accumulated experience of savings group practitioners around the world. In order to scale up SILCs, CRS and its partners help to recruit and train community-based Field Agents/Private Service Providers who promote SILC programs, train SILC members, and supervise SILCs for a set period of time. After this time, SILCs operate on their own.

SILCs, however, are not as widespread as ROSCAs because they are more complex to manage and require a record-keeping system. For this reason, CRS plays an important role in promoting SILCs, in order to strengthen people's livelihoods. SILC builds on people's knowledge and experience of ROSCAs, helping communities create sustainable and profitable Accumulating Savings and Credit Association (ASCAs).

### **2.3 The Role of Microfinance in Women's Participation**

Today, a majority of the microfinance programs around the world target women as their clients. However, at the time when microfinance emerged as a channel for poor to access credit and as a tool for development, the greatest share of the clients of bank were men. The move towards a stronger focus on female borrowers was taken in the 1990s in response to growing problems with repayments of loans among the male borrowers. Consequently, in 2002, 95 percent of the clients of bank were women (Kindleberger, 2002). In addition to

being more reliable and efficient when regarding repayment schemes and also displaying a higher degree of cooperativeness, studies have shown that women are more likely to be credit constrained than men, have a more restricted access to the wage labour market and that it is thus of importance to present women with possibilities that gives them access to these areas. Moreover, by giving women access to credit and increasing women's participation in income--generating activities, women's bargaining power and decision--making roles within the household are also strengthened (Islam, 2007).

As previously pointed out, women tend to spend a larger part of their income on family well--being, which, from a development point of view, is more optimal (Jaquette and Summerfield 2012). Microfinance is thus seen as "a road to gender empowerment" (Zamperetti and Dalla, 2008), something that is summed up well by Chao-Beroff (1997). By providing access to financing for income--generating activities, microfinance institutions can significantly reduce women's vulnerability to poverty. A reduction in women's vulnerability can sometimes also translate into empowerment if greater financial security allows the women to become more assertive in household and community affairs (Thillairajah, 1994)

## **2.4 Effects of Socio-Cultural Factors on Women Participation in Community Based Microfinance Programs**

Women are a major force behind people's participation in life of society today. Not only do they comprise the majority in terms of population, but they also play a crucial role in society as procreators of posterity as well as producers of goods and services. Although, women have made great strides forward in obtaining finances from micro-finances in many countries, they comprise less than 15 per cent of the Members of the financial institutions, and less than 5 per cent worldwide. They hold only a fraction of other positions nationally and internationally (Simtowe, 2008).

In Kenya, traditional perceptions of women as inferior to men prevail as many people uphold cultural practices which enhance the subordination of women. Consequently, men continue to dominate women in financial realms. The latter's financial endeavours, achievements, and roles in society are hardly recognized or acknowledged. This situation has necessitated the clarion call that women should be empowered by giving them due status, rights, and responsibilities to enable them participate actively in decision making at the community based micro-finance programs (Palmer, 2004).

Hashemi and Schuler, (1996), state that socio-cultural factors are multiple forces that can shape the personal and environmental experiences of students and include various aspects of identity development". These socio-cultural factors include: immigrant status, ethnic identity, gender roles, community orientation, and the role of religion. Among the social factors affecting women participation in community based micro-finance are close friends in the community, culture, social involvement (service learning, organizations),

informal contact with community, identification with a group, and social integration (Simtowe, 2008)

Ethnic identity development is another social-cultural factors affecting student retention in school. Ethnic identity refers to “one’s knowledge of personal ownership or membership in the ethnic group, and the correlated knowledge, understanding, values, behaviors, and proud feelings that are direct implications of that ownership. Schmidt (2008), suggested that a developmental challenge faced by women is the conflict between the need to establish their personal identity within their ethnic heritage as well as within the culture and cited several conditions influencing their identity: this include their generational status within the country, the environment where they grew up, and their self perception (Islam, 2007).

In Africa, gender roles are the most alarming factor affecting student retention. According to Mustafa (1996) he conducted a cross-cultural study and reported that in spite of mixed results, what appears to be fairly consistent is that there are differences in sex role orientation that can be attributed to race/ethnicity, gender, and social class for the cultural groups. Peace and Hulme (1994) identifies socio-cultural beliefs, attitudes, biases and stereotypes as major barriers. These emphasize the superiority of men and the inferiority of women. They form the integral part of socialization process in form of gender education and training that men and women are exposed to from childhood. Another formidable barrier is the institutional framework guiding gender division of labour, recruitment, and vertical mobility (Mahadeva, 2009)

Current estimates show that women are particularly disadvantaged with their labour often under-valued and under-utilized. Women are more likely to be employed than men, yet their average income is lower. Yet another obstacle confronting women is lack of enough participation and empowerment in decisions that affect their lives in community based micro-finance and social processes. Olaoye and Odebiyi (2012) notes that since men dominate public decision-making processes, it is the male values that are reflected in the decision-making bodies (Burton, 2008).

All over the world, the significant of women entry into the workforce over the past three decades has produced profound transformations in the organization of families, society, the economy, and urban life. Since the late 1950s, women's economic activities have been steadily increasing (Feinstein, 1997). Women have always actively participated in their local economies. In Africa, for example, women produce 80 percent of the food and in Asia 60 percent and in Latin America 40 percent. In many cases, women not only produce the food but market it as well, which gives them a well-developed knowledge of local markets and customers. This is a small example of the importance of women's work in society. It does not illustrate the real extent of women's contribution, especially in developing countries, not only to the labour force, but also their role as a significant income-source for the family (Albee, 1994).

For instance, in Africa all tasks related to a family's support are the responsibility of women. Due to cultural and traditional aspects, a woman's presence has been a question of survival of her family. Women, especially poor mothers, must divide their time between work "productive role" and family "reproductive role", and balancing all the

demands. Time is valuable for these women, as their livelihoods depend largely on their ability to fulfill the multiple demands of the household and the marketplace. In spite of the remarkable importance of women's participation, their jobs have been considered as an "extra income" to family survival or simply to improve its living conditions. Moreover, microenterprises owned by women have been considered as a way to meet primary needs instead of a profitable source of income (Von Bulow, 1996).

Unfortunately, labour markets have followed this perception and have offered less favorable conditions to women. Women workers consistently earn less than their male partners do. That is the case of Cameroon women who work, for example, up to 10 hours a day, but at the end of the month, their income is far below the Cameroon monthly minimum wage of 29000 CFA francs (US\$ 60). Women have had to fight against an adverse environment, which traditionally had been minimizing and exploiting their capacities. As a consequence of this reality, in some cases, women are just satisfied with the non-financial benefits, such as the psychological satisfaction of "social contact (Chu, 2007).

## **2.5 Effects of Socio-Demographic Factors on Women Participation in Community**

### **Based Microfinance Programs**

In recent years, women's participation has been acknowledged as a key variable of development in less developed countries. Focusing on women's participation in development is not only expected to benefit the women themselves, but is also believed to improve, through positive externalities, the overall life standard for their families and to strengthen their communities. Amongst these positive

externalities of women's participation are: higher education levels; higher awareness of health issues; lower fertility rates; and higher political awareness—all of these being important positive factors for development (Chu, 2007).

It has thus been recognized that the interrelatedness between women's empowerment and development makes it difficult to proceed in one area without making corresponding changes in the other area, and also that neglecting women's empowerment and hindering women from reaching their full potential is consequently hindering economic and political development (Chen and Dunn, 1996). Five socio-demographic factors emerged as important determinants of membership by women in microfinance institution programmes in urban areas. This included mother's age, level of education, duration of marriage, spouse's income and ethnicity. Overall, this study found that better educated women, who were older, married and whose spouses had high incomes were more likely to enter into micro finance loan programmes (Wignaraja, 1990).

### **2.5.1 Level of Education**

This lack of access to or inadequate education and low literacy levels has hampered their ability to: Acquire vocational skills for self-employment; rural women are the most disadvantaged in terms of access to education and other forms of formal and informal training programmes. Given such limitations, rural women are mostly engaged in mainly subsistence farming activities, and low-income generating activities, while poor urban women operate marginal enterprises in the informal sector. These activities yield little or negative returns on investment because the enterprises experience little or no growth

during the lifetime of their owners. Thus, women form the bulk of the poor in many countries (Adams and Von Pischke, 1992).

