

**DETERMINANTS OF FINANCIAL CREDIT UPTAKE AMONG WOMEN OWNED  
SELF-HELP GROUP (SHG) PROJECTS IN SAMBURU COUNTY, KENYA**

**By**

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**DECLARATION**

This research project report is my original work and has not been presented for any award in any other University.

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This research project report is submitted for examination with my approval as the University Supervisor.

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## **DEDICATION**

I dedicate this project to God Almighty, my strong Protector, pillar, source of wealth, inspiration, wisdom, knowledge and understanding. He has been the source of my strength throughout this program and on His wings only have I soared. I also dedicate this work to my lovely family beginning with my lovely Wife; Magiret Leshomo who has encouraged me all the way and whose encouragement has made sure that I give it all it takes to finish that which I have started. To my children Nashami Leshomo, Brian Leshomo , Nashangai Leshomo and Nawuaya (Ntuwuai) who have been affected in every way possible by this quest.

I also want to sincerely dedicate to my father and mother Jason Leshomo and Ruth Leshomo respectively for bringing me up in a special way and my Brothers and Sisters for the love and support may God Bless you abundantly

Thank you. My love for you all can never be quantified. God bless you.

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## **ABBREVIATIONS AND ACRONYMS**

AFUD	American Foundation for Urologic Disease
ASEAN	Association of Southeast Asian Nations
ESCAP	Economic and Social Commission for Asia and Pacific
FIAS	Foreign Investment Advisory Service
FLCCs	Financial Literacy and Credit Counselling Centers
GOK	Government of Kenya
IFC	International Finance Corporation
IFC	International Finance Corporation
ILO	International Labour Organization
KIPPRA	Kenya Institute for Public Policy Research and Analysis
NABARD	National Bank for Agriculture and Rural Development
NACOSTI	National Commission of Science Technology and Innovation
NCAER	National Council of Applied Economic Research
OECD	Organization for Economic Co-Operation Development
SDGs	Sustainable Development Goals
SHG	Self Help Groups
SME	Small and Medium Sized Enterprises
SPSS	Statistical Package for Social Sciences
SSA	Sub-Saharan African
UN	United Nations
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNIDO	United Nation Industrial Development Organization

WEF Women Enterprise Fund  
WHO World Health Organisation

## ABSTRACT

The purpose of study was to explore the determinant of financial credit uptake among women owned self-help groups (SHG) projects in Samburu County, Kenya. The study was guided by four research objectives. The objectives sought to determine how education and training, socio-cultural practices, financial literacy skills and information asymmetry influenced financial credit uptake among women owned Self Help Groups in Samburu County. The study was carried out using descriptive research survey design. The target population was 345 respondents while the sample was 115 respondents. Data was collected using questionnaires. Data was analyzed by use of Frequencies, Percentages, Mean, standard deviation, Chi square and ANOVA. Findings revealed that level of education and training of the SHG members affected financial credit uptake. It was also revealed that lack of training, low levels of education, lack of awareness of training on SHG matters, low or lack of education was a major hindrance to financial credit uptake among women. Findings also revealed that socio-cultural practices such as patriarchy, norms and taboos and perceptions women commitments at home were major determinants to financial credit uptake. It was also revealed that lack of financial literacy skills affected financial credit uptake. Women members of the SHG did not understand the financial requirements for credit uptake. The findings also revealed that lack of information of where to access financial credit. It was also revealed that most of the SHGs feared credit uptake from lending organization due to lack of information. There was significant association between education and training, cultural practices, financial literacy skills, information asymmetry and financial credit uptake. Data indicated that the p-values for all the variables are smaller than the level of significance of the study (0.05). Thus education and training ( $\chi^2=14.165$ , p-value=0.00); cultural practices ( $\chi^2=11.511$ , p-value=0.002); financial literacy skills ( $\chi^2=17.129$ , p-value=0.00) and information asymmetry ( $\chi^2=18.314$ , p-value=0.000) have a significant association with financial credit uptake. This implies that the independent variables and dependent variables had close association. There was a positive correlation coefficient ( $r$ ), = 0.712, coefficient of determination ( $r^2$ ) = 0.507 and adjusted r squared between education and training, cultural practices, financial literacy skills, information asymmetry explain 50.7% percent of the variation in financial credit uptake. Based on the findings of the study it was concluded that education and training of SHG members influenced financial credit uptake among women owned Self Help Groups. The study concluded that financial literacy skills influenced financial credit uptake among women owned Self Help Groups in Samburu County. It was also concluded that information asymmetry influenced financial credit uptake among women owned Self Help Groups in Samburu County. Based on the study findings it was recommended that there is need for the Samburu county government and Non-governmental to educate the women owned SHGs on the importance of financial credit uptake. The study also recommends that the financial institutions should reach the women at the grassroots and educate them on the importance of financial credit uptake. The study also recommended that women should be empowered to shun some of the cultural practices that hinder them from accessing financial credit. The researcher suggested that a study on the influence of self-help groups on the economic empowerment of women and their households among the nomadic pastoralists' areas should be conducted. It was also suggested that a replication of the study in urban areas of Kenya where the self-help groups have been formed and lastly a study on the influence of the emergence of Micro-finance institutions on the performance of the self-help groups should be conducted.

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the study

Worldwide, women face extra limits on their choices and chances than men. (Fukuda-Parr, 2012). Viable development requires the participation of both men and women. A rising body of proof indicates that gender equality contributes to poverty drop and sustainable growth (United Nations Development Programme, 2013). Women's improved education and participation in the labor force has been related with improved economic performance. Global experience and a multitude of studies have verified that women have the potential to be a substantial entrepreneurial force- contributing to the growth of local, national and global economies. (ESCAP, 2012). In many low- income countries, over half of the population lives in poverty, which does not include those who are not considered 'poor' but live under disadvantaged conditions and will suffer from poor health (Leon, Walt, and Gilson, 2015). Women represent about 70% of the poor (United Nations Development Programme, 2015), and are particularly susceptible to health problems due to persistent gender inequalities.

The United Nations (UN) Sustainable Development Goals (SDGs) envisage zero hunger and a poverty-free world through goals number 2 and 1, respectively. This is an important global agenda that calls for active participation of women entrepreneurs in economic growth and development hence the need for women's empowerment as a strategy to achieve gender equality as well as the inherent capacity building processes and various other factors (Puhazhendi, 2010). Women's empowerment is the process in which women individually and collectively become active, conversant and goal oriented players who take/or support initiatives to overcoming

gender inequalities. The World Bank has suggested that empowerment of women should be a key aspect of social development programs (World Bank, 2001). In many developing countries, one strategy which has been found to be promising is participatory institution building in the self-help groups, often coupled with savings and micro credit loans (ESCAP, 2012)

As part of women empowerment, Self Help Groups (SHGs) have emerged as one of the major strategies for the convergence of services and activities. Self Help Group is an informal cooperative society that is used to save money, these kinds of arrangements are common in East Africa, an especially Kenya. SHGs are generally called the term “chama” in Kenya. The term chama in Swahili (and it’s the plural “vyama”) means “group”, 'organization', 'association', 'union', club or , “party” that can be included in all kinds of activities and it is a term that has been used widely in Kenya to refer mainly to women’s groups (Kitetu, 2013). The Cooperative is also called micro-savings groups. The SHGs concept arose out of the idea of ‘harambee’, which means "all together", in the 1980s. Initially, SHGs was exclusively women's groups, but as the phenomenon grow, men started participating in SHGs as well. In Kenya, there are estimated to be 300,000 SHGs managing a total of KSH 300 billion (USD \$3.4 billion) in assets. It is estimated that one in three Kenyans is a SHG member (Kitetu, 2013). This SHG approach is gaining popularity in Kenya among women and the youth and the government encourages them to register with the Ministry of Gender and Social Services.

Purbabasu (2014) indicates that Self Help Groups in India have emerged as a successful means of improving the socio-economic conditions of rural families with very little administrative expenses. Seibel and Khadka (2012) state that vast number of SHGs had been established in India in the recent past are self-reliant, autonomous and despite the fact that they were mostly from the lowest and other disadvantaged groups, they had proven to be the better savers,

borrowers and investors. Again, the SHGs mobilized their own savings, transformed them into loans to members and ploughed back their interest income into equity.

Most women are forced to grow their businesses using little or no formal credit facilities. The dependency on personal assets and informal sources of capital limit the amount of financing available. Most businesses remain informal and in low-value areas – with not enough emphasis on financial products and services to help expand business from micro to small to medium to large size. Informal sources of credit are not sufficient to bring them into the SME range ([International Finance Corporation] (IFC), 2007 and [Foreign Investment Advisory Service] FIAS/IFC, 2005) Scholars agree that credit has existed to have positive impact on the performance of businesses in Kenya (Peter, 2001, Tanzania, Kuzilwa, 2005, Uganda, Samiha, 2007). The significance of credit accessibility mainly to women in Kenya has led to the creation of Women Enterprise Fund (WEF) in order to address the credit gap and back up business development for women (KIPPRA, 2010)..

According to Abey (2018), women owned SHGs are in their pursuit to become economically self-reliant, generate output that enhances livelihoods within the family leading to wealth creation, poverty alleviation and improved living standards. The United Nations Economic Commission for Africa (UNECA) Economic Report on Africa, 2005, indicates that the outreach of financial institutions has covered only 30-35 percent of the population. It means that the rest of the population still relies on merchants, money lenders, and traditional co-operatives for financing of socio-economic activities with high interest rates (UNECA Economic Report on Africa, 2005). Access to credit facilities and employment is one of the major challenges faced by women owned SHGs in many parts of the world. Credit facilities are mainly informal savings through banks or microfinance institutions which charge high interest rates and discourage



women from borrowing. Therefore, women are usually left with only one alternative of devising ways of accessing credit facilities through self-help groups in the form of merry-go-rounds or revolving funds. Money raised from the groups is loaned to individual women to enable them meet basic needs for their families and also finance income generating activities for development.

In view of the micro-nature of the women enterprises and the challenges they face, access to finance becomes an essential ingredient for business growth. However, there is often an enterprise-financing gap in developing countries, particularly for the micro, and new enterprises (Fowowe, 2017; Amentie et al., 2016; Olafsen and Cook, 2016). Much of the literature cites limited access to finance as the most important constraint to the development of businesses, which can greatly affect the performance of firms (Ndiaye, 2018; Kumar, 2017; Quartey et al., 2017; Wang, 2016). Based on an analysis of existing lessons and evidence on access to finance interventions, Kumar (2017) observes that, traditional bank financing sources are available to only 17-32 per cent of small and micro-enterprises in low and middle income countries.

While women's financial credit uptake behavior tends to be similar to men's, women's access to financial services globally is only 77 per cent of the access men have (McKinsey Global Institute 2015). Women entrepreneurs' limited access to financing lowers their economic potential compared to men. Estimates by the International Labour Organization (ILO, 2016) suggest that, 50 per cent of women's productive potential is under-utilized, compared to 22 per cent of men's mainly due to lack of financial resources. In many Sub-Saharan African (SSA) countries socio-cultural factors do not act in favour of women, where their traditional role is subordination to men (Hechavarria & Ingram, 2016). Such factors deny women the right to own property like land and the right to participate in major family decisions especially where finances are involved.

This in turn poses major financial credit uptake challenges thereby hindering women entrepreneur's quest for running successful enterprises.

In a bid to curb financial credit uptake challenges and in recognition of the critical role played by women owned SHGs towards realization of Vision 2030 and the "Big Four" agenda, the Government of Kenya (GOK) has in the recent past come up with various interventions aimed at accelerating penetration of micro-credit services to the women entrepreneurs. One such effort is the establishment of the Women Enterprise Fund (WEF) in August 2007 which seeks to provide affordable and reachable credit for development of women enterprises (GOK, 2015). Creation of an enabling business environment by the GOK has also seen the emergence of numerous women-friendly Micro Finance Institutions (MFIs) offering affordable financial services to micro-enterprises compared to the formal banks and enactment of acts that created Samburu county youth and women enterprise development fund 2014.