Within the framework of women groups, Mustafa, (1996), shows that women constitute 80%-90% of the unskilled labor force in the Harambee projects in Machakos and Nyeri Districts. According to Simtowe (2008), with the majority of their contributions being in the higher percentage. Though the women's group movement, women have expanded their activities from the social to house improvement and economic projects especially in middle and high potential areas of Kenya. The Kenyan government through the women's Bureau, has shown commitment towards the movement. According to a UNESCO survey (1982), over 64% of Kenya's non-literate populations are women and the greatest percentage are rural inhabitants. This situation has reduced the understanding performance and managerial abilities of women. Studies by FIDA (2009) show that lack of capital /material, poor and unreliable communication, lack of markets and technical know-how and leadership bickering have contributed to the underdevelopment of the women groups (Ardener and Burman, 1995).

Women entrepreneurs, especially in developing countries lack training (Devereux and Hoddinott, 1993) and entrepreneurial process is a vital source of developing human capital as well as plays a crucial role in providing learning opportunity for individuals to improve their skills, attitudes and abilities (Barnes, 1996). Again, the effect of training on women entrepreneurs' performance, especially in developing countries, has not been adequately addressed in the literature. Taking cognizance of the peculiar situations of most women in developing countries in terms of poverty, low educational levels and other societal discriminations (Moser and Kalton, 2002) training is a very important

micro-finance factor for women entrepreneurs as it would provide the skills and experience needed for business (Pulley, 2009). Literature supports the fact that majority of micro-finance institutions' clients do not have specialized skills, and so cannot make good use of micro-finance factors (Hossain, 2008), hence they need training. Paid employment provides prior business experience that is vital for enterprise success, yet women entrepreneurs mostly in developing countries lack this (Bouman and Hospes, 1994). This further strengthens the need for training as a micro-finance factor for the women entrepreneurs. Again, there are suggestions from literature of the need to study credit jointly with training on entrepreneurship performance in developing countries because of low educational levels of women entrepreneurs in low-income countries (Islam, 2007).

Education is related to training, and women entrepreneurs in high-income countries are better educated than those in low income countries (Inserra, 1996). Literature confirms that skill training and tertiary education have positive effect on enterprise performance (Anielski, 2006). Many women lack this, especially in developing countries (Gaile and Foster, 1996), whereas the exploitation of entrepreneurial opportunity depends on the entrepreneur's level of education, skills or knowledge acquired through work experience, social network and credit (Moris and Copestake, 1993); hence the need for training as a micro-finance factor especially in developing economies is highlighted.

Social capital is vital for start-ups and growing firms and women entrepreneurs, especially in developing countries, lack social connections that are a source of information for access to micro-finance factors (Wood and Shariff, 1997). Again, social capital has been widely measured and found to have positive impact on the performance

of women enterprises in developing countries (Goetz and Gupta, 1996). Many studies abound on the relationship between one or a combination of credit, savings, training and social capital, and women entrepreneurs' performance (Hulme and Mosley, 1996) but there is scarcity of research that jointly links credit, savings, training and social capital to women entrepreneurs' performance especially in developing countries.

### **2.5.2 Duration of Marriage**

Women are also discriminated against in the allocation of lineage lands for reasons that are associated with marriage because their control over their rights to land tends to diminish upon marriage for a number of reasons like Marriage and its attendant domestic obligations reduce women's chances of participating in community based micro finance programs or comparatively larger portions than men (Beuningen, 1997). A wife is by tradition under obligation to help her husband on his own farm or business and they tend to respond to this by abandoning their own farms/business or by acquiring smaller portions of land. One other way of acquiring land is for the individual to buy or lease from the original owners. However, this requires huge sums of money, which also limits women's access, especially poor women (Yaron, et al., 1997).

Apart from this the problem of land administration complicates the purchase of land. The difficulty in acquiring land by women particularly impacts negatively on women farmers who derive their livelihood from the land (Zhao and Zhang, 2012). When their access to land is hampered by cultural and economic constraints, their participation in economic activity is impaired and thus reduces their own efforts at improving themselves economically and socially (Snodgrass, 1996). They thus end up as farm labourers or become workers on their husbands and therefore are economically dependent on them.

Difficulties in acquiring land especially by women farmers may lead them abandoned plots with relatively low fertility and this contributes to the lower participation of women in micro finance programs (Zadek and Gatward, 1996).

### **2.5.3 Spouse Income**

Access to credit is a fundamental need for business. The business sector thrives well when there exist an efficient financial sector that mediates between borrowers and lenders such that funds are reallocated from surplus units to deficit units within an economy. “As such women in economic activities need funds at one period or another for start-up, expansion of business or to help keep their business activities a float (Yaron, and Piprek, 1997).

Women basically lack access to credit probably because of their low level of savings as well as the lack of the necessary collateral needed for the acquisition and repayment required for a loan. Furthermore, the bureaucracy involved in acquiring a loan is too complex and daunting for most women especially those with little or no educational background. Furthermore, some banks and other financial institutions consider women as risky customers because they either lack collateral which they seek before granting a loan or that the businesses that women are involved in are not stable and structured enough to fit into their clientele (Wood and Sharrif 1997).

Thus most women are denied access to formal credit and are therefore not able to improve upon their economic activities and to move away from subsistence-based to profit-based business activities. Some women resort to informal credit institutions. Borrowing from family members may be the cheapest source of financing for some of

these women but that may be in short supply. The other sources of informal credit, especially from moneylenders and traders tend to put the borrowers at a great disadvantage. This is because the terms of repayment tend to be too stringent. First, the interest to be paid on the spouse income is too high, in fact sometimes higher than the going bank lending rate, which needs to be paid over a pretty short period of time. If they borrowed from traders then they are compelled to sell their proceeds to them which further puts them at the losing end since they end up selling at a relatively cheaper price than they could have had if they had sold to a neutral trader (Wiig, 1997).

Where credit lines prioritize women, they can also isolate them from the usual family and community support structure because they may be perceived as being self-sufficient even though their access to such credit benefited the family. The probable lack of support and their sole responsibility for loan repayment can create considerable stress and worry for them, particularly if borrowing is a very new concept to them (Rutherford, 1993).

## **2.6 Effects of Amount of savings on women participation in community based microfinance programs**

Women, with access to savings, credit, insurance, and other financial services, are more resilient and better able to cope with the everyday crises they face. Even the most rigorous econometric studies have proven that microfinance can smooth consumption levels and significantly reduce the need to sell assets to meet basic needs. With access to micro insurance, poor people can cope with sudden increased expenses associated with death, serious illness, and loss of assets. On the other hand, saving offers flexibility, and while borrowers pay interest, savers earn interest. Also, the choice to save is voluntary; once indebted, repayment is mandatory. Both savings and loans have a place, but saving

is often a better choice for poor women. As stated by Sen (1999), not all poor people are “budding entrepreneurs for people living in poverty, perhaps it is access to a savings account that needs to be the core service on offer.” Rutherford (2000) suggests that the poor (like the non-poor) use financial services to turn small, frequent cash inflows (such as from daily milk sales) into usefully large sums (perhaps to buy a cow or land). They may also use financial services to turn large inflows (such as monthly salaries or proceeds from the sale of a cow) into small, frequent outflows (such as daily food purchases) (Remenyi, 1991).

Accumulated savings can also buffer expected or unexpected spikes in household expenses due to childbirth, school fees, home repairs, life-cycle celebrations, or widowhood (by death, divorce, or abandonment). Savings may also cushion familial risks due to illness, theft, or job loss or structural risks due to war, floods, or fire. Finally, savings allow people to take advantage of unexpected investment opportunities. As stored resources, savings are useful for a wide range of purposes (Mustafa, 1996). Transaction costs are the non-price costs to use of financial services. An example is the opportunity cost of time to make a deposit or withdrawal.