Low uptake of credit services by women is a global problem with 'more than 1.3 billion women in the world operating outside the formal financial system' (Demirguc-Kunt, Klapper & Singer, 2013). This situation is reflected in Africa where more than 70 percent of women are financially excluded and where women's access to finance and financial services is consistently behind that of their male counterparts (MFW4A, GIZ & New Faces New Voices, 2012). World Bank Report (2012) further notes that the present reality is that the financial services regarded as informal are of great significance to women in Africa than formal financial services. However, the formal financial services are normally seen as the better scheme for clients above informal finance in relation to efficiency, reliability and sustainability. The variety of financial services enclosed includes savings, leasing and factoring, pensions, mortgages, short and long-term credit

insurance, local money transfers, payments, international remittances and equity (investment) finance.

## **1.2 Problem Statement**

Self-Help Groups (SHGs) are increasingly becoming very important method of organizing women to take action and transform their situation. The strength of Self Help Groups is based upon the fact that the people who are facing problems are likely to be the most committed to solve them. The inability of formal credit institutions to cover rural poor is generally attributed to high cost of administering the large number of small loans. Access to financial credit services is a major obstacle especially to the poor women in SHGs to support their livelihoods in many parts of the world. It is estimated that, worldwide only 65 per cent of women have a formal bank account compared with 72 per cent of men (World Bank, 2018). This limits the prospects for women owned SHGs access to credit financing since a bank account is usually a prerequisite for borrowing from most financiers. In Samburu County, many women owned SHGs rarely take bank financial credit. The few who are lucky only apply for the WEF and Samburu county Youth and women enterprise development fund, but the fund's coverage and capacity is still low. The rest rely on the savings and small loans provided in their SHG but these finances are only enough for subsistence and running unprofitable micro-enterprises, forcing them to continue living in poverty. Access to financial resources and other support mechanisms is important to allow people to better prepare for and cope with such situations.

In most developing countries, financial inclusion in rural areas is limited (Haworth et al., 2016). Rural communities often find it difficult to access finance, and there are few formal options for sharing livelihood risks. Women owned SHGs in Samburu are among SHGs that do not take up financial credit facilities. This study endeavored to find what factors might be leading to this scenario.

There is no specific study that had been conducted on the determinants of credit uptake by women owned self-help groups in Samburu County and this creates a knowledge gap which this study sought to fill. This study therefore sought to establish the determinants of financial credit uptake among women owned Self Help Groups in Samburu County.

**1.3 Purpose of the Study** determinant of financial credit uptake among women owned self-help groups projects in Samburu County, Kenya.

The study aimed at to exploring the

#### **1.4 Research objectives**

The study was guided by the following research objectives

- i. To determine how education and training of SHG members influence financial credit uptake among women owned self-help groups projects in Samburu County.
- ii. To establish how socio-cultural practices influence financial credit uptake among women owned self-help groups projects in Samburu County.
- iii. To determine how financial literacy skills influence financial credit uptake among women owned self-help groups projects in Samburu County.
- iv. To determine how information asymmetry influence financial credit uptake among women owned self-help groups projects in Samburu County.

## **1.5 Research questions**

The study sought to answer the following research questions

- i. How does education and training of SHG members influence financial credit uptake among women owned self-help groups projects in Samburu County.?
- ii. How do socio-cultural practices influence financial credit uptake among women owned self-help groups projects in Samburu County.?
- iii. How does financial literacy skills influence financial credit uptake among women owned self-help groups projects in Samburu County.?
- iv. How does information asymmetry influence financial credit uptake among women owned self-help groups projects in Samburu County.?

## **1.6 Significance of the study**

Although SHGs have played an important role in community rural development, no serious study has come up with management strategies to realize its full potential. The study is in tandem with the Kenya's Vision 2030 of attaining a middle-income status by the year 2030. Its findings will be useful to policy makers both in the National and County governments in developing relevant policies to support the growth of women SHGs across the country. This will contribute significantly towards the growth of the country's GDP through enhanced financial inclusivity and employment creation for Kenyans as outlined in the economic pillar of the Vision 2030. The findings would add to the level of awareness among the women on the need of financial uptake. The findings of this study may be important in a number of ways. The SHGs may be enlightened on the need for uptake of the financial credit uptake thereby enabling them grow their SHGs. The findings of the study will also add value to the social pillar of the Vision 2030 which puts emphasis on investment in the people of Kenya in order to improve the quality of life for all

Kenyans. The credit providers and other players may be in a position to use the findings of the study to align and design specific financial products relevant to the needs of women-owned SHGs. It is also hoped that the findings of this study may augment the existing body of knowledge and therefore be a huge benefit to researchers, academicians, scholars, investors and other interested stakeholders in this field.

### **1.7 Limitations of the study**

The study may be faced with some limitations. Firstly, the respondents may have had high expectations of the help that they may get after the study. This limitation was overcome by clearly clarifying the purpose and objectives of the study from the onset. The researcher was limited by financial resources required to carry out the study as well as time restriction due to the expansive area to be covered and the many SHGs in the county. To overcome this challenge, the researcher selected SHGs to represent the target population. A sample was drawn from the total number of SHGs in order to be studied. Another limitation for this study included uncooperative and illiterate respondents. The research team tried to create rapport and request the respondents to participate in the study willingly without coercion. Illiterate respondents were offered all the necessary assistance as well.

### **1.8 Delimitations of the study**

Delimitation is the process of reducing the study population and area to a manageable size. Participation of respondents for this study was delimited to women owned self-help groups projects in Samburu County. The study targeted the officials of the women owned self-help groups. Samburu County formed the geographical scope of the study.

### **1.9 Assumptions of the study**

The study assumed that women were aware of the financial credit facilities available for them. The study also assumed the respondents were sincere in giving their responses in the questionnaires. The study assumed that the information obtained from the women in the SHGs and the key informant interviews helped determine whether the SHGs were successful or not.

## **1.10 Definition of significant terms used in the study**

**Financial credit uptake behavior** refers to the manner in which women-owned micro-enterprises in the study area access and utilize loan facilities from financial institutions

**Financial literacy** refers to the set of skills and knowledge that allows an individual to make informed and effective decisions about earning and spending.

**Level of education** refers to non-formal education, primary education, secondary education and post-secondary education

**Socio-cultural practices** refer to distinctive, spiritual, material, intellectual and emotional features that characterize a society or a social group.

**Women-Owned SHG** refers to an informal association of poor women in a community with a common objective of working together for their economic and social development, empowerment and also for their overall development.

## **1.11 Organization of the study**

This study is organized into five chapters. Chapter One consists of the background of the study, statement of the problem, purpose of the study, objectives of the study, research questions, significance of the study, limitations of the study, delimitations of the study, basic assumptions and definitions of significant terms. Chapter two covers literature review based on the objectives which are, to determine how SHG training influence financial credit uptake among Samburu county women Self Help Groups; to assess how level of education among members influence financial credit uptake among Samburu county women Self Help Groups; to establish how socio-cultural practices influence financial credit uptake among Samburu county women Self Help Groups and lastly to determine how financial literacy skills influence financial credit uptake among Samburu county women Self Help Groups. The chapter also presents the theoretical framework, conceptual framework, gaps in reviewed literature and summary of literature.



Chapter Three presents research methodology which includes research design, target population, sample size and sampling procedure, research instruments, validity and reliability of the research instruments, data collection procedure, data analysis techniques and ethical considerations. Chapter Four presents the data analysis, presentation and interpretation while Chapter Five presents the summary of the findings, discussions, conclusions and recommendations. Suggestions for further study are also presented in this chapter.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents the literature review for the study. The chapter presents literature on SHG education and training influence financial credit uptake among Samburu county women Self Help Groups projects, socio-cultural practices influence financial credit uptake among Samburu county women Self Help Groups projects, financial literacy skills influence financial credit uptake among Samburu county women Self Help Groups and lastly information asymmetry and financial credit uptake. The chapter also presents the theoretical and conceptual framework of the study.

#### **2.2 Concept of SHG**

Self Help Groups (SHGs) have emerged as an effective tool to make financial inclusion through services available for marginalize sections of society which have been successful not only in meeting financial needs of the rural poor women but also strengthen collective self-help capacities of the poor, leading to their empowerment (Sundaram, 2012). Self-help groups assure the overall development and progress especially for women in remote areas (Abiola and Joseph, 2011). Das (2012) revealed that the linkage between Banks and self-help groups have become an effective and renowned method for bankers, developmental agencies and even for corporate houses.

SHGs, in many ways, have gone beyond the means of delivering the financial services as a channel and turned out to be focal point for purveying various services to the poor. Kumar (2010) while comparing the differences in quality of SHGs between SHGs under the umbrella of

federations and other SHGs which are not part of federation observes that federation type SHGs are functioning well. He assessed the quality of SHGs by using NABARD CRI and also advised all banks to assess the quality of SHGs using the CRI before every credit linkage. With the facilitation and inspirations from Grameen bank and supported by other financial institution, low income earning individuals forming a SHG with a number of 10-15 member and availing the benefits of short term loans, insurance, small savings of their contributions every week.

According to Fernandez (2008) Self Help Group is made up of 10-20 people drawn from a common background, self-selected on the basis of current situations and mutual trust, they meet at a regular fixed time and in an agreed place, then they bring together their savings into a common fund from which they take need based loans. They develop their own rules and regulations to guide their operations and processes, leadership change norms, intensive training and togetherness, are designed to enable SHGs to function in a participatory and democratic manner. The goal of these groups go further than just credit facilitations to overall development of members in the social, political, cultural and economic aspects. Manmohan et al., (2008) support this fact that SHGs can not only be used as tools to counter poverty but also improve their standard of life.

### **2.3 SHG education and training and financial credit uptake**

United Nation Industrial Development Organization (UNIDO, n.d) established that in Iraq unemployment poses a serious challenge, but severe for young women, only 10% of 15- 29 year olds are in formal employment. Women are hindered from participating in education and vocational training by traditional socio-cultural factors and limited infrastructure. Therefore, Iraqi women are often socially and economically barred from household decision-making and from community or political participation. Learning within groups is important in delivery of

effective training since the arrangement enables sharing of training information among the members, jointly asking for better training, cost cutting, and enables members to help each other in applying new techniques and technologies (Kathleen & Gale, 2009). A NABARD (2003) report classifies training and capacity building into two categories that is general training to all SHG members which entails group formation, basic literacy, bookkeeping, and group dynamics. The additional training module relates to other types of training, which include but not limited to skill formation which aims at improving income-generating activities such as farming, business

Carmon (2013) on his article “Women’s empowerment: Education as a tool for achieving equality” argues that Education is key for everyone and a critical area of empowerment for girls and women, since it creates positive effects within the family and across generations. Education isn’t limited to reading and writing but it’s an important investment that a country with need of a future growth can concentrate on to reducing poverty and achieving sustainable development. A fact echoed by Omwami (2009) that the Kenyan education policy should advocates for the growth of the education sector and investment as both are important in the wellbeing of the people and economic development. Though, in low income house hold there is a low school enrollment of girls, (Kabubo 2011 and Kiriti, 2001).

De Vita et al., (2014) noted that inadequate education and training amongst women micro-entrepreneurs regenerates to lack of market information, managerial skills and technical competence which limits the participation of women in value-adding business, the result being small enterprises where most employees are unskilled. Also, due to lack of education, some SHGs do not have adequate knowledge of the business they intend to do. There is therefore the need for the women owned SHGs to have a grounded knowledge about her proposed business before the loan is offered (The post, 2017). The authors of the two studies, however, provide

limited information about the correlation between education and financing of women-owned micro-enterprises.

One of the main reasons why women groups perform poorly is because majority of members have lower levels of education, trainings and qualifications compared to their male counterparts. Available data on school enrolment in African indicates that a near gender parity is achieved at pre-primary and primary level of education but as the education level increases, glaring gender disparities starts to manifest (United Nations Development Programme, 2001). As a result women groups often face organizational, book keeping skills and management difficulties. In addition, women groups face more challenges including lack of technical skills, confidence, strong individual involvement and the willingness to take risks. They are therefore more often unable to establish and sustain successful businesses (Carinne, Shari Dworkin, & Megan, 2013). With the growing competition, there is a need to equip women group members with more technical skills in marketing, entrepreneurial, and financial planning (Das, 2012). Success of women groups will increase income and reduce these challenges and poverty levels. There is therefore need to empower women through the groups to attain success in women groups and hence empower household development through individual group members.