Transaction costs also include indirect cash expenses for transport, childcare, food, or copies needed to open an account. For the poor, transaction costs can swamp all other factors in the choice of savings mechanism. Suppose, for example, that a woman has \$5 that she might save. If she must find someone to watch her children, ride a bus (fare \$0.25) for half an hour (one-way), and stand in line for 20 minutes, then she may choose not to bother. Cash at home, however, is easier to “withdraw” and spend than cash at a bank (Sebstad, et al., 1996). To maintain savings, poor women must resist demands from

children who need clothes, husbands who want to drink or gamble and relatives and neighbors who want loans or gifts. These short-term pressures weigh less if cash is out-of-sight and out-of-reach. Furthermore, a social obligation to save a fixed amount each day, week, or month can be an acceptable excuse for a poor woman to deny requests for help. Door-to-door deposit collectors, Rotating Savings and Credit Associations, Annual Savings Clubs, and in-kind storage illustrate these two basic strengths of low transaction costs and assistance with deposit discipline (New Economics Foundation, 1996).

### **2.6.1 Door-to-door deposit collectors**

Poor people often pay others to collect and to keep their savings. Deposit collectors visit men and women daily—often at their doorstep or their market stall—to pick up a small, fixed amount. In Ghana for example, market women make 30 small deposits per month (a trickle). After a month, they get back 28 times their daily deposit (a lump). During the month, the collector usually keeps the deposits in a bank or lends them out informally. Poor people are willing to pay to save because deposit collectors almost eliminate transaction costs (Montgomery, 1996). Exchanges take a few seconds and occur where savers live or work. Furthermore, the presence of the collector may prompt the saver to find a way to save something, even when difficult or inconvenient. The saver willingly submits to this pressure because she knows that without it she would sometimes take the easy way out in the short term, to her long-term detriment (Mosley, 1997)

### **2.6.2 Rotating Savings and Credit Associations**

ROSCAs are small groups who meet to make fixed contributions at intervals.(For example, 12 people might meet monthly to contribute 100 lempira each.) By turns, each

member gets the pool. Those who have yet to receive the pool are savers, and members who have already received the pool are debtors. Like deposit collectors, ROSCAs are common among poor women because they offer low transaction costs and the pressure to save regularly (Ardener and Burman, 1995). Transactions costs are low because ROSCAs form among people who know and trust each other and who already meet regularly or live or work close to each other. There is pressure to save because failure to do so reduces the pool for other members (Mayoux, 1997).

### **2.6.3 Annual Savings Clubs**

These institutions resemble large-scale ROSCAs or small-scale credit unions. Run by religious groups, social clubs, or trade associations, Annual Savings Clubs have low transaction costs because members make deposits at regular meetings that they would attend anyway for non-financial reasons (for example, after weekly services in a mosque). The publicity of the deposit imposes external pressure to save. Annual Savings Clubs are more flexible than ROSCAs; each saver chooses the amount to deposit, and balances earn interest (Hyman and Dearden, 1996). The annual cycle starts and ends near major events such as Christmas or harvest that require or produce large cash flows. It is not clear how often poor women save in Annual Savings Clubs, especially ones run through male-dominated organizations (Kindleberger, 2002).

### **2.6.4 In-kind storage**

Probably the most common form of informal savings for poor women is the in-kind storage of small, high-value items that can be sold for cash in an emergency. Examples include jewelry, cutlery, radios, bricks, steel reinforcement bars, cattle, goats, chickens,

extra sets of clothes or shoes, bottles of alcoholic beverages, and sacks of rice, corn, or concrete. Cash under the mattress is also a form of in-kind storage. Transaction costs are low; “deposits” just require purchases of small, high-value items. The temptation to “withdraw” is low because sales usually fetch low prices and require time and effort to find a buyer (Khandker, 1996)

## **2.7 Effects of Satisfaction of Interest Charges on Women Participation in**

### **Community Based Microfinance Programs**

There are three kinds of costs the MFI has to cover when it makes microloans. The first two, the cost of the money that it lends and the cost of loan defaults, are proportional to the amount lent. For instance, if the cost paid by the MFI for the money it lends is 10%, and it experiences defaults of 1% of the amount lent, then these two costs will total \$11 for a loan of \$100, and \$55 for a loan of \$500. An interest rate of 11% of the loan amount thus covers both these costs for either loan." The third type of cost, transaction costs, is not proportional to the amount lent. The transaction cost of the \$500 loan is not much different from the transaction cost of the \$100 loan (Montgomery, 1996).

Both loans require roughly the same amount of staff time for meeting with the borrower to appraise the loan, processing the loan disbursement and repayments, and follow-up monitoring. Suppose that the transaction cost is \$25 per loan and that the loans are for one year. To break even on the \$500 loan, the MFI would need to collect interest of  $\$50 + 5 + \$25 = \$80$ , which represents an annual interest rate of 16%. To break even on the \$100 loan, the MFI would need to collect interest of  $\$10 + 1 + \$25 = \$36$ , which is an interest rate of 36%. At first glance, a rate this high looks abusive to many people, especially when the clients are poor. But in fact, this interest rate simply reflects the basic

reality that when loan sizes get very small, transaction costs loom larger because these costs can't be cut below certain minimums (Inserra, 1996).

In microfinance, interest calculation is made usually in flat system as opposed to declining method, which is customary in the banks. As for instance, 15% interest in flat system is congruous to 30% in declining method. Mostly the interest rate is 15% independent of other financial costs. The PKSF funded branches of the MFIs, however, charge interest at 12.5% for the moderate poor and 10% for the hard-core or ultra poor clients. There are some MFIs found among the INCOME partners that are providing health services to the clients who charge 17% or even 18% interest against the loans using the flat method. The findings show that 100% (29) groups say they do not like the current rates of interest charged by the MFIs (Hyman and Dearden, 1996).

In many countries, including Uganda, Bangladesh, and Bolivia, microfinance has become more competitive in recent years.<sup>1</sup> Competition is generally expected to benefit consumers by offering a wider choice of appropriate products and providers, better service, and lower prices (Hossain, 2008).

However, in some countries where microfinance is considered competitive, interest rates on microloans have remained stubbornly high. For example, in Bangladesh, interest rates on loans have averaged 15 percent flat for many years, despite competition among hundreds of microfinance institutions (MFIs). This situation has been criticized by politicians and some activists and has even led to interventions, such as interest rate ceilings, to address the apparent failure of market-based solutions (Holcombe, 1995).

In Bangladesh, for example, the state apex body PKSF recently capped on-lending interest rates for its MFI clients at 12.5 percent flat. MFIs' interest rates play an important

role in the distribution of the gains to microcredit access that has sky-rocketed in the past few decades. As we can see from the recent microfinance crisis, it is interest rates that most problems in microfinance emerge through, directly or indirectly, regardless of what the trigger is. At the same time, it often is interest rates that those problems are settled through. That is why MFI's high interest rates have constantly been at issue (Hashemi, and Riley, 1996).