In a study on impact and sustainability of the SHG Bank Linkage Program, National Council of Applied Economic Research (NCAER, 2008) established that SHGs have extensively enhanced the way rural poor access financial services. It also found out that training betters members skills in areas of communication, marketing, and human development but didn't indicate whether there was an impact in the member's income. Likewise Ranjula and Yang (2015) in their research "Microfinance 'Plus': The Impact of Business Training on Indian Self Help Groups" found out that training in a SHGs as a positive impact on assets acquisition but not on income. They

established that though business training has an effect on assets accumulation translating this to income was a problem.

Training also leads to better managerial skills such as; planning, decision making, ability to facilitate a group meeting and managing the enterprise. It increases ones expressions abilities such as self-confidence and self-esteem and improvement in the entrepreneurship qualities such as risk takers, innovativeness and creativity (Panda, 2009). This is emphasized by a study conducted by Varghese (2017) and established that membership training programs in SHGs enhances entrepreneurship skills and the ability to recognize and process new information, asses and adjust to changes, which positively affects productivity and self-confidence (Swain & Varghese,2009). Women after joining SHG are able to resolve conflict both inter-conflict and Intra-conflict without a hand from their leaders, individuals can freely express their mind without fear (Ranjula& Yang, 2012). Kindernothilfe (2008) stress women in SHGs need training and capacity building to increase their capacity. Capacity building is useful and should target individual and group activities.

A study conducted by Mukherjee and Purkayastha (2017) noted that some women groups that run businesses despite producing excellent quality products have suffered huge inventories resulting from lack of or inadequate education and training (Mukherjee & Purkayastha, 2017). Generally, women groups in developing countries lack education and training and entrepreneurial skills (International Finance Corporation (IFC), 2017). Training on entrepreneurial skills is therefore vital for developing human capital and plays a crucial role in providing learning opportunities for individuals and women groups to improve their skills, and abilities (Brana, 2008). Thus providing education and training is important for providing women groups with skills and the experience needed for business, proper management and sustainability

of groups. Indeed literature supports the fact that majority of women groups do not have specialized financial skills which affects household development (Karnani, 2007) and hence the need for training. A study conducted by Ibru, (2009) found out that education and training of women entrepreneurs is essential for their success. Yet literature has confirmed that skill training and tertiary education have positive effects on group performance, social networks and more credits (Ibru, 2009).

In a research conducted by Kiriti (2013) they defined gender gap in adult illiteracy as the percentage of illiterate females in the age group of over 25 years less that of male in the same age group. Adult illiteracy rates can largely be related to historical injustices in education. In situations where gender gap is high women's status is lower as literacy contributes a lot in expanded opportunities for women including earning power, control over health and childbearing, political and legal rights.

Although illiteracy gap is slowly reducing it doesn't lead to women empowerment Kiriti, (2003) found out that other factors in a men centered societies, customs plays a role in socioeconomic status of women. In some instance women education is sometimes perceived as a threat by their husbands as it creates changes the identity of the partner from being subservient and domesticated thus a woman can have a say in the homestead (Morgan, 2005) A literate woman is in a position to utilize training for her betterment as established in a study by Gadenne & Vasudevan (2017) on how women in SHGs save and invest their money reported that most of women who utilized training are literate. Of 44% of women interviewed who had attended training offered by a nongovernmental organization 31% were illiterate. Therefore, it concludes there is a high demand for more business oriented training.

In a study conducted by Singh (2016) about Peoples Education and Development Organization's SHGs programme to assess the social and economic impact on households of SHGs members. He observed that there was an increase involvement in decision making, awareness about various programmes and organizations amongst members of the SHGs, furthermore there was evidences of increased household income, food security and increased standard of living. Therefore SHGs can be used as Study Groups that not only improves women income but also enhances esteem and self-confidence to change the society and realize that they are not the isolated unproductive but needed for the smooth running of the society.

Lutz and Lutz (2017) conducted a study on financing and performance of female-owned firms in Middle Eastern and African Economies and established that, since women in developing countries tend to be less educated they face greater constraints in accessing formal finance. This suggests that, female entrepreneurs might be capital-constrained since (on average) they have less equity and debt available to operate their firms. The study utilized cross-sectional financial data covering 25,500 companies in the Middle East and Africa for the years 2006 to 2014. The current study intends to give a different perspective by adopting a descriptive survey design to explore the relationship between the level of education and training of women owned SHGs and credit uptake behaviour in Samburu County.

Enimu et al. (2017) investigated the determinants of loan repayment among agricultural microcredit finance group members in Delta State, Nigeria and established that literate borrowers repay more of the loans obtained than those who are illiterate, as the former understand the advantages of prompt loan repayment and do not regard such a loan as an entitlement. Other studies by (Samuel, S.A. 2011; Tnsue, G. 2011; Million et al. 2012) have also reported a similar positive correlation between level of education and credit access by arguing that, education has



direct relationship to the loan uptake and repayment rate and this shows that as the level of education increases, borrowers enhance their ability to access, evaluate, and understand lending terms better, hence, the higher the literacy level of the clients, the less the likelihood of loan-default.

Clamara et al. (2014) carried out a study on factors that matter for financial inclusion of SHGs in Peru, using the quantitative approach. The study established that, traditionally, more vulnerable groups, especially women, individuals living in rural areas, and young people are those with the greatest difficulties in accessing the formal financial system mainly due to limited education. Education level was therefore found to be a positive and significant determinant of credit access. The intuition is based on the idea that, education builds human capital hence enhancing effective use of credit. Pasha and Negese (2014) also carried out a research in Ethiopia to determine the factors affecting loan repayment among MFIs and discovered that the level of education was positively and significantly influencing loan repayment. However, despite their significant contribution to knowledge and understanding on the correlation between enterprise, households and education level, none of the two studies pointed out the actual relationship between education level and credit uptake behaviour of women micro-entrepreneurs. The current study seeks to bridge this gap.

#### **2.4 Socio-cultural practices and financial credit uptake**

Culture is informed by the underlying value systems that are unique to a group or society and that motivate individuals to behave in certain ways, such as when starting a new business (Stephan and Pathak, 2016). In the context of this study, socio-cultural traditions may influence who becomes an entrepreneur, for example, social circumstances in some countries restrain women from starting their own businesses (World Bank, 2018). Culture also shapes social

gender roles and stereotypes in terms of occupations considered suitable for women such as beauty, groceries and retail (Azmat and Fujimoto, 2016). The few women who make it to start and run businesses, however, find it difficult to circumvent many cultural barriers (Ewoh, 2014). Such cultural barriers could be biased restrictions to property ownership, patriarchy and stigmatization. Consequently, the nature of the socially accepted norms for women and the role they are expected to play in the family affect their entrepreneurial capacity and, by extension, their credit uptake behaviour.

There is also the general perception that women lack the financial capability to manage finances, in contrast to male owners or managers, who are more likely to be granted loans (Onubedo and Yusuf, 2018). Many people think that women cannot manage money when compared to men. Such perceptions are also held by some money lenders and MFIs. This could also explain the fact that many women investors are under-represented in equity crowd-funding. Women appear to be more risk-averse and more biased in their assessment of the competence of other women, thus duplicating men's investment decisions (Mohammadi and Shafi, 2017). However, this view contradicts the findings of Greenberg and Mollick (2017), where women are more inclined to fund women entrepreneurs because of perceived shared structural barriers that come from a mutual social identity. However, the results of these studies are far from conclusive, which provides many opportunities for future studies to investigate WOMEs financing in an attempt to generate further understanding of gender stereotypes and other socio-cultural practices regarding women entrepreneurs' financing. The current study aims to bridge these gaps.

Njeru et al, (1998), stressed that in developed countries the economic and noneconomic factors have complementary functions in the development of small scale enterprise. Some structural and gender focused efforts such as those manifest in women in development programs have, for

instance, supported participation of women in basic income generating activities through informal sector programs which are largely welfare-oriented, operating at the subsistence level of production and designed to cater more for enhanced confidence and awareness than to create sustainable profit centers. They have the notion that women can successfully develop themselves along the traditionally welfare-oriented roles and therefore can manage business as their men do. Moreover, the benefits of the small enterprise development programs have been their tendency to cater equally for the needs of both men and women, on the presumption that entrepreneurs of both sexes experience similar constraints to business start-up and expansion.

In Kenyan social systems and cultural beliefs, there is inherently biased against women, hence giving marginal attention to women's needs. Nevertheless, women face problems that are often different from those encountered by their men for instances; access to information, training and credit. Most of communities in Kenya do not even appreciate their wives, in this case they are not involved their husband's development especially when they are investing in properties sometimes when men introduce them they count them altogether as children. Hence, they have no say in their plan and therefore they are taken for granted as a housekeeper and child bearer. In settings where men are portrayed and perceived as the main breadwinner, women's ability to offer family assets as collateral and their incentives to invest in productive activities are influenced by family dynamics that are likely to prioritize men's investments (Ospina, 1998). According to Njeru (1998) most of the women received generous family support in the start-up stages of their businesses, but later on such support is limited, withdrawn.

In South Asia, for instance, it is common for women to stop undertaking paid work upon marriage, while in many Pacific Island countries the social obligation to take on the financial commitments of the extended family weighs heavily on women, sometimes forcing them to exit

the workforce at an early stage (Gallup, Inc., and the ILO, 2017). On the other hand, in Southeast Asian countries, women own only about 10 per cent of the agricultural land; a clear evidence of how deeply entrenched the cultural norms are that favour males. The situation is similar in South Asia, especially when women marry into families based far away from where they are born (UN Women, 2016). The Low rates of property ownership and tenuous land rights for women constrain lending to female entrepreneurs in many countries Organisation for Economic Co-operation and Development OECD and Association of Southeast Asian Nations (ASEAN), 2017).

Women in Bangladesh and Nepal, for instance, rank the difficulty of accessing finance as a leading barrier to starting a business (American Foundation for Urologic Disease (AFUD), 2017). Women owned SHGs also face discrimination from male customers and potential business partners who prefer to engage with men. For example, in Malaysia it may be socially acceptable for a woman to establish a business, but they face discrimination when operating businesses that deal with male suppliers and customers. For this reason, male family members often take over a woman's business once it has grown to a certain size (Sasakawa Peace Foundation and Dalberg Global Development Advisors, 2017). There are, however, very huge contextual gaps on the correlation between socio-cultural practices and financing of female entrepreneurs in these studies since they were undertaken in Asian countries which exhibit different socio-economic and political environments in comparison with the context of the current study. None of the studies has either explored the influence of socio-cultural practices on financing of WOMEs. The current study aims to fill the gaps in an African context.

Mashenene et al. (2014) undertook a study on socio-cultural determinants and enterprise financial sources among the Chagga and Sukuma SMEs in Tanzania using the descriptive and

Binary Logistic Regression Model. The study established that the socio-cultural environment represents a key factor affecting entrepreneurial capabilities of entrepreneurs. However, although the study concluded that socio-cultural practices have a significant effect on enterprise financing it failed to indicate how socio-cultural practices correlate with financing of micro-enterprises especially the WOMEs. Still, the target population for the study was only managers of SMEs in Chagga and Sukuma regions of Tanzania.

Men are believed to have a very poor social background has also been cited as barriers to women entrepreneurs, they have fear in mind that when this women advance financially they may end up leaving them and finding others partners. (Mutuku, 2016).The situation is worse for disabled women entrepreneurs who have a low selfesteem and view their disability as inability. Women's ability to undertake entrepreneurial activities that depart from well-established social norms is influenced by whether or not a sufficiently large group of women engage in comparable enterprises. As a result, each woman's economic opportunities are shaped not just by their own individual access to financial resources but also by whether those other women are able to obtain the capital they need (Fletschner & Carter, 2008).

Naegels, Mori, and D'Espallier (2018) also investigated how perceptions of gendered cognitive and normative institutions determine whether a woman entrepreneur in Tanzania applies for a formal loan. Given that the lack of small business finance is the largest constraint to business growth for Tanzanian women entrepreneurs, the authors explored how the problems women experience in accessing finance are embedded in the country's institutional framework. They found out that high collateral requirements, interest rates and personal guarantee requirements make formal loans unattractive to Tanzanian women-owned enterprises. Tanzanian female entrepreneurs therefore apply for loans only when they expect to be successful since they

“perceive” access to finance to be more problematic for women. The study, therefore, ended up concluding that, it is entrepreneurs’ perceptions of institutions and not institutions themselves that drive financing behaviour. It is, however, worth noting that the study did not adequately address some important aspects of socio-cultural practices such female property ownership rights that pose major challenges to female entrepreneurs in their quest towards accessibility to credit financing. The current study is thus attempt to bridge this gap in addition to exploring how social discriminations against WOMEs influence their credit uptake behaviour.