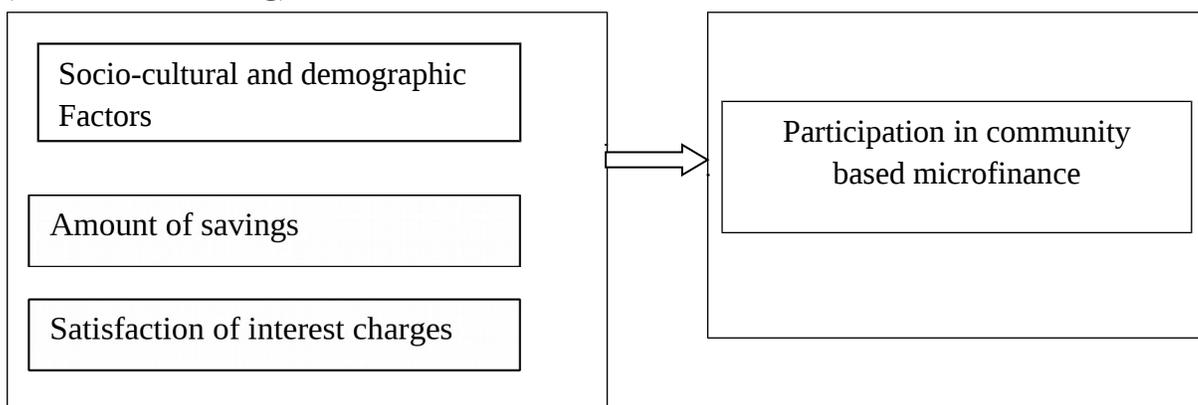
While commercial banks' lending interest rates are usually from 5% to 20%,<sup>1</sup> microfinance institutions' (MFIs) nominal interest rates mostly disperse between 20% and 50% (Ditcher and Haper, 2007). After the initial public offering (IPO) of Banco Compartamos in 2007, the debate surrounding MFIs' high interest rates became even more intense. Yunus (2009) proposed a simple method for evaluating the interest rates of MFIs. Yunus classifies MFIs into following three zones based on their interest rate premium (interest rate – cost of funds): Green Zone (interest premium  $\leq 10\%$ ), Yellow Zone ( $10\% < \text{interest premium} \leq 15\%$ ), and Red Zone (interest premium  $> 15\%$ ). Yunus says that MFIs, which belong to Red Zone, are loan sharks, whereas MFIs in Green Zone are devoted to the poverty reduction mission. However, it is not clear how valid this criterion is, since we lack hard data on justifiable markups by MFIs (Devereux and Hoddinott, 1993).

## 2.8 Conceptual Framework

A conceptual framework is a model that presents and explains the relationship between various variables. In a conceptual framework there are three types of variables: dependent, independent and intervening variable. In this study, as conceptualized by the author (2014), the independent variables are the factors influencing which include socio-cultural factors, socio-demographic factors, amount of savings and satisfaction of interest charges. These independent variables influence participation in community based microfinance which in this study is the dependent variable.

### Independent Variables

#### (Factors Influencing)



Source: Researcher's Work (2014)

### Figure 1.1 Factors Influencing Participation in Community Based Microfinance

From the above figure 1.1 shows that there are several factors that influence women participation in community based microfinance and this include the socio-cultural factors, socio-demographic factors, amount of savings and satisfaction of interest charges. The social cultural factors include that norms, culture and values adopted by some of the communities which affects them in participating in community based microfinance. The

socio-demographic factors include women's age, level of education, duration or status of marriage, income level and ethnicity. The other factor influencing women participation is amount of savings that is within the financial institution and the satisfaction of interest charges.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Overview**

This chapter majorly highlights the following elements: area of study, research design, target population, sampling size and sampling procedures, types of sources of data, data collection procedures, research, instruments, questionnaire, interview schedule, reliability and validity of the research instruments, data analysis and ethical considerations.

#### **3.1 Research Design**

Research design is a plan for collecting and utilizing data so that desired information can be obtained with sufficient precision (Miles and Huberman, 2004). The study adopted a descriptive survey research design. The descriptive design adopted because descriptive studies are not only useful for fact finding but often result in the formulation of important principles of knowledge and solution to significant problems (Orodho, 2003). It was appropriate for obtaining factual and attitudinal information (Yin, 2004). This study sought to obtain descriptive and self reported information from women groups within the church.

#### **3.2 Study Area**

The study was conducted in Catholic Diocese of Eldoret; Savings and International Lending Communities. Catholic Diocese of Eldoret; Savings and International Lending Communities is located in Eldoret town off Uganda road. This area is selected because there is no similar evidence of such study having been done in the study area. The area was also selected because there are several women who have participated in community

based microfinance programs. It is therefore believed that the study area gave a wide and varied view of the problem under study.

### 3.3 Target Population

According to Cooper and Schindler (2000), a population is the total collection of elements about which to make inferences. For the purpose of this study, the study targeted the women within Catholic Diocese of Eldoret; Savings and International Lending Communities. The target population specifically comprised of the self initiated groups and the association organized by the church. The reason why the researcher targeted the respondents was because they had the right information the researcher is interested in. The researcher targeted 280 respondents as shown on the table below.

**Table 3.1 Target Population**

<b>Category</b>	<b>Target population</b>
Self initiated (self help groups)	63
Church Organized	217
<b>TOTAL</b>	<b>280</b>

**Source: Catholic Diocese of Eldoret (2014)**

### 3.4 Sample Size and Sampling Procedure

Creswell (2009) states that sampling is that part of statistical practice concerned with the selection of individual observations intended to yield some knowledge about a population of concern, especially for the purposes of statistical inference. The sampling frame must be representative of the population and this is a question outside the scope of statistical theory demanding the judgment of experts in the particular subject matter being studied. The study used stratified sampling technique to put the women in groups. After

stratification, simple random sampling was used to select the respondents. Simple random sampling was used to avoid biasness and to enable every individual to participate in the study. Yamane (1967) provides a simplified formula to calculate sample sizes. This formula was used to calculate the sample size. A 0.95% confidence level and  $P = 0.05$  was assumed during the study. The sample size formulae provide the number of responses that need to be obtained.

$$n = \frac{NC^2}{C^2 + (N-1)e^2}$$

Where;

n is the sample size,

N is the population size,

e is the level of precision.(0.05)

C is the confidence level(0.5)

Thus the sample size was determined through the following calculations

$$n = \frac{NC^2}{C^2 + (N-1)e^2} = \frac{280 \times 0.5^2}{0.5^2 + (280-1) * 0.05^2} = 74$$

The sample size comprised of 74 respondents.

### **3.5 Sources of Data**

There was two types of data sources that researcher obtained from the data collection approaches above to provide the necessary input for further analysis of this study. These two types of data sources were primary data and secondary data.

#### **3.5.1 Primary Data**

Primary data are collected specifically for the analysis desired (Polit and Hungler, 2007). Primary data collection usually involves the originated data that has been collected by the researcher for a purpose to delve specific research problems. Researchers are responsible to collect the data in an efficient and useful format for decision-making as the data is not exists in a compiled form. The primary data collected using the methods below to enhance the validity of the findings. The data collection strategy used is determined by the question of the study, and also by determining which source of data yielded the best information with which to answer the question.

#### **3.5.2 Secondary Data**

Secondary data is a resource of information that has been collected from other alternatives by the researcher or any other authors. According to Miles and Huberman (2004), secondary data are the statistics that are already exist, and they had been gathered for a previous purpose, not for immediate study at hand. In addition, they have already been compiled and are available for statistical analysis. It is also important to support the efforts of the researcher in gaining any additional information about interconnection with the research that has been done. Secondary sources include things like historians' or

sociologists' analyses, as well as the accounts of people who were not eyewitnesses and are not scholars.

### **3.6 Research Instruments**

During the data collection period, the researcher used one research tool to gather the relevant information under the area of the study. The study used primary data obtained through questionnaires with selected respondents. The questionnaires was piloted by a pre-testing the level of understanding of questionnaires. The questionnaires were distributed personally to the respondents.

#### **3.6.1 Questionnaire**

This instrument was used to transmit a set of questions to which the subject required to respond to fill in their answers depending on their understanding of the factors affecting strategy formulation. In the study, the researcher used the questionnaire of opinion which sought to ascertain the attitude or opinion of the respondent. The questionnaires was both closed and open in order to give the respondent a chance to respond to that which has not been captured in the questionnaire.

### **3.7 Validity and Reliability of Research Instruments**

#### **3.7.1 Validity**

Validity refers to whether the questionnaire or survey measures what it intends to measure. As nearly as possible, the data gathering should match the decisions you need to make. This means if the researcher needs to make a priority-focused decision. In ensuring the questionnaires validity, the researcher gave the copy to the supervisor who

determined whether it suits the study or not. The questionnaire should be able to help collect the needed information for it to be termed valid (Polit and Hungler, 2007).