In Zimbabwe, findings from a study by Mazonde and Carmichael (2016) on the influence of culture on female entrepreneurs in the cities of Harare and Bulawayo, revealed that, many husbands look down upon entrepreneurial activities of their wives. But in an effort to keep their family intact, these women are always willing to bow to patriarchy. Such practices limit the capacity of women entrepreneurs to start and run their own businesses. It further contributes to the understanding of how female entrepreneurs in a patriarchal African society can work within cultural constraints to achieve success within their own terms of reference. The current study goes further in an attempt to find the link between patriarchy and financing of WOMEs since the authors did not address that gap.

Studies have found that spouses often do not have information about each other’s savings, private expenditures, ownership of bank accounts or loans (Fletschner and Mesbah, 2010); their decisions to consume or save vary depending on what their spouses know (Ashraf, 2009); and they could increase their output by reallocating more of the family inputs, such as labour and manure, to women’s plots (Udry, 1996). When spouses have conflicting preferences, what the household borrows, invests, produces, consumes, spends and saves depends on the power each spouse has to influence these decisions. Spouses’ relative bargaining position and, as a result, the

extent to which they shape their household's behaviour depends on how their individual economic and social fallback positions compare (Lundberg & Pollak, 1993). Those with considerably more access and control over resources than their partners will be able to exert greater pressure and tilt their households' decisions towards the economic activities and allocations they prefer. Conversely, spouses who, compared with their partners, have very limited access to and control over resources will have very little influence, if any, on their households' economic behaviour. In light of these results, the standard assumption that women with male partners can count on their assistance to overcome the gender-specific obstacles they face in 18 financial markets is misguided and not supported by evidence. In other words, targeting poor households is not sufficient to ensure that resource-poor female producers are able to meet their financial needs.

Njeru and Njoka, (1998) points out that due to patriarchal social authority structures, women have to receive permission from their husbands or family support to join a women group or even start a business. However, such support is seldom granted, in fact, in most cases women's freedom of movement and joining groups is restricted for fear of husbands losing dominance over their wives. In addition, many ethnic cultures socially condition girls to acquire the need for affiliation, rather than achievement, hence as girls grow into women, they look forward to being affiliated with men's achievements rather than with their own independent investments.

## **2.5 Financial literacy skills and financial credit uptake**

Human capital is often positively associated with firm performance (Ndiaye, 2018). A well-functioning entrepreneurial venture requires skilled employees and managers (Olafsen and Cook, 2018). A key necessary skill is financial literacy, which is defined as the blend of mindfulness, information, aptitudes, mentalities and practices important to settle on strong money related

choices and in the long run accomplish individual monetary prosperity (Lewis and Lindley, 2015). This also entails the knowledge and skills to manage finances (for example, budgeting), utilize financial services (for instance, debt acquisition and repayment), and manage the consumer market effectively to achieve the financial objectives of a firm (Adomako et al., 2016). Lack of financial management skills places significant constraint on micro-enterprises growth and lowers their competitiveness against larger firms.

Globally, financial literacy rates are lower among women than among men in most countries, particularly in Myanmar, and Vietnam (OECD and ASEAN, 2017). South Asian countries have among the lowest financial literacy rates in the world with women lagging behind men (Klapper, A. Lusardi, and P. van Oudheusden, 2015). The World Bank Global Development Report (2014) on financial inclusion showed that, micro-businesses just like SMEs in emerging markets face significant financial management constraints that undermine their contribution to employment, productivity, growth and innovation (Adomako et al., 2016). There is therefore a need for greater attention towards understanding the role of financial literacy in converting access to finance to improved growth outcomes.

Adomako et al., (2016)'s study of SMEs in Ghana finds that the relationship between access to financial resources and firm growth is more positive for those with high, as opposed to low, financial literacy. Those with high levels of financial literacy or entrepreneurial capability tend to convert access to finance to improved outcomes. Conversely, venture capitalists may be more likely to provide funding to businesses with sound business models and financial projections, which require managers and employees with financial literacy. However, financial literacy training targeting the SMEs alone is only a means to an end but not an end in itself. The initiative



should be expanded to include the women-owned micro-enterprises who have been excluded from the formal financial systems for long.

Gupta and Kaur (2014) conducted a study on financial literacy among women entrepreneurs in Kangra district of Himachal Pradesh concluding poor literacy and record keeping along with low awareness levels regarding financial institutions in spite of establishment of Financial Literacy and Credit Counselling Centres (FLCCs) by the commercial banks operating in the region. Oseifuah (2010) claims in his study of financial literacy in Limpopo province in South Africa that the above average literacy levels contribute to the entrepreneurial skills among the youth. Bruhn & Zia (2016) in their World Bank Policy Research working paper argue that improvement in financial literacy did improve business performance of the young entrepreneurs under investigation. The International Finance Corporation report, 'Improving Access to Finance for Women-owned Businesses in India' (2014) highlights the lack of access to formal channels of finance for women enterprises in India and makes a strong case to overcome it. During the course of review it was found that no study of banking literacy has been conducted among women micro entrepreneurs and it makes this research work novel and insightful to conduct further probe.

## **2.6 Information Asymmetry and financial credit uptake**

Lack of ample information or lack of knowhow among women may hinder them from opportunities available to them on accessing funds and the legal issues that they need to address to start a business, and they can find it difficult to navigate the complex array of laws and regulations. The major factors facing SHGs in relation to information is in which way to acquire, capacity to interpret and effectively utilize the acquired information, and dissemination of the same. SHGs will not be able to survive and grow in the fast- changing, increasingly globalized

and highly competitive market environment if they are unable to access on timely, reliable, simplified, and relevant information on government regulations, access to credit, production technologies and market opportunities and policies.

According to Sessional paper No. 2 of 2005 on development of micro and small enterprises for wealth and employment creation for poverty reduction states that there is need to seek to improve the processing, gathering, and packing of information in line with the needs of specific SHGs. Information with regard to access to credit is a scarce resource to both the rural and urban poor, as well as the deprived SHGs. Evidences from (Ekumah et al, 2016) indicated that SHGs have little access to credit not because of the socio-economic barriers but also because of inadequacy of information about the services and facilities offered by credit institutions and therefore concluded that information is a critical variable to empower rural people and SHGs. It worth noted that when right information is communicated at the right time, accessibility to credit is constrained. Ekumah et al, (2017) stressed that information flow from the financial institutions to the rural public and vice versa is variedly impeded. The information asymmetry is caused by lack of transparency form the financial institutions, and asymmetry information in the dealings of the rural financial institutions. Machira, Njati and Thiaine (2014), highlighted that accessibility of women enterprise fund among small and micro women enterprises owners and financial institution relies on 16 information and if not they will continue to impoverish the rural poor as well as SHGs. Information therefore becomes the power to effectively access credit.

## **2.7 Theoretical framework**

The study adopts Empowerment Theory by (Fawcett *et al.*, 2005). Over recent years, the concept of empowerment has emerged in the development field as a practical approach. The term of empowerment has multidimensional meanings in different context of socio-cultural and political

situation. The word Empowerment is usually used with the terms self-respect, self-esteem, self-reliance, self-efficacy and making one's own decisions (Narayan, 2002). Empowerment is characterized by action, participation and the outcome that result from the each process. Oxaal and Baden (1997) points out that "empowerment is demonstrated by the quality of people's participation in the decisions and processes affecting their lives. In theory, Empowerment and participation should be different sides of the same coin. In practice, much of what passes for popular participation is not in any way empowering to the poorest and most disadvantaged people in society". Empowerment is closer linked with participation and it occur during the process of participation. Comell Empowerment Group (1989) defined empowerment as “an intentional, ongoing process centered in the local community, involving mutual respect, critical reflection, caring and group participation, through which people lacking in equal share of valued resources gain greater access to and control over those resources”.

Empowerment is both a value orientation for working in the community and a theoretical model for understanding the process and consequences of efforts to exert control and influence over decisions that affect one's life, organizational functioning, and the quality of community life. A distinction between the values that underlie an empowerment approach to social change and empowerment theory is necessary. The value orientation of empowerment suggests goals, aims, and strategies for implementing change.

The processes that influence performance of groups that share certain ideologies, Empowerment Theory is important in understanding the dynamics of groups formed at the grass roots level in building their capacity, cooperation, and causing change at the local level. Empowerment Theory suggests that grass roots groups (SHGS) empower their members' organizations to collaborate effectively and build the social capital to foster their development agenda. The theory focuses on

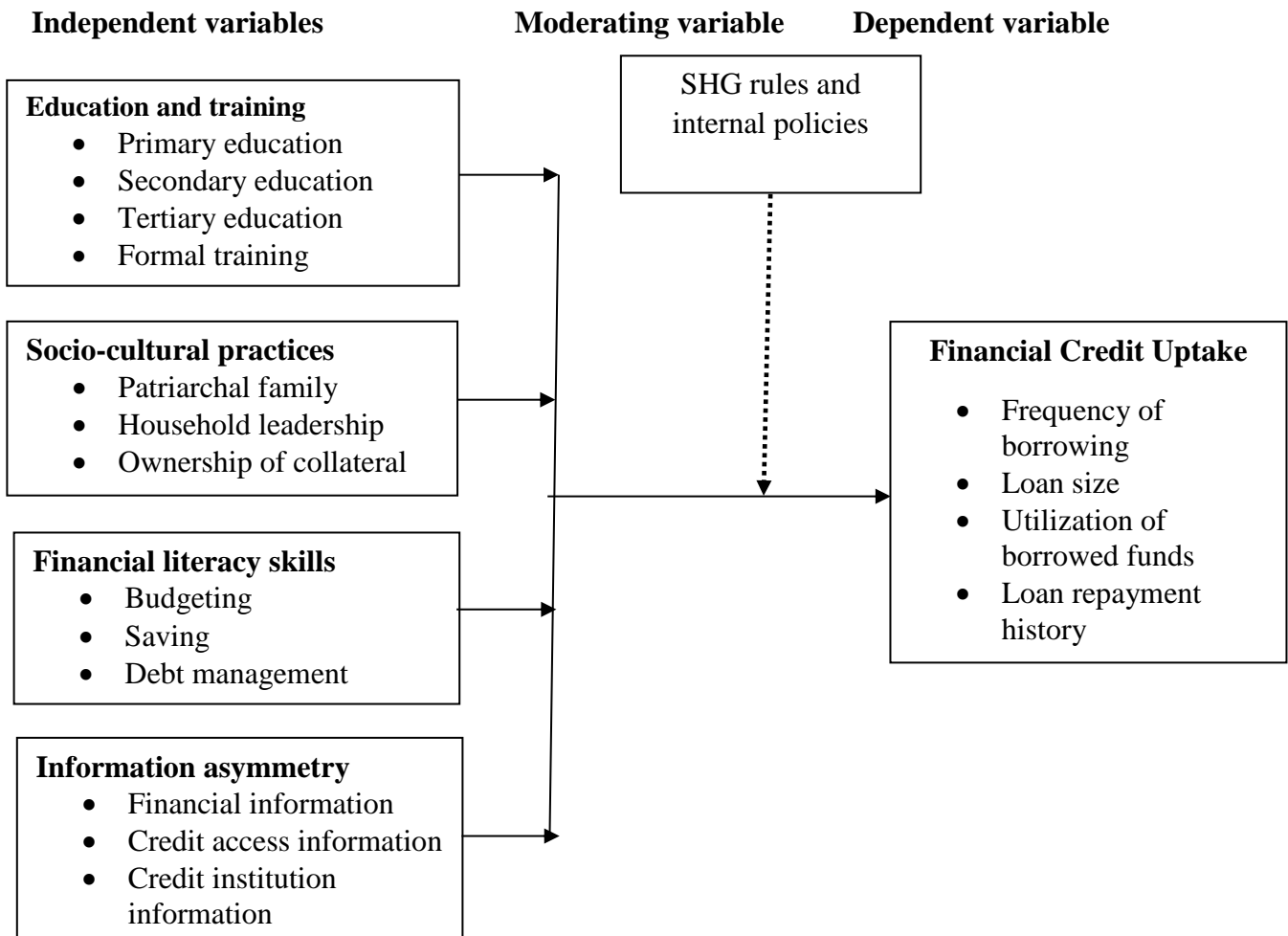
various factors that facilitate or impede performance of SHGs; such factors includes; democratic participation, understanding ways of exploiting their environment, collaboration to enhance access to resources, and empowerment of the members (Perkins & Zimmerman, 2005). Fawcett *et al.* (2005) developed a model of community empowerment through SHG initiatives and a framework for the process of empowerment in collaborative partnerships.

Relevance of the Empowerment Theory Given that the study is on the role of self-help groups in women empowerment in different aspects including economic, social and psychological. It is important for the study to consider theories that define and support the strength of the study. Thus the use of the empowerment theory, which is a process involving individuals finding the relationship between the goals and how to achieve them (World Health Organisation (WHO), 2015). In this way of sense women learn skills that go a long way in ensuring that they not only get social support from each other but that they are also able to get involved in economic facilities and income generating activities in their groups. Kabeer (2011) argues that empowerment, as a process, must come from below, from the grassroots, rather than from international NGOs and development agencies. If empowerment is a dynamic process and irreplaceable as stated by Oxfam (1995), empowering individuals and groups is still a challenge. In reality, the development projects are generally pre-designed and implemented from top to down by project officer or development agencies without individuals or community voices and actions. Planned projects also generally have less flexibility to change their directions. In this regards, the participation of Self-help groups which are from the grassroots and voluntarily organized, will empower the group members and enable them to run their groups and group activities on their own, and learn from each other through interacting between group members. Empowerment is also not occurring in a short term period but long-term period which has resulted in SHGs being empowered by the development process.



## 2.8 Conceptual framework

The conceptual framework for the study is presented in Figure 2.1



**Figure 2.8.1 Conceptual framework**

Figure 1 presents the diagrammatical framework for the study on the determinant of financial credit uptake among women owned self-help groups projects in Samburu County, Kenya. The framework shows that independent variables which are Education and training which is indicated by primary education, secondary education, tertiary education and formal training; Socio-cultural practices which is indicated by patriarchal family, household leadership and ownership of collateral; financial literacy skills which is indicated by budgeting, saving, bank services and debt management and lastly information asymmetry which is indicated by financial information,

credit access information and credit institution information impact on the dependent variable which is determinant of financial credit uptake among women owned self-help groups projects in Samburu County, Kenya. These factors, according to the conceptual framework have a direct influence on determinant of financial credit uptake among women owned self-help groups projects in Samburu County.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter outlines the procedures that were used in conducting the study. The chapter focused on research design, target population, sample and sampling procedures, research instruments, validity of the instruments, reliability of the instruments, data collection procedures and data analysis and ethical considerations.

#### **3.2 Research design**

The research design is a plan that guides the researcher in planning and implementing the study in a way that is most likely to achieve the intended goals (Burns & Groves 2001). The study was carried out using descriptive research survey design. According to William (2006), descriptive studies are more formalized and typically structured with clearly stated investigative questions. According to Mugenda and Mugenda (2008) descriptive research determines and reports the way things are. It is restricted to fact finding and may result in the formulation of important principles.

Moreover, descriptive survey makes standardized measurement more precise by enforcing uniform definitions upon the respondents. Borg (2006) postulates that a descriptive research design is a logical and valuable way of looking at the world. This logistic ensures that similar data can be collected from groups/strata then interpreted comparatively. This design was justifiable because it compared the quantitative reasoning of a sample. In addition, the design, by the virtue of being cross-sectional, gives a representation of the whole population with minimum bias. A survey design is



deemed suitable for this study since the researcher intends to get information that describes the current status on determinants of financial credit uptake among women owned Self Help Groups: case of Samburu county women Self Help Groups.

### **3.3 Target population**

Cooper and Schindler (2003) define target population as the list of the elements from which sample size is actually drawn. A population consists of a group that share common characteristics from which individuals or units of analysis are then chosen out of the population for the study (Fox & Bayat, 2007). The study targeted all registered women owned SHGs in Samburu County. According to Social development office Samburu County, there are 115 women owned SHGs. The study will focus on the officials namely the chairperson, the secretary the treasurer of and two other members of the women groups giving a total number of 5 respondents per group which implies that the target population was 575 respondents.

### **3.4 Sample size and sampling techniques**

Best and Kahn (2004) define a sample as a small portion of the population that is selected for observation and analysis. The main principle behind sampling is to seek knowledge about population and extend the inferences about the sample to the entire population where all the elements are given an equal chance of being selected (Ahujja, 2003). Mugenda and Mugenda (2003) recommends that a sampling frame is required before sampling. In order to select a representative sample, a sample of 10-30% is good enough if well-chosen and if the elements in the sample are more than 30. The research took 20% of the target population which means that the sample will be 23 SHGs who's 3 officials and 2 other members from each group were selected. Giving a total number of 115 respondents. The selection of the sample was done by simple random sampling where the researcher picked a list of the SHGs and randomly pick the

23 groups comprising of 5 officials in each. The sample was 115 respondents.

### **3.5 Research instruments**

Data for this study was collected using questionnaires. According to Mugenda and Mugenda (2008), a questionnaire is a written set of questions to which subjects respond in writing. Questionnaires ensure anonymity of the respondents, thus it is expected to enhance their honesty (Orodho 2005). Questionnaires allow the respondents to freely express themselves. Items in the questionnaires were designed based on the objectives of the study. The questionnaires consisted of five sections: A, B, C, D and E. Section A sought information on the respondents' demographic information while section B to E sought information on determinants of financial credit uptake among women owned self-help groups projects in Samburu County.

### **3.6 Validity of research instruments**

According to Bridget and Lewin (2005), validity is the degree by which a sample of test items represents the content the test is designed to measure. To establish the validity of the tool the researcher first, went through the instruments and compared them with the set objectives and ensures that they contain all the information that answers the set questions and address the objectives. Second, expert (supervisor) was consulted to scrutinize the relevance of the questionnaire items against the set objectives of the study. Supervisors' opinions will be sought to check on the content validity of the instruments. The supervisors read through the draft instruments and thereafter gave her recommendations which were incorporated while coming up with the final instruments that were used for data collection.

### **3.7 Reliability of research instruments**

The extent to which results are consistent over time and that the results of a study can be achieved in the same way is referred to as reliability. Donald and Delno (2006) define reliability of research instrument as the consistence of scores obtained and have two aspects: stability and equivalency. To ensure reliability, the researcher used test and retest method at an interval of three weeks. A Cronbach  $\alpha$  (Alpha) reliability coefficient that ranges between 0 and 1 will be generated to measure the reliability. The Cronbach's Coefficient Alpha approach recommended by Cohen, Manion and Morrison (2007) for its ability to give average spilt-half correlation for all possible ways of dividing the test in two parts was used to measure internal consistency of the research instrument. Larry (2013) indicates that Cronbach Coefficient is used to test internal consistencies of samples of a given population when research instrument with Likert type scales with multiple responses are used for data collection. For the purposes of this study, where  $\alpha < 0.7$ , the research instrument will be revised. According to Field (2009), a questionnaire with an  $\alpha$  of 0.7 and above is considered reliable.

### **3.8 Data collecting procedures**

The researcher obtain an introduction letter from the Department of Open Learning, School of Open and Distance Learning, University of Nairobi. The researcher then visitd the county development office which gave him the authority to conduct the study. Upon booking appointment and visiting the SHGs, the researcher created rapport with the officials of the SHGs and then proceeded to collect data. The filled in questionnaires were collected immediately.

### **3.9 Data analysis techniques**

Analysis of data started with editing in order to identify errors made by the respondents such as spelling mistakes and any other wrongly answered or un- responded to items. Data on the questionnaires were then edited by inspecting the data pieces before coding them. The process helped in identifying those items which are wrongly responded to, spelling mistakes and blank spaces left by the respondents. The data was then coded to facilitate data entry into the computer to allow for statistical analysis. The researcher used Statistical Package for Social Sciences (SPSS) version 22.0 to organize the quantitative data collected from the respondents into manageable information that is understood. The data analysis was based on the research objectives. Descriptive statistics such as frequencies, percentages and averages were used to analyze the data and data was presented in form of figures and tables. Data was analysed by use of Frequencies, Percentages, Mean, standard deviation, Chi square and Anova. Analysis was done at 5% level of significance. The independent variables which were level education and training, socio-cultural practices, financial literacy skills and information asymmetry were correlated with financial credit uptake.

### **3.10 Ethical considerations**

In research, ethics may be defined as the norm for the conduct that distinguishes between acceptable and unacceptable behaviour in a scientific investigation (Wambugu, 2015). The considerations for ethics are very important within the course of the research process. The researcher should not embarrass, perpetrate pain, or impose other disastrous effects on the respondents. The researcher adhered to some research ethics. In adhering to the ethical issues, the researcher sought to safeguard against doing anything that would harm the participants in the study. The researcher also sought permission from the participants to have them participate

in the study. The researcher also ensured that participants are informed to the extent possible, about the nature of the study. It was the responsibility of the researcher to interpret the data and present evidence so that others can decide to what extent interpretation is believable. Informed consent allows the respondents to choose to participate or not. Kombo and Tromp (2006). In this study the participants' informed consent was used when sampling the participants. Confidentiality and anonymity was achieved by not asking participants to write their names on the questionnaires.

**Table 1.1: Operationalization of variables**

<b>Research objectives</b>	<b>Independent variable</b>	<b>Indicators</b>	<b>Dependent</b>	<b>Measurement Scale</b>	<b>Tools of analysis</b>
To determine how SHG education and training influence financial credit uptake among women owned self-help groups projects.	Education and training	<ul style="list-style-type: none"> <li>• Primary education</li> <li>• Secondary education</li> <li>• Tertiary education</li> <li>• Formal training</li> </ul>	Financial Credit Uptake	Nominal and Ratio	<ul style="list-style-type: none"> <li>• Frequencies.</li> <li>• Percentages,</li> <li>• Chi square</li> <li>• Anova</li> </ul>
To establish how socio-cultural practices influence financial credit uptake among women owned self-help groups projects.	Socio-cultural practices	<ul style="list-style-type: none"> <li>• Patriarchal family</li> <li>• Household leadership</li> <li>• Ownership of collateral</li> </ul>	Financial Credit Uptake	Nominal and Ratio	<ul style="list-style-type: none"> <li>• Frequencies.</li> <li>• Percentages,</li> <li>• Chi square</li> <li>• Anova</li> </ul>
To determine how financial literacy skills influence financial credit uptake among women owned self-help groups projects in Samburu County, Kenya	Financial literacy skills	<ul style="list-style-type: none"> <li>• Budgeting</li> <li>• Saving</li> <li>• Debt management</li> </ul>	Financial Credit Uptake	Nominal and Ratio	<ul style="list-style-type: none"> <li>• Frequencies.</li> <li>• Percentages,</li> <li>• Chi square</li> <li>• Anova</li> </ul>
To determine how information asymmetry influence financial credit uptake among women owned self-help groups projects in Samburu County, Kenya	Information asymmetry	<ul style="list-style-type: none"> <li>• Financial information</li> <li>• Credit access information</li> <li>• Credit institution information</li> </ul>	Financial Credit Uptake	Nominal and Ratio	<ul style="list-style-type: none"> <li>• Frequencies.</li> <li>• Percentages,</li> <li>• Chi square</li> <li>• Anova</li> </ul>

## **CHAPTER FOUR**

### **DATA ANALYSIS, PRESENTATION AND INTERPRETATION**

#### **4.1 Introduction**

This chapter presents data analysis and interpretation. Analysis means organizing and interrogating data in ways that allow researchers to see patterns, identify themes, discover relationships, develop explanations, make interpretations, mount critiques, or generate theories. Data analysis is a systematic search for meaning. It is a way to process qualitative data so that what has been learned can be communicated to others. The chapter presents the questionnaire return rate, demographic information of the respondents and the analysis of the independent variables which were level education and training, socio-cultural practices, financial literacy skills and information asymmetry were correlated with financial credit uptake.