### 3.2.2 Reliability

A reliable questionnaire is one that that would give the same results if the study used it repeatedly with the same group. The one that was able to fetch the required information and this means that there is high level of clarity of the questions asked in the questionnaire to enable the correspondent to understand the presented question. To test the reliability of a questionnaire, the researcher carried out a pilot test on them i.e. issue them out to non- target sample people to determine whether they are clearly understood or are ambiguous. The questionnaire should lack any elements of ambiguity for it to be termed reliable. The study also employed the Cronbach's Alpha method to determine the reliability of the research instruments as per the objectives. Reliability results on 0.7 and above were considered reliable.

**Table 3.2 Reliability Results**

<b>Reliability Statistics – Social Demographic Factors</b>		
Cronbach's Alpha		N of Items
	.808	5
<b>Reliability Statistics – Interest rates</b>		
Cronbach's Alpha		N of Items
	.708	5
<b>Reliability Statistics – Amount of Savings</b>		
Cronbach's Alpha		N of Items
	.759	5
<b>Reliability Statistics – Level of Awareness</b>		
Cronbach's Alpha		N of Items
	.912	5

**Source: Researcher's Work (2014)**

All the objectives indicated reliability results of over 0.7 to imply that the data collected was reliable enough for the study.

### **3.8 Data Collection Procedures**

This refers to the series of events to be followed during the data collecting process. In this research study, the researcher first sought a letter of introduction from Moi University and a research permit from the Ministry of education. The researcher then booked an appointment with the Catholic Diocese to seek for permission to carry out the study on a date provided by the management before making a formal visit on the day of the appointment which depended on the availability of the respondents in the organization. On the day of the study, the researcher picked the samples and issued them with the questionnaires. They were given 40 minutes to fill in and in case of any problem; the researcher assisted the respondents. The researcher then assembled the collected data, appreciate the respondents before leaving.

### **3.9 Data Analysis**

Data analysis is the process of creating order, structure and meaning to the mass of information collected (Mugenda, 2003). The computer program, Statistical Package for Social Science (SPSS) version 18 for windows, was useful in coding the data that was collected. The data collected was analyzed using descriptive statistics. Descriptive statistics is the discipline of quantitatively describing the main features of a collection of data which provides simple summaries about the sample and about the observations that have been made (Obure, 2002). The descriptive statistics that were used included frequencies tables and percentages. Graphs and charts were also used to analyze data.

Another method that was used is cross tabulation process, an essential technique in tabulating frequencies and occurrences of some variables. The inferential statistics regression analysis was also used to test research hypothesis. It was used to measure the relative influence of each independent variable based on its covariance dependent variable and was useful in forecasting. The regression equation employed in the study was as follows;

$$Y = C + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \text{Error rate}$$

Where Y = Level of women participation in microfinance programs (Independent Variable)

B = Coefficient

$X_1$  = Social Demographic Factors (Independent Variable)

$X_2$  = Interest rates Charged (Independent Variable)

$X_3$  = Amount of Savings (Independent Variable)

### **3.10 Ethical Issues**

To ensure that the study complied with the ethical issues pertaining research undertaking, a permission to conduct the research was sought from the respective authorities. A full disclosure of all the activities concerning the study was explained to the authorities and this involved the study intention which was only for learning purposes. A high level of confidentiality and privacy was observed and the findings of the study only submitted to the University and the Catholic Diocese of Eldoret; Savings and International Lending Communities. A letter of introduction was also obtained from the University to serve as evidence of the purpose of the study. In respect for the informants and in order to protect

them from abuse of data they gave for the research against their people, data was presented in such a way that it did not link to individuals who gave it except by the researcher who may need to seek clarification during analysis of data.

### **3.11 Limitations of the Study**

The study limited itself to factors that influence women participation in community based micro finance programs. The study was conducted to cover only Catholic Diocese of Eldoret; Savings and International Lending Communities among other organizations in the country. Findings therefore were limited to the church thus not useful to other organizations. This study intended to collect data using questionnaires as the main instrument in the research.

## CHAPTER FOUR

### DISCUSSIONS, INTERPRETATION AND, PRESENTATION OF RESULTS

#### 4.0 Overview

This chapter aimed to analyze the factors influencing women participation in community based microfinance at Catholic Diocese of Eldoret, Savings and Internal Lending Communities (SILC) Project. This chapter will review the response rate, findings on the background information of the respondents and in relation to the objectives of the study.

Regression analysis and hypothesis testing will also be viewed in this chapter. The information collected was presented in tabular and graphical formats. Discussions of the findings were also given and the information analyzed was interpreted in relation to the research objectives to ensure that it provides answers to the research questions.

#### 4.1 Response Rate

The study sought to establish data from 74 respondents as a representative sample. The researcher issued a total of 74 and out of the 74 questionnaires distributed to the respondents, the study was able to collect information from 62 and this showed a response rate of 84% of the total which was considered valid for the purpose of research. Keeter *et al.* (2006) states that any survey with a response rate of above 70% gives out a more reliable and accurate information as it manifests significant feedbacks.

The cross sectional nature of the sample was intended to collect views regarding the subject from several perspectives as shown in the frequency tables graphs and charts below.

#### **4.1.1 Background Information of the Respondents**

The research found it necessary to analyze the general characteristics of the respondents as the characteristics of the respondents could have had an influence on the responses elicited from the respondents. The demographic information of the respondents was conceptualized by the, age, education level and numbers of years respondents has been within Catholic Diocese of Eldoret.

**Table 4.1 Background Information of the Respondents**

<b>Age Bracket of the Respondents</b>			
	<b>Frequency</b>		<b>Percent</b>
21-30 years		26	41.9
31-40 years		23	37.1
41-50 years		9	14.5
Above 50 years		4	6.5
<b>Total</b>	100	<b>62</b>	<b>100</b>
<b>Level of Education of the Respondents</b>			
	<b>Frequency</b>		<b>Percent</b>
Primary		2	35.5
	2		64.16
Secondary		23	37.1
Certificate		4	6.5
Diploma		5	8.1
College		5	8.1
University		3	4.8
			3.33
<b>Total</b>		<b>62</b>	<b>100</b>
<b>Number of Years in Catholic Diocese of Eldoret</b>			
	<b>Frequency</b>		<b>Percent</b>
1- 5 years		54	87.1
6-10 years		6	9.7
Above 15 years		2	3.2
<b>Total</b>		<b>62</b>	<b>100</b>
<b>Marital Status of the Respondents</b>			
Married		49	79.0
Single		11	17.7
Separated		2	3.2
<b>Total</b>		<b>62</b>	<b>100</b>

According to the findings, majority (41.9%) of the respondents were in the age bracket of 21-30 years while a significant number 37.1% were between 31-40 years. It was also clear that 14.5% were in the age bracket of 41-50 years and the remaining partly (6.5%)

were above 50 years of age. This is an indication that the age bracket of the respondents was well represented whereby the study was able to collect data from older and young respondents who were well versed with the factors influencing women participation in community based microfinance and the researcher was able to collect information from different age groups whether young or old participated in the study.

From the results it was clear that a significant number (35.5%) of the respondents were primary holders whereas a majority (37.1%) of the respondents attained the secondary level of education. The respondents who attained the certificate level of education accounted for 6.5% of the population while those who attained the diploma and college represented 8.1% and college the remaining partly (4.8%) were university degree holders. This indicates the majority of the respondents have a secondary level of education with a sizeable amount with primary level of education. This forms a good population who is educated and therefore is in better position to answer questions and give a technical opinion on the subject of the study.

Table 4.1 shows that majority (87.1%) of the respondents had been within the Diocese for 1-5 years whereas 9.7% had been there for 6-10 years. It was also established that the remaining 3.2% of the respondents had been at the Catholic Diocese of Eldoret for above 15 years. The findings indicated that varied responses could be collected from the respondents considering that those who had little years at the church and those who had stayed for many years within the church participated in the study.

The findings indicated that the marital status of the respondents varied. The findings revealed that majority (79.0%) of the respondents were married while a significant

number 17.7% were single. It was also clear that the remaining partly 3.2% of the respondents were separated. The findings indicated that varied responses could be collected from the respondents considering that those who married, single or separated participated in the study.

### **4.3 General Information**

With an aim of identifying the factors influencing women participation in community based microfinance, the study investigates the extent to which they agreed with a number of statements on the objectives of the study which included the effects of socio-cultural and demographic, amount of savings and satisfaction of interest charges as factors influencing women participation in community based microfinance. The findings are as presented below:

#### **4.3.1 Effects of Socio-cultural and Demographic as Factors influencing women**

##### **Participation in Community Based Micro finance Programs**

The respondents were asked to indicate the effects of socio-cultural and demographic as factors influencing women participation in community based micro finance programs. The findings are as presented below.

**Table 4.2 Effects of Socio-cultural and Demographic as Factors Influencing women Participation in Community Based Micro finance Programs**

<b>Socio-cultural and Demographic Factors</b>		<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>	<b>Total</b>	<b>Means</b>
<b>I have too many family obligations to participate in community based micro-finances</b>	Freq	2	7	6	23	24	62	2.60
	%	3.2	11.3	9.7	37.1	38.7		(52%)
<b>The norms and values of my culture does not allow me to participate in community based microfinance programs</b>	Freq	3	5	2	11	41	62	2.45
	%	4.8	8.1	3.2	17.7	66.1	100	(49%)
<b>My spousal income and family situation demands I engage in activities such as to participate in community based microfinance programs</b>	Freq	27	22	0	9	4	62	4.16
	%	43.5	35.5	0.0	14.5	6.5	100	(83%)
<b>My age and education have made me realize that it is important to participate in community based microfinance programs</b>	Freq	35	17	0	7	3	62	4.35
	%	56.5	27.4	0.0	11.3	4.8	100	(87%)

Reflection on Table 4.2, it was established that 52% of the respondents were of the opinion that they have too many family obligations to participate in community based micro-finances with a mean of 2.60. It was also clear that 49% of the respondents accepted that the norms and values of my culture does not allow me to participate in community based microfinance programs (Mean=2.45) and 83.2% were of the opinion that their spouse income and family situation demands them engage in activities such as to participate in community based microfinance programs with a mean of 4.16 and the remaining majority (87%) were of the opinion that their age and education have made

them realize that it is important to participate in community based microfinance programs (Mean=4.35).

The findings were interpreted to mean that age and education are key features in determining women's participation in microfinance based programs. This could be because of the experience and knowledge associated with age and education. This provides women with the relevant knowledge that they require to understand the importance of participating in microfinance based programs with an intention of bettering their living standard in the society.

These findings are in agreement with Dichter, T. & Harper (2007) findings that note that the right information is always a key ingredient in determining the level of participation in microfinance programs. In his study, Dichter and Harper (2007) noted that there was a significant relationship between the education level of women and their participation in the microfinance based programs. The study findings also noted that the age of women participating in the micro finance based programs were mainly of the age 40 years and above. His study consequently concluded that there was a significant relationship between the age, education level and the participation in the micro-finance based programs.

### 4.3.2 Effects of the Amount of Savings as a factor Influencing women participation in community based micro finance programs.

Table 4.3 shows the effects of the amount of savings as a factor influencing women participation in community based micro finance programs. The findings are as presented below.

**Table 4.3 Effects of the Amount of Savings as a factor Influencing women participation in community based micro finance programs.**

Amount of Savings		SA	A	N	D	SD	Total	Means
<b>The amount of saving within the bank does not allow me to participate in community based microfinance programs</b>	Freq	5	3	2	15	37	62	2.55
	%	8.1	4.8	3.2	24.2	59.7	100	(51%)
<b>The little savings I have within the bank has enabled me to participate in community based microfinance program</b>	Freq	25	18	1	7	11	62	3.89
	%	40.3	29.0	1.6	11.3	17.7	100	(77.8)
<b>I joined microfinance program to start saving</b>	Freq	34	15	4	3	6	62	4.11
	%	54.8	24.2	6.5	4.8	9.7	100	(82.2%)
<b>My savings are mostly used for household needs hence cannot enable me to participate in community based microfinance program</b>	Freq	5	4	3	14	36	62	2.55
	%	8.1	6.5	4.8	22.6	58.1	100	(51%)
<b>The desire to grow my savings through intervals has necessitated me to join a micro finance basses system</b>	Freq	24	29	4	3	2	62	4.08
	%	38.7	46.8	6.5	4.8	3.2	100	(81.6%)

Table 4.3 indicate that 51% of the respondents were of the opinion that the amount of saving within the bank does not allow them to participate in community based

microfinance programs (Mean=2.55) while 77.8% agreed that the little savings they have within the bank has enabled me to participate in community based microfinance program with a mean of 3.89. it was also clear that majority (82.2%) were of the opinion that they have joined microfinance program to start saving (Mean=4.11) and 51% said their savings are mostly used for household needs hence cannot enable them to participate in community based microfinance program with a mean of 2.55 and the remaining 81.6% agreed that the desire to grow their savings through intervals has necessitated them to join a micro finance based system (Mean=4.08).

The findings were interpreted to mean that the amount of savings have a significant effect on the women participation in micro financed based programs. The findings revealed that there was a reason why the women and men joined the program and there motive was to start saving as indicated by the majority of the respondents. This is due to the fact that some of the people did not acquire enough knowledge on the importance of micro finance based program which enabled them to start savings for future investments and also to meet their daily needs. It is also because some individuals like women basically lack access to credit probably because of their low level of savings as well as the lack of the necessary collateral needed for the acquisition and repayment required for a loan.

The findings are in line with a study conducted by Batra (2012) whose main objective was to assess the factors determining women self help group members and their patterns in rural Haryana who acknowledged that women participation in microfinance based programs are vital for quality and development through their savings and their participation enables them to acquire enough knowledge on how to utilize the little savings made on their own investments as a community, group or individuals.

Batra (2012) further states that women, with access to and have started saving, have credit, insurance, and other financial services, are more resilient and better able to cope with the everyday crises they face. Even the most rigorous econometric studies have proven that microfinance can smooth consumption levels and significantly reduce the need to sell assets to meet basic needs. Accumulated savings can also buffer expected or unexpected spikes in household expenses due to childbirth, school fees, home repairs, life-cycle celebrations, or widowhood (by death, divorce, or abandonment). Savings may also cushion familial risks due to illness, theft, or job loss or structural risks due to war, floods, or fire. Finally, savings allow people to take advantage of unexpected investment opportunities.

#### **4.3.2 Effects of the Satisfaction of Interest Charges as a factor Influencing women participation in community based micro finance programs**

The respondents were asked to indicate the effects of the satisfaction of interest charges as a factor influencing women participation in community based micro finance programs.

The findings are as presented below.

**Table 4.4 Effects of the Satisfaction Of Interest Charges As A Factor Influencing Women Participation in Community Based Micro Finance Programs.**

Satisfaction of Interest Charges		SA	A	N	D	SD	Total	Means
<b>Interest rates are more stable in the microfinance program hence more participation in community based microfinance programs</b>	Freq	33	13	1	7	8	62	4.11
	%	53.2	21.0	1.6	11.3	12.9	100	(82.2%)
<b>The interest charges are too high for me to participate in community based microfinance programs</b>	Freq	3	7	2	9	41	62	2.48
	%	4.8	11.3	3.2	14.5	66.1	100	(49.6%)
<b>The interest rates payable to the institution are affordable to all women hence high participation in community based microfinance programs</b>	Freq	39	9	1	5	8	62	4.55
	%	62.9	14.5	1.6	8.1	12.9	100	(91%)
<b>Interest rates can only go down after you take a loan hence no worry of repaying more hence more participation in community based microfinance programs</b>	Freq	8	7	5	14	28	62	2.76
	%	12.9	11.3	8.1	22.6	45.2	100	(55.2%)
<b>Microfinance based organizations interest rate are regulated by a policy document that defines exactly how much interest should be charged clearly hence more participation in community based microfinance programs</b>	Freq	33	16	4	5	4	62	4.13
	%	53.2	25.8	6.5	8.1	6.5	100	(82.6)

According to the findings, 82.2% of the respondents were of the opinion that interest rates are more stable in the microfinance program hence more participation in community

based microfinance programs with a mean of 4.11. It was also clear that 49.6% of the respondents were of the opinion that the interest charges are too high for me to participate in community based microfinance programs with a mean of 2.48.