#### **4.2 Questionnaire return rate**

Questionnaire return is the proportion of the questionnaires returned after they have been issued to the respondents. In this study, out of the 115 respondents who were issued with the questionnaires, 105 of them filled and returned the questionnaires. This represented 95.6% of the targeted respondents. This was considered appropriate for analysis since according to Mugenda and Mugenda (2003), a response rate of 70% and over is excellent for analysis and reporting on the opinion of the entire population. Kothari (2004) further prescribed as a significant response rate for statistical analysis and established at a minimal value of 50%.

### 4.3 Demographic information of the respondents

Demographic information provides data regarding research participants and is necessary for the determination of whether the individuals in a particular study are a representative sample of the target population for generalization purposes. The demographic information of the respondents and the group focused on the gender of the respondents, age, marital status, highest academic qualification, occupation structure of the respondents' family, number of dependants that the respondents supported in their families, how long has the group had existed, whether their groups were legally registered, how long they had been in the self-help group, how many times their groups had applied for loan from a financial institution in the last one year and finally how many times the group met per month. The data on the demographic data is presented in this section. Demographic data on the gender revealed that all the respondents were females. This was attributed to the fact that the SHGs were gender based and hence could only have women. The researcher also sought to establish the age of their respondents. Data on the age of the respondents is presented in Table 4.1

**Table 4.1 Distribution of respondents by age**

<b>Age distribution</b>	<b>Frequency</b>	<b>Percent</b>
Below 30	17	16.2
31-40	40	38.1
41-50	48	45.7
<b>Total</b>	<b>105</b>	<b>100</b>

Data on the age of the respondents showed that 17 (16.2%) were aged below 30 years, 40 (38.1%) were aged between 31 and 40 while 48 (45.7%) were aged between 41 and 50 years.



The researcher also sought to establish the marital status of the respondents in the study. The data is presented in Table 4.2

**Table 4.2 Distribution of respondents by marital status**

<b>Marital status</b>	<b>Frequency</b>	<b>Percent</b>
Married	83	79.0
Not married	8	7.6
Others	14	13.3
<b>Total</b>	<b>105</b>	<b>100</b>

Data on the marital status of the respondents as presented in table 4.2 indicate that 83 (79%) were married, 14 (13.3%) were not married while 8 (7.6%) were either widowed or separated.

The researcher also was interested in establishing the occupation of the respondents. The data is presented in Table 4.3

**Table 4.3 Distribution of respondents by occupation**

<b>Occupation</b>	<b>Frequency</b>	<b>Percent</b>
Herders	33	31.4
Business	32	30.5
Civil servant	24	22.9
Farmer	16	15.2
<b>Total</b>	<b>105</b>	<b>100</b>

Data presented in Table 4.3 shows that 33 (31.4%) were herders, 32 (30.5%) were involved in business, 24 (22.9%) were civil servants while 16 (15.2%) were farmers. The data shows that even though the respondents were involved in various occupations, the herders constituted a significant number of them. These are people that may not be so much aware of the running of SHGs and may not understand matters of loan uptake.

The researcher also sought to find out the structure of the family of the respondents. The data is presented in table 4.4.

**Table 4.4 Distribution of respondents by family structure**

<b>Occupation</b>	<b>Frequency</b>	<b>Percent</b>
Nuclear family	89	84.4
Extended family	16	15.2
<b>Total</b>	<b>105</b>	<b>100</b>

Data revealed that majority of the respondents 89 (84.8%) had an extended family structure while 16 (15.2%) were in nuclear family. This could be attributed to the culture of the communities in the nomadic areas where most of them are in extended family.

The researcher was also interested in establishing the number of dependents that the respondents supported in the family. The data is presented in table 4.5.

**Table 4.5 Number of dependents in the family that the respondents supported**

<b>Number of dependents</b>	<b>Frequency</b>	<b>Percent</b>
5 and above	47	44.8
5 – 10 dependents	9	8.57
More than 10 dependents	49	46.7
<b>Total</b>	<b>105</b>	<b>100</b>

Data showed that 47 (44.8%) had less than 5 dependents, 9 (8.57%) had between 5 and 9 dependents while majority, 49 (46.7%) had more than 10 dependents. The data shows that majority of the respondents supported quite a number of dependents in the family which again could be attributed to the fact that these are nomadic people who have many children including dependents.

Concerning matters of the group, the researcher sought to establish how long the group had existed. The data is presented in table 4.6.

**Table 4.6 Duration that the group had existed**

<b>Duration of group existence</b>	<b>Frequency</b>	<b>Percent</b>
1-2 years	56	53.3
3-4 years	24	22.9
More 5 years	25	23.8
<b>Total</b>	<b>105</b>	<b>100</b>

Data revealed that 56 (53.3%) indicated that the group had existed for between 1 and 2 years, 24 (22.9%) indicated that their groups had existed for between 3 and 4 years while 25 (23.8%)

indicated that their group had existed for more than 5 years. The data shows that a relatively high number of SHGs had existed for the considerable number of year (over 3 years) and hence were in a position to rate or track their past in regard to loan uptake. Asked where the groups were legally registered, the respondents responded as presented in Table 4.7.

**Table 4.7 Response on whether the groups were legally registered.**

<b>Whether the groups were legally registered</b>	<b>Frequency</b>	<b>Percent</b>
Yes	90	85.7
No	15	14.3
<b>Total</b>	<b>105</b>	<b>100</b>

Data on whether the groups were legally registered indicated that 90 (85.7%) said their groups were registered against 15 (14.3%) who responded that their groups were registered. The researcher also sought to establish how long the respondents had been in the group. The data is presented in table 4.8.

**Table 4.8 Duration of respondents in the group**

<b>Duration of respondent in the group</b>	<b>Frequency</b>	<b>Percent</b>
6 months and 1 year	34	34.4
1 and 2 years	39	37.1
Between 4 and 5 years	32	30.5
<b>Total</b>	<b>105</b>	<b>100</b>

Data on how long the respondents had been in the group showed that 34 (32.4%) had been in the group for between 6 months and 1 year, 39 (37.1%) had been in the group for between 1 and 2 years while 32 (30.5%) had been in the group for between 4 and 5 years. The data shows that majority of the respondents had been in the groups for a consideration duration of time and hence were able to respond to matters whey their groups were not taking loans.

The study also sought to establish the number of times the group had applied for a loan in the last one year prior to this study. The data is presented in table 4.9.

**Table 4.9 Number of times the group had applied for a loan in the previous one year**

<b>Number of loan application</b>	<b>Frequency</b>	<b>Percent</b>
Once	17	16.2
Twice	25	23.8
None	63	60.0
<b>Total</b>	<b>105</b>	<b>100</b>

Data on the number of times the group had applied for a loan in the last one year prior to this study revealed that 17 (16.2%) had applied for a loan once, 25 (23.8%) had applied twice, while 63 (60%) had not applied at all. The data showed that majority of the SHGs had not applied for a loan and hence this justifying the purpose of this study. The researcher also sought to find out how many times the group held meetings in a month. The data is presented in table 4.3.10.

**Table 4.10 Number of times that the group held meetings**

<b>Number of loan application</b>	<b>Frequency</b>	<b>Percent</b>
Once	23	21.9
Twice	34	32.4
When there is need	16	15.2
Once a month	32	30.5
<b>Total</b>	<b>105</b>	<b>100</b>

Findings on the number of times that the groups held meetings revealed that 23 (21.9%) held meeting once a month, 34 (32.4%) twice a month, 16 (15.2%) held meetings ad hoc while 32 (30.5%) held meeting once in two months. The data implies that most of the groups did not hold meetings often hence this could affect group matters and hence issues pertaining to loan uptake.

#### **4.4 Determinants of financial credit uptake among women owned Self Help Groups: case of Samburu county women Self Help Groups.**

The following section analyses data on the determinants of financial credit uptake among women owned Self Help Groups: case of Samburu county women Self Help Groups. The data analysed is based on the objectives of the study which are SHG education and training and financial credit uptake, socio-cultural practices influence and financial credit uptake, financial literacy skills and financial credit uptake and information asymmetry and financial credit uptake. These factors are analyzed in this section.

#### 4.5 SHG education and training and financial credit uptake

The researcher sought to establish how the SHGs level of education and training affected financial credit uptake. The respondents were asked to indicate their highest academic qualification of the respondents. The data is presented in table 4.11.

**Table 4.11 Distribution of respondents by academic qualifications**

<b>Level of education</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Non formal education	28	26.7
Primary education	34	32.4
Secondary	31	29.5
Post-secondary education	12	11.4
<b>Total</b>	<b>105</b>	<b>100.0</b>

Data showed that 28 (26.7 %) had received non-formal education, 34 (32.4%) had received primary education, 31(29.5%) had received secondary education while 12 (11.4%) had received post-secondary education. The data shows that a relatively many of the respondents had not received high academic levels while could affect the running of the SHGs and hence issues of loans. The respondents were also asked to indicate whether they could comfortably read and write. Their responses revealed that only 46 (43.8%) could comfortably read and write against 59 (56.2%) who could not read and write. The response shows that illiteracy could have been one of the factors that affected loan uptake among the SHGs.

The respondents were also asked to indicate the extent to which they agreed that education was useful in development of self-help groups. The data is presented in table 4.12.

**Table 4.12 Responses on whether education is useful in development of self-help groups**

<b>Response</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Strongly Agree	33	31.4
Agree	40	38.1
Disagree	32	30.5
<b>Total</b>	<b>105</b>	<b>100.0</b>

Data revealed that 33 (31.4%) strongly agreed that education was useful in development of self-help groups, 40 (38.1%) agreed while 32 (30.5%) disagreed that education was useful in development of self-help groups. The data shows that respondents were in agreement that education was useful in development of self-help groups. Lack of education among the members of the group could therefore be attributed to the lack of loan uptake among the SHGs.

The respondents were also asked to indicate whether their self-help groups had undergone any training since its formation. Data revealed that 37 (35.2%) indicated that they had received training against 68 (64.8%) who indicated that they had not received. These findings therefore shows that lack of training could be attributed to the low of non-loan uptake among the SHGs. Among the respondents who indicated that their groups had received training said they the trainings were on product development (21%), financial management (6.7%), and conflict management (7.6%). Based on these scenario it could be concluded that even the groups that had received training, very few received training in matters loan uptake. This further shows that lack of training was a factor attributed to lack of loan uptake among the SHGs.

The respondents were further asked to indicate the extent to which you agree or disagree with the following statements concerning how education and training of SHG members influence financial credit uptake among women owned Self Help Groups' projects. Table 4.13 presents the data.



**Table 4.13 Responses on the influence of education and training of SHG members influence financial credit uptake**

Statement	SA		A		D		SD		MEAN	SD
	F	%	F	%	F	%	F	%		
Lack of education make our SHG not to take loans	16	15.2	58	55.2	8	7.6	23	21.9	2.36	.992
Most of the members are not educated	49	46.7	24	22.9	15	14.3	17	16.2	2.00	1.127
Members of the SHG are not aware of the importance of training in SHG matters	23	21.9	42	40.0	23	21.9	17	16.2	2.32	.995
Members of our SHG have not received training on the importance of credit uptake	32	30.5	33	31.4	23	21.9	17	16.2	2.24	1.061
Low levels of no education is a hindrance to women taking up credit	16	15.2	57	54.3	25	23.8	7	6.7	2.22	.784

Data on how education and training of SHG members influence financial credit uptake among women owned Self Help Groups projects revealed that majority of the respondents (70.4%) agreed that lack of education make our SHG not to take loans the item had a mean of 2.36 and SD of 0.992. It was also found that majority of the respondents, 46.7 percent and 22.9 percent strongly agreed and agreed that most of the members are not educated. The item had a mean of 2 and a SD of 1.127. It was further established that members of the SHG were not aware of the importance of training in SHG matters. This was shown by 23 (21.9%) who strongly agreed, 42 (40%) who agreed to the statement. The statement had a mean of 2.32 and SD of 0.995. Asked on their opinion on whether members of the SHG had not received training on the importance of credit uptake, 32 (30.5%) strongly agreed, 33 (31.4%) agreed with a mean of 2.24 and SD of 1.061. Majority of the respondents (69.5%) agreed that low levels of no education is a hindrance to women taking up credit. The statement had a mean of 2.22 and SD of 0.784.

These findings are in agreement with Mukherjee and Purkayastha (2017) who noted that some women groups that run businesses despite producing excellent quality products have suffered huge inventories resulting from lack of or inadequate education and training. The above findings

are in line with Lutz and Lutz (2017) who conducted a study on financing and performance of female-owned firms in Middle Eastern and African Economies and established that, since women in developing countries tend to be less educated they face greater constraints in accessing formal finance. According to Brana, (2008) education and training on entrepreneurial skills is therefore vital for developing human capital and plays a crucial role in providing learning opportunities for individuals and women groups to improve their skills, and abilities.

De Vita et al., (2014) noted that inadequate education and training amongst women micro-entrepreneur's regenerates to lack of market information, managerial skills and technical competence which limits the participation of women in value-adding business, the result being small enterprises where most employees are unskilled. Kathleen and Gale (2009) found that learning within groups is important in delivery of effective training since the arrangement enables sharing of training information among the members, jointly asking for better training, cost cutting, and enables members to help each other in applying new techniques and technologies. The findings are in line Carmon (2013) who argues that Education is key for everyone and a critical area of empowerment for girls and women, since it creates positive effects within the family and across generations. Education isn't limited to reading and writing but it's an important investment that a country with need of a future growth can concentrate on to reducing poverty and achieving sustainable development.

According to (United Nations Development Programme, 2001), one of the main reasons why women groups perform poorly is because majority of members have lower levels of education, trainings and qualifications compared to their male counterparts. Available data on school enrolment in African indicates that a near gender parity is achieved at pre-primary and primary level of education but as the education level increases, glaring gender disparities starts to

manifest. Likewise Ranjula and Yang (2015) in their research “Microfinance ‘Plus’: The Impact of Business Training on Indian Self Help Groups” found out that training in a SHGs as a positive impact on assets acquisition but not on income. They established that though business training has an effect on assets accumulation translating this to income was a problem.

#### **4.6 Socio-cultural practices influence and financial credit uptake**

The study sought to establish the influence of socio-cultural practices influence and financial credit uptake. The respondents were asked which cultural practices prevent your SHG from accessing financial credit. In this item, 25 (23.8%) indicated patriarchy, the same number indicated norms and taboos, 33 (31.4%) indicated discrimination while 22 (21.0%) indicated perceptions. The data shows that several factors such as patriarchy, norms and taboos, discrimination and perceptions prevent your SHG from accessing financial credit.

The respondents were asked to indicate the extent to which they agreed or disagreed to statement that sought to establish the socio-cultural practices influence and financial credit uptake. The findings are presented in Table 4.14.

**Table 4.14 Influence of socio-cultural practices influence on financial credit uptake**

Statement	SA		A		D		SD		MEAN	SD
	F	%	F	%	F	%	F	%		
Cultural practices contribute to low level of credit uptake in our SHG	25	23.8	56	53.3	17	16.2	7	6.7	2.06	.818
Women commitments at home do not allow them to access credit facilities	17	16.2	41	39.0	40	38.1	7	6.7	2.35	.832
Financial institutions hesitate to give credit to the women due to traditional cultural practices	16	15.2	49	46.7	40	38.1	0	00	2.23	.697
Cultural practices contribute to high loan default in our SHG	32	30.5	39	37.1	34	32.4	0	00	2.02	.796
Women-owned micro-enterprises lack the capacity to stop cultural practices that prevent them from accessing credit	16	15.2	57	54.3	23	21.9	9	8.6	2.24	.815

Data on the influence of socio-cultural practices influence on financial credit uptake revealed that majority of the respondents 25 (23.8%) strongly agreed and 56 (53.3%) agreed that cultural practices contribute to low level of credit uptake in our SHG. The statement had a mean of 2.06 and SD of 0.818. Data also revealed that women commitments at home did not allow them to access credit facilities as shown by 17 (16.2%) who strongly agreed and 41 (39%) who agreed to the statement. Asked to indicate the extent to which they agreed or disagreed to the statement that stated “financial institutions hesitate to give credit to the women due to traditional cultural practices” 16 (15.2%) strongly agreed, while 49 (46.7%) agreed. The statement had a mean of 2.23 and SD of 0.697. It was further established that cultural practices contribute to high loan default in our SHG. This was elucidated by 32 (30.5%) who strongly agreed and 39 (37.1%) who

agreed. The statement had a mean of 2.02 and SD of 0.796. Finally asked whether they agreed that women-owned micro-enterprises lack the capacity to stop cultural practices that prevent them from accessing credit, 16 (15.2%) strongly agreed, 57 (54.3%) agreed while 23 (21.9 and 9 (8.6%) disagreed and strongly disagreed respectively. The data shows that cultural factors were some of the determinants of financial loan uptake among women owned SHGs.

The above findings are in line with Ewoh, (2014) who found that few women who make it to start and run businesses, however, find it difficult to circumvent many cultural barriers. According to Njeru (1998) most of the women received generous family support in the start-up stages of their businesses, but later on such support is limited, withdrawn. Mashenene et al. (2014) found that socio-cultural environment represents a key factor affecting entrepreneurial capabilities of entrepreneurs. However, although the study concluded that socio-cultural practices have a significant effect on enterprise financing it failed to indicate how socio-cultural practices correlate with financing of micro-enterprises especially the WOMEs.

The findings are also in line with Naegels, Mori, and D'Espallier (2018) who found that perceptions of gendered cognitive and normative institutions determine whether a woman entrepreneur in Tanzania applies for a formal loan. Mazonde and Carmichael (2016) on the influence of culture on female entrepreneurs in the cities of Harare and Bulawayo, revealed that, many husbands look down upon entrepreneurial activities of their wives. But in an effort to keep their family intact, these women are always willing to bow to patriarchy. Such practices limit the capacity of women entrepreneurs to start and run their own businesses. It further contributes to the understanding of how female entrepreneurs in a patriarchal African society can work within cultural constraints to achieve success within their own terms of reference. Njeru and Njoka,

(1998) points out that due to patriarchal social authority structures, women have to receive permission from their husbands or family support to join a women group or even start a business.

#### **4.7 Financial literacy skills and financial credit uptake**

The study sought to establish how financial literacy skills influenced financial credit uptake among women owned SHGs. The respondents were therefore asked whether their groups had financial literacy skills. Responses indicated that only 22 (21%) said they had such skills against 83 (79.0%) who said that their groups did not have financial literacy skills. Asked whether their groups had received any training in financial management, only 39 (37.1%) indicated that they had against 66 (62.9%) who responded that they did not have such training.

The respondents were also asked to indicate the extent to which statements relating to financial literacy skills and financial credit uptake influenced loan uptake among women owned SHGs.

The data is presented in table 4.15

**Table 4.15 Influence of financial literacy skills on financial credit uptake**

Statement	SA		A		D		SD		Mean	SD
	F	%	F	%	F	%	F	%		
Lack of financial skills lead to low financial credit uptake	16	15.2	57	54.3	32	30.5	0	00	2.15	.662
Most of the women in the SHG do not have financial literacy skills reducing credit uptake	40	38.1	40	38.1	25	23.8	105	100.0	1.86	.777
Women SHGs do not understand the financial requirements for credit uptake hence are afraid to take up	16	15.2	43	41.0	39	37.1	7	6.7	2.35	.820
Members are not willing to be trained in financial skills	16	15.2	31	29.5	34	32.4	24	22.9	2.63	1.002
Lack of financial literacy skills reduce the ability of women-owned SHG to access credit services from financial institutions	40	38.1	49	46.7	16	15.2	0	00	1.77	.697

Data presented in table 4.5 shows that majority of the respondents agreed or agreed that lack of financial skills lead to low financial credit uptake. The statement had a mean of 2.15 and and SD of 0.662 which indicates a strong agreement towards the statement. It was also established that 76.1 percent of the respondents agreed that most of the women in the SHG do not have financial literacy skills reducing credit uptake. The statement had a mean of 1.86 and a SD of 0.77. In the statement 40 (38.1%) strongly agreed while the same number of respondents agreed. The data shows that the respondents were in agreement that most of the women did not have financial literacy skills which hindered financial loan uptake. In a statement that stated women SHGs do not understand the financial requirements for credit uptake hence are afraid to take up, 16

(15.2%) strongly agreed while 43 (41.0%) agreed to the statement. The statement had a mean of 2.35 and SD of 0.820 implying that since women SHGs did not understand the financial requirements for credit uptake, they were afraid to take up.

Data further showed that members were not willing to be trained in financial skills where a mixed reaction was found. While 16 (15.2%) strongly agreed and 31 (29.5%) agreed, 34 (32.4%) and 24 (22.9%) disagreed and strongly disagreed respectively which shows that the women were willing to be trained in financial skills. In a statement that stated that lack of financial literacy skills reduces the ability of women-owned SHG to access credit services from financial institutions, 40 (38.1%) strongly agreed while 49 (46.7%) strongly agreed with a mean of 1.77 and a SD of 0.697. The data shows that lack of financial literacy skills reduce the ability of women-owned SHG to access credit services from financial institutions. The above findings indicate that financial literacy skills are a determinant of financial credit uptake among women,

The above views are shared by Adomako et al., (2016) who found that lack of financial management skills places significant constraint on micro-enterprises growth and lowers their competitiveness against larger firms. Adomako et al., (2016)'s study of SMEs in Ghana finds that the relationship between access to financial skills and firm growth is more positive for those with high, as opposed to low, financial literacy. The findings are also in line with Gupta and Kaur (2014) conducted a study on financial literacy among women entrepreneurs in Kangra district of Himachal Pradesh concluding and concluded that poor literacy and record keeping along with low awareness levels regarding financial institutions in spite of establishment of Financial Literacy and Credit Counselling Centres (FLCCs) by the commercial banks operating in the region



#### **4.8 Information asymmetry and financial credit uptake**

To establish the influence of information asymmetry on financial credit uptake, the respondents were asked to indicate whether they have information of where to access financial credit. In this item, majority 56 (53.3%) indicated that they did not have. Further asked whether they had received any training from a lending institution pertaining their financial services, majority 73 (69.4%) indicated that they had not against 32 (30.5%) who responded to the affirmative. The respondents were also asked to indicated the extent to which they agreed or disagreed tot eh statement that sought to establish the influence of information asymmetry on financial credit uptake. The data is presented in table 4.16.

**Table 4.16 Responses on the influence of information asymmetry on financial credit uptake**

Statement	SA		A		D		SD		MEAN	SD
	F	%	F	%	F	%	F	%		
Members of our SHG do not have information on credit facilities	25	23.8	56	53.3	16	15.2	8	7.6	2.07	.835
Our SHG does not seek financial credit due to lack of information	17	16.2	40	38.1	32	30.5	16	15.2	2.45	.940
Most SHGs are not aware of the benefit they can get from financial institutions	33	31.4	40	38.1	32	30.5	0	00	1.99	.791
Lack of proper registration and other documentations has led to low financial credit uptake of the SHGs	39	37.1	34	32.4	0	00	32	30.5	2.93	.824
Most of the SHGs fear credit uptake from lending organisation due to lack of information	40	38.1	33	31.4	32	30.5			1.92	.829

The respondents were asked whether members of the SHG have information on credit facilities. In this statement, 25 (23.8%) indicate that they did not have with another 56 (53.3%) agreeing to the statement. In a statement that stated that “Our SHG does not seek financial credit due to lack of information” 17 (16.2%) strongly agreed and 40 (38.1%) agreed. The statement had a mean of 2.45 and SD of 0.940. The result shows that majority of the SHGs did not seek financial due to lack of information. Findings also established that most SHGs are not aware of the benefit they can get from financial institutions. This was shown by 33 (31.4%) and 40 (38.1%) who strongly agreed and agreed to the statement. The statement had a mean of 1.99 and SD of 0.791. The respondents agreed that lack of proper registration and other documentations has led to low

financial credit uptake of the SHGs. This was strongly agreed to by 39 (37.1%) and agreed to by 34 (32.4%) the statement had a mean of 2.93 and SD of 0.824. Data further established that most of the SHGs fear credit uptake from lending organisation due to lack of information. This was shown by 40 (38.1%) who strongly agreed and 33 (31.4%) who agreed. The statement had a mean of 1.92 and SD of 0.829.