It was also clear that majority (91%) of the respondents were of the opinion that the interest rates payable to the institution are affordable to all women hence high participation in community based microfinance programs (Mean=4.55) and 55.2% agreed to the opinion that interest rates can only go down after you take a loan hence no worry of repaying more hence more participation in community based microfinance programs with a mean of 2.76. It was also established that 82.6% of the respondents were of the opinion that microfinance based organizations interest rate are regulated by a policy document that defines exactly how much interest should be charged clearly hence more participation in community based microfinance programs (Mean=82.6).

The findings were interpreted to mean that the reason why women participate in community based micro finances programs is due to the fact that the interest rates payable to the institution are affordable to all women hence high participation in community based microfinance programs. This also shows that some of the women also had negative attitudes towards the programs because they did not have the knowledge on the interest charged and some were also misinformed that the interest charges were high.

Zhao and Zhang (2012) disagreed with the above findings where they state that most of the microfinance practitioners have long argued out that they charge high interest rates simply because it is unavoidable because the cost of making each loan cannot be reduced below a certain level while still allowing the lender cover costs such as offices and staff

salaries. However, global average interest rates for microfinance loans are still well above 30% and the answer to providing microfinance services to women who participated in their programs at an affordable cost may lie in rethinking one of the fundamental assumptions underlining microfinance that micro finance borrowers need extensive monitoring and interaction with the loan officers in order to benefit from and repay they loans.

However, Otero and Rhyne (2005) agreed with the above findings indicating that micro financed community based programs are important because poor people need such alternatives in order to turn their savings into large lump sums to receive large sums and pay monthly with low interest rates unlike banks and other money lending institutions have high interest rates and simply wont extent loans to poor people.

#### **4.4 Regression analysis**

The study computed the regression model with an aim of establishing the relationship between the dependent and independent variables of the study

**Table 4.5 Regression Model**

<b>Model Summary</b>						
Model	R	R Square	Adjusted R Square	Std. Error of the		
1	.241 <sup>a</sup>	.558	.009	.61275		
a. Predictors: (Constant), Amount of Savings, Interest rate charged, Social Cultural and Demographic						
<b>ANOVA<sup>b</sup></b>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.344	3	.448	1.193	.000 <sup>a</sup>
	Residual	21.777	58	.375		
	Total	23.121	61			
a. Predictors: (Constant), Amount of Savings, Interest rate charged, Social Cultural and Demographic						
b. Dependent Variable: Women Participation in Microfinance						
<b>Coefficients<sup>a</sup></b>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.040	.818		2.495	.015
	Social Cultural and Demographic	.103	.159	.413	.645	.002
	Interest rate charged	.260	.152	.219	.713	.000
	Amount of Savings	-.011	.116	-.012	.095	.094
a. Dependent Variable: Women Participation in Microfinance						

The model summary from the regression model indicated that about 55.8% of the data could be accounted for in the regression while the ANOVA indicated a significant relation ( $p= 0.000$ ) to imply that the data that had been employed in the regression model had not been computed by chance. From the coefficients, the study was able to illustrate the women participation as indicated in the equation below

$$\text{Women participation} = 2.040 + 0.413 (\text{Social Cultural and Demographic}) + 0.219 (\text{Interest rate charged}) - 0.012 (\text{Amount of Savings}) + 0.818 (\text{error rate})$$

From the equation it is therefore clear that the social cultural and the demographic factors affect women participation in micro-finance the most followed by the interest rate charged while the amount of savings had a negative effect on women participation. This basically implied that women will most likely engage in community based microfinance projects based on their social demographic characteristics and information they have about the interest rates charged by the microfinance programs. However also their amount of savings will least likely influence their decision to participate in women microfinance programs.

#### **4.4.1 Hypothesis Testing**

The study employed hypothesis testing in the regression analysis to ascertain the significant factors that could influence women participation in community based microfinance programs and the results were as presented;

**HO<sub>1</sub>** Socio-cultural and demographic factors has no significant effect on women participation in community based microfinance programs.

Results: REJECT HYPOTHESIS ( $\beta = .645$ ,  $P = 0.002$ )

The study rejected this hypothesis because the study findings indicated that there was a significant relationship between the Socio-cultural and demographic factors and the women participation in community based microfinance programs.

This findings concurred with (Kalesho, 2011) study which noted that women from various backgrounds are likely to engage in a number of microfinance programs in an effort to promote their economic well being. This is all in pursuit of economic freedoms that are meant to improve their living standards.

**HO<sub>2</sub>** Satisfaction of interest charges has no significant effect on women participation in community based microfinance programs.

Results: REJECT HYPOTHESIS ( $\beta = .713$ ,  $P = 0.000$ )

The study rejected this hypothesis because the study findings indicated that there was a significant relationship between the interest rates charged and women participation in microfinance programs. This can be interpreted to mean that women will only engage in community based programs when they find the interest rates being charged by the SACCOs to be favorable enough. This is because most women view the SACCOs as enterprises to help them raise capital required to fund their business enterprises. These findings conform to Kalel, (2013) findings that noted that women will move from one micro finance to another and settle on one that has the most attractive interest rates.

**HO<sub>3</sub>** Amount of savings has no significant effect on women participation in community based microfinance programs.

Results: ACCEPT HYPOTHESIS ( $\beta = .095$ ,  $P = 0.094$ ).

The study accepted this hypothesis because the study findings indicated that there was no significant relationship between the amount of savings and women participation in microfinance programs. This was interpreted mean that women will go looking for funding irrespective of how much they have saved and will make efforts to save after they have already joined the microfinance programs. This according to Keshi, (2010) is true considering most women who join the women groups are usually in search of financial support and hence will not have much savings with them.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.0 Overview**

This chapter aims to present a summary of the findings on the factors that influence women participation in community based microfinance in catholic diocese of Eldoret. The chapter will also review conclusion to the study, recommendations to the study and suggestions for further studies based on the objectives of the study.

#### **5.1 Summary of Findings**

On the background information of the respondents the research identified that the respondents were distributed across all ages which meant that the researcher was able to collect different views about the specific research questions from the different age groups and the distribution on the years of the respondents within Catholic Diocese indicated a fair distribution. The findings indicated that varied responses could be collected from the respondents considering that those who had little years at the church and those who had stayed for many years within the church participated in the study. This indicates the majority of the respondents have a secondary level of education with a sizeable amount with primary level of education. This forms a good population who is educated and therefore is in better position to answer questions and give a technical opinion on the subject of the study. The findings indicated that varied responses could be collected from the respondents considering that those who married, single or separated participated in the study.

Findings with respect to the effects of socio-cultural and demographic as factors influencing women participation in community based micro finance programs showed that majority (87%) of the respondents were of the opinion that their age and education have made them realize that it is important to participate in community based microfinance programs (Mean=4.35). the findings also showed that a significant number agreed that they have too many family obligations to participate in community based micro-finances. It was also clear that the respondents accepted that the norms and values of my culture does not allow me to participate in community based microfinance programs and that their spousal income and family situation demands them engage in activities such as to participate in community based microfinance programs.

The findings were interpreted to mean that age and education are key features in determining women's participation in microfinance based programs. This could be because of the experience and knowledge associated with age and education. This provides women with the relevant knowledge that they require to understand the importance of participating in microfinance based programs with an intention of bettering their living standard in the society.

The second objective was to assess the effects of the amount of savings as a factor influencing women participation in community based micro finance programs and from the above findings, it was clear that majority (82.2%) were of the opinion that they have joined microfinance program to start saving (Mean=4.11). The findings also showed that a significant number were of the opinion that the amount of saving within the bank does not allow them to participate in community based microfinance programs and that the little savings they have within the bank has enabled me to participate in community based

microfinance program. It was also clear that their savings are mostly used for household needs hence cannot enable them to participate in community based microfinance program and that the desire to grow their savings through intervals has necessitated them to join a micro finance based system.