Lack of ample information or lack of knowhow among women may hinder them from opportunities available to them on accessing funds and the legal issues that they need to address to start a business, and they can find it difficult to navigate the complex array of laws and regulations. The major factors facing SHGs in relation to information is in which way to acquire, capacity to interpret and effectively utilize the acquired information, and dissemination of the same. The information asymmetry is caused by lack of transparency from the financial institutions, and asymmetry information in the dealings of the rural financial institutions. Machira, Njati and Thiaine (2014), highlighted that accessibility of women enterprise fund among small and micro women enterprises owners and financial institution relies on 16 information and if not they will continue to impoverish the rural poor as well as SHGs. Information therefore becomes the power to effectively access credit.

#### **4.9 Test of association between independent variables and dependent variables**

Chi square was used to analyze the objective to determine how SHG education and training influence financial credit uptake among Samburu county women Self Help Groups projects. The results of analysis presented in Table 4.7 shows that there is sufficient evidence to show significant association between education and training education and training, cultural practices, financial literacy skills, information asymmetry and financial credit uptake.

**Table 4.17: Chi-Squared ( $\chi^2$ ) Test for Variable Association**

<b>Financial credit uptake</b>		
<b>Independent Variables</b>	<b>Pearson Chi-Square (<math>\chi^2</math>)</b>	<b>P-Value</b>
Education and training	14.165 <sup>a</sup>	0.000
Cultural practices	11.511 <sup>a</sup>	0.002
Financial literacy skills	17.129	0.000
Information asymmetry	18.314 <sup>a</sup>	0.000
n = 33, Level of Sig. 0.05		

The findings on table 4.7 indicate that the p-values for all the variables are smaller than the level of significance of the study (0.05). Thus education and training ( $\chi^2=14.165$ , p-value=0.00); cultural practices ( $\chi^2=11.511$ , p-value=0.002); financial literacy skills ( $\chi^2=17.129$ , p-value=0.00) and information asymmetry ( $\chi^2=18.314$ , p-value=0.000) have a significant association with financial credit uptake. This implies that the independent variables and dependent variables have close association.

#### **4.10 Test of significance**

The research objective to establish how socio-cultural practices influence financial credit uptake among Samburu county women Self Help Groups was tested using ANOVA tables. The results of the study as displayed in Table 4.18 showed that there is sufficient evidence to show a relationship between education and training education and training, cultural practices, financial literacy skills, information asymmetry and financial credit uptake.

**Table 4.18: Model summary**

Model	R	R Square	Adjusted R Square	F(ANOVA)	Sig
1	.712a	.507	.468	2.107	.000

Dependent Variable: Financial credit uptake

Table 20 shows a positive correlation coefficient ( $r$ ), = 0.712, coefficient of determination ( $r^2$ ) = 0.507 and adjusted r squared between education and training education and training, cultural practices, financial literacy skills, information asymmetry explain 50.7% percent of the variation in financial credit uptake. On the other hand, the Adjusted R-square shows that 46.8% (Adj R-square=.468) of the variance in the financial credit uptake can be explained by the variations in support of education and training education and training, cultural practices, financial literacy skills and information asymmetry.

Regression coefficient was used to test the objective that sought to determine how financial literacy skills influence financial credit uptake among Samburu county women Self Help Groups. The results of the study showed a relationship between education and training education and training, cultural practices, financial literacy skills and information asymmetry, and the financial credit uptake as shown in Table 4.19

**Table 4.19: Coefficients**

Coefficients					
Variables	B	Standard Error	Beta	T	Sig
(Constant)	1.756	0.397		4.426	0.000
Education and training	0.211	0.105	0.225	2.009	0.002
Cultural practices	0.342	0.170	0.307	2.011	0.000
Financial literacy skills	0.267	0.133	0.214	2.007	0.001
Information asymmetry	0.329	0.163	0.191	2.018	0.000

Dependent Variable: Financial credit uptake.

The results shown on table 4.7.3 indicate that the p-values are smaller than the significance level of 0.05 or 1.96 implying that there is a significant relationship between education and training education and training, cultural practices, financial literacy skills and information asymmetry and financial credit uptake.

The beta coefficients show that cultural practices ( $\beta=0.307$ ,  $P=0.000$ ), made the strongest individual contribution in explaining financial credit uptake, followed by education and training ( $\beta=0.225$ ,  $P=0.002$ ), financial literacy skills ( $\beta=0.214$ ,  $P=0.001$ ), while information asymmetry ( $\beta=0.191$ ,  $P=0.000$ ) contributed the least to financial credit uptake. This implies that education and training education and training, cultural practices, financial literacy skills and information asymmetry influence financial credit uptake, with cultural practices having a greater influence.

From the regression model, the following regression equation is expressed as:

$$Y=1.756+ 0.211 X_1+0.342X_2+0.267X_3+0.329X_4$$

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

The purpose of this chapter was to summarize the findings and draw conclusions and recommendations on the findings of the main objective of the study which was to exploring the determinants of financial credit uptake among women owned Self Help Groups in Samburu county women Self Help Groups.

#### **5.2 Summary of the study**

The study aimed at exploring the determinant of financial credit uptake among women owned self-help groups projects in Samburu County, Kenya. The study was guided by four research objectives. The objectives were to determine how education and training of SHG members influence financial credit uptake among women owned self-help groups projects in Samburu County; to establish how socio-cultural practices influence financial credit uptake among women owned self-help groups projects in Samburu County; to determine how financial literacy skills influence financial credit uptake among women owned self-help groups projects in Samburu County and lastly to determine how information asymmetry influence financial credit uptake among women owned self-help groups projects in Samburu County. The study was carried out using descriptive research survey design. the target population was 345 respondents. The sample was 115 respondents. Data for this study was collected using questionnaires. Data was analyzed by use of Frequencies, Percentages, Mean, standard deviation, Chi square and Anova. Analysis was done at 5% level of significance.

### **5.3 Findings of the study**

Findings on the how the SHGs level of education and training affected financial credit uptake. Revealed that majority of the respondents 59 (56.2%) who could not read and write. It was also revealed that 68 (64.8%) had not received training. Findings also revealed that lack of training, low levels of education, lack of awareness of training on SHG matters, low or lack of education was a major hindrance to financial credit uptake among women. Findings on the influence of socio-cultural practices influence and financial credit uptake revealed that cultural practices such as patriarchy, norms and taboos and perceptions prevented SHG from accessing financial credit. It was also revealed that Women commitments at home, financial institutions hesitating to give credit to the women and cultural practices that contributed to high loan default were major determinants to financial credit uptake.

Findings on how financial literacy skills affected financial credit uptake revealed that lack of financial literacy skills influenced financial credit uptake among women owned SHGs projects. Majority 83 (79.0%) indicated that their groups did not have financial literacy skills. It was also established that lack of financial skills, Women SHGs not understanding the financial requirements for credit uptake, members are not willing to be trained in financial skills reduced the ability of women-owned SHG to access credit services from financial institutions

Findings on the influence of information asymmetry on financial credit uptake revealed that majority 73 (69.4%) indicated that they had information of where to access financial credit. It was also revealed that SHG does not seek financial credit due to lack of information, Most SHGs were not aware of the benefit they can get from financial institutions. Further lack of proper registration and other documentations led to low financial credit uptake of the SHGs. It was also



revealed that most of the SHGs feared credit uptake from lending organization due to lack of information.

Test of association between independent variables and dependent variables revealed that there is sufficient evidence to show significant association between education and training education and training, cultural practices, financial literacy skills, information asymmetry and financial credit uptake. Data indicated that the p-values for all the variables are smaller than the level of significance of the study (0.05). Thus education and training ( $\chi^2=14.165$ , p-value=0.00); cultural practices ( $\chi^2=11.511$ , p-value=0.002); financial literacy skills ( $\chi^2=17.129$ , p-value=0.00) and information asymmetry ( $\chi^2=18.314$ , p-value=0.000) have a significant association with financial credit uptake. This implies that the independent variables and dependent variables had close association.

There was a positive correlation coefficient ( $r$ ), = 0.712, coefficient of determination ( $r^2$ ) = 0.507 and adjusted r squared between education and training education and training, cultural practices, financial literacy skills, information asymmetry explain 50.7% percent of the variation in financial credit uptake. On the other hand, the Adjusted R-square shows that 46.8% (Adj R-square=.468) of the variance in the financial credit uptake can be explained by the variations in support of education and training education and training, cultural practices, financial literacy skills and information asymmetry. The results of the study showed a relationship between education and training education and training, cultural practices, financial literacy skills and information asymmetry, and the financial credit uptake.

The p-values are smaller than the significance level of 0.05 or 1.96 implying that there is a significant relationship between education and training, cultural practices, financial literacy skills and information asymmetry and financial credit uptake. The beta coefficients showed that

cultural practices ( $\beta=0.307$ ,  $P=0.000$ ), made the strongest individual contribution in explaining financial credit uptake, followed by education and training ( $\beta=0.225$ ,  $P=0.002$ ), financial literacy skills ( $\beta=0.214$ ,  $P=0.001$ ), while information asymmetry ( $\beta=0.191$ ,  $P=0.000$ ) contributed the least to financial credit uptake. This implies that education and training, cultural practices, financial literacy skills and information asymmetry influence financial credit uptake, with cultural practices having a greater influence. From the regression model, the following regression equation is expressed as:

$$Y=1.756+ 0.211 X_1+0.342X_2+0.267X_3+0.329X_4$$

#### **5.4 Conclusions**

Based on the findings of the study it was concluded that education and training of SHG members influenced financial credit uptake among women owned Self Help Groups projects in Samburu County. It was also concluded that socio-cultural practices influenced financial credit uptake among women owned Self Help Groups projects in Samburu County. The study concluded that financial literacy skills influenced financial credit uptake among women owned Self Help Groups in Samburu County. It was also concluded that information asymmetry influenced financial credit uptake among women owned Self Help Groups projects in Samburu County. There was significant association between education and training, cultural practices, financial literacy skills, information asymmetry and financial credit uptake. There was a positive correlation coefficient ( $r$ ), = 0.712, coefficient of determination ( $r^2$ ) = 0.507 and adjusted  $r$  squared between education and training education and training, cultural practices, financial literacy skills, information asymmetry explained 50.7% percent of the variation in financial credit uptake. This implies that education and training, cultural practices, financial literacy skills

and information asymmetry influence financial credit uptake, with cultural practices having a greater influence

### **5.5 Recommendations**

Based on the study findings it was recommended that there is need for the Samburu county government and Non-governmental to educate the women owned SHGs on the importance of financial credit uptake. The study also recommends that the financial institutions should reach the women at the grassroots and educate them on the importance of financial credit uptake. The study also recommended that women should be empowered to shun some of the cultural practices that hinder them from accessing financial credit. There is need for capacity building among women so as they can competitively compete with other self-help groups. The study also recommends that the WSHGs to be linked to Micro-finance institutions where they can access credit facilities in order to increase their capital and hence increasing their borrowing capacity.

### **5.6 Suggestions for further research**

Based on limitations and delimitations of the study, the following are suggestions for further study

- i. The influence of self-help groups on the economic empowerment of women and their households among the nomadic pastoralists areas
- ii. Replication of the study in urban areas of Kenya where the self-help groups have been formed
- iii. The influence of the emergence of Micro-finance institutions on the performance of the self-help groups



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## APPENDICES

### APPENDIX I

#### LETTER OF INTRODUCTION

Leshomo Komitu  
Department of Extra Mural Studies  
University of Nairobi  
10<sup>th</sup> May. 2019

The Manager

\_\_\_\_\_ SHG

Dear Sir / Madam,

#### **RE: PERMISSION TO COLLECT DATA**

I am post-graduate student at, University of Nairobi. I am currently carrying out a research as part of my final year thesis project. This research is a requirement of the master's programme. My study is "**Determinants of financial credit uptake among women owned self-help groups projects in Samburu County**". Your Self Help Group has been selected to participate in this study. I hereby humbly request your office to accord the study any assistance that will make the study a success.

Yours faithfully,

Leshomo Komitu

## APPENDIX II

### QUESTIONNAIRE FOR THE RESPONDENTS

This questionnaire is designed to collect information on **“financial credit uptake among women owned self-help groups