The findings were interpreted to mean that the amount of savings have a significant effect on the women participation in micro financed based programs. The findings revealed that there was a reason why the women and men joined the program and their motive was to start saving as indicated by the majority of the respondents. This is due to the fact that some of the people did not acquire enough knowledge on the importance of micro finance based program which will enable them to start savings for future investments.

Finally, the third objective was to establish the effects of the satisfaction of interest charges as a factor influencing women participation in community based micro finance programs and according to the findings, it was also clear that majority (91%) of the respondents were of the opinion that the interest rates payable to the institution are affordable to all women hence high participation in community based microfinance programs (Mean=4.55). The findings also showed that a significant number agreed that the interest rates are more stable in the microfinance program hence more participation in community based microfinance programs. It was also established that the interest charges are too high for me to participate in community based microfinance programs and that interest rates can only go down after you take a loan hence no worry of repaying more hence more participation in community based microfinance programs. It was also established that microfinance based organizations interest rate are regulated by a policy

document that defines exactly how much interest should be charged clearly hence more participation in community based microfinance programs.

## **5.2 Conclusions**

The findings of the study serve as a basis for making the following conclusions; role of women in societies especially their participation in community based micro finance programs has generated a lot of controversy, with one side of the debate arguing against increased women participation in all spheres of development activities on biological and cultural basis, whilst the other side have argued that a woman's status in society depends crucially on her participation in economic and social activities and that the biology of sex does not confine the woman to the home.

On the issue of effects of socio-cultural and demographic as factors influencing women participation in community based micro finance programs, it was established that their age and education have made them realize that it is important to participate in community based microfinance programs. It was also clear that a significant number agreed that they have too many family obligations to participate in community based micro-finances. It was also clear that the respondents accepted that the norms and values of my culture does not allow me to participate in community based microfinance programs and that their spousal income and family situation demands them engage in activities such as to participate in community based microfinance programs.

The second objective was to assess the effects of the amount of savings as a factor influencing women participation in community based micro finance programs and from the above findings, it was clear that women have joined microfinance program to start

saving. The findings also showed that a significant number were of the opinion that the amount of saving within the bank does not allow them to participate in community based microfinance programs and that the little savings they have within the bank has enabled me to participate in community based microfinance program. It was also clear that their savings are mostly used for household needs hence cannot enable them to participate in community based microfinance program and that the desire to grow their savings through intervals has necessitated them to join a micro finance bases system.

Finally, on the issue of the effects of the satisfaction of interest charges as a factor influencing women participation in community based micro finance programs and according to the findings, it was also clear that the interest rates payable to the institution are affordable to all women hence high participation in community based microfinance programs. It was also established that a significant number agreed that the interest rates are more stable in the microfinance program hence more participation in community based microfinance programs. It was also clear that the interest charges are too high for me to participate in community based microfinance programs and that interest rates can only go down after you take a loan hence no worry of repaying more hence more participation in community based microfinance programs. It was also established that microfinance based organizations interest rate are regulated by a policy document that defines exactly how much interest should be charged clearly hence more participation in community based microfinance programs.

### **5.3 Recommendations**

#### **5.3.1 Recommendations for Policy and Best Practice in Catholic Diocese of Eldoret**

Based on the findings of the study, the following recommendations are made;

- i. The study recommends effective training and creation of awareness on the need for participation in micro finance programs by women with an aim of raising literacy levels of the women with an aim of increasing the participation level
- ii. The management and other stakeholders in the microfinance and Catholic church should ensure that resource allocation is part of planning process to ensure that there is continuous women participation in community based microfinance programs in the county.
- iii. It is recommended that the church should ensure that factors such as culture which hinder women participation should be dealt with accordingly and select the best methods of women participation the can positively influence community based micro finance programs.

#### **5.3.2 Recommendations for Further Studies**

From the findings, further study is recommended on the effectiveness of community based micro finance programs on economic development, the effects of socio-cultural factors on women participation on community based microfinance programs and the role of microfinance programs on women access to credit policies.

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## APPENDICES

### Appendix I: INFORMED CONSENT LETTER

Dear Respondents,

**RE: PARTICIPATION IN MY STUDY**

I am a student from Moi University pursuing masters degree of Business Administration in School of Business and Economics. I am currently conducting research for my masters degree project on **FACTORS THAT INFLUENCE WOMEN PARTICIPATION IN COMMUNITY-BASED MICROFINANCE PROGRAMS: A CASE STUDY OF CATHOLIC DIOCESE OF ELDORET**. I kindly request you to participate in my study and your responses to the items in the questionnaire was treated with utmost confidentiality, and will not be used for any other purposes except this study. You are free to withdraw from this study at any time you deem fit. You may also request the researcher to inform you about the findings of this study.

**APPENDIX II: QUESTIONNAIRES FOR RESPONDENTS**  
**INSTRUCTIONS**

Kindly answer the questions provided by ticking (√) where appropriate

**SECTION A: BACKGROUND INFORMATION**

1. Your age

21-30 years            ( )

31-40 years            ( )

41-50 years            ( )

Over 50 years        ( )

2. What is your level of education?

Primary                ( )

Secondary             ( )

Certificate            ( )

Diploma                ( )

College                ( )

University             ( )

3. Number of years in Catholic Diocese of Eldoret

1-5 Years              ( )

6-10 years              ( )

11- 15 years            ( )

Above 15 years        ( )

4. Marital status

Married ( )

Single ( )

Divorced ( )

Separated ( )

#### SECTION B: GENERAL INFORMATION

4. *To what extent do you agree with the following statements on the effects of socio-cultural and demographic as factors influencing women participation in community based microfinance programs at Catholic Diocese of Eldoret* Where 5 means strongly agree, 4 Agree, 3, disagree, 2, strongly disagree and 1 neutral

Statements	5	4	3	2	1
I have too many family obligations to participate in community based micro-finances					
The norms and values of my culture does not allow me to participate in community based microfinance programs					
My spousal income and family situation demands I engage in activities such as to participate in community based microfinance programs					
My age and education have made me realize that it is important to participate in community based microfinance programs					

Other Specify

.....  
 .....

4(b) How many other women from your community participate in community based microfinance programs?

None ( )

Few ( )

Quite a number ( )

4(c) What can you comment on the women's effort to free themselves from socio and cultural bonds and participate in community based microfinance programs or activities

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4(d) What have been some of the socio cultural and demographic issues affecting women participation community based microfinance programs

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5(a) Do you have a savings account with a bank?

Yes ( )

No ( )

If no, why not

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If yes, what is your motivation for having the savings?

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5(b) did you start participating in the microfinance before or after you had sufficient savings?

Before ( )

After ( )

5 (c)To what extent do you agree with the following statements on the effects of amount of savings as factor influencing women participation in community based microfinance programs at Catholic Diocese of Eldoret;. **Where 5 means strongly agree, 4 Agree, 3, disagree, 2, strongly disagree and 1 neutral**

Statements	5	4	3	2	1
The amount of saving within the bank does not allow me to					

participate in community based microfinance programs					
The little savings I have within the bank has enabled me to participate in community based microfinance program					
I joined microfinance program to start saving					
My savings are mostly used for household needs hence cannot enable me to participate in community based microfinance program					
The desire to grow my savings through intervals has necessitated me to join a micro finance basset system					

Other Specify

.....  
 .....

6(a) Have you ever taken a loan from the bank

Yes ( )

No ( )

If yes what can you comment about the interest rate charged

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5. To what extent do you agree with the following statements on the effects of satisfaction of interest charges as factor influencing women participation in community based microfinance programs at Catholic Diocese of Eldoret;. **Where 5 means strongly agree, 4 Agree, 3, disagree, 2, strongly disagree and 1 neutral**

<b>Statements</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Interest rates are more stable in the microfinance program hence more participation in community based microfinance programs					
The interest charges are too high for me to participate in community based microfinance programs					
The interest rates payable to the institution are affordable to all women hence high participation in community based microfinance programs					
Interest rates can only go down after you take a loan hence no worry of repaying more hence more participation in community based microfinance programs					
Microfinance based organizations interest rate are regulated by a policy document that defines exactly how much interest should be charged clearly hence more participation in community based microfinance programs					

Other Specify

.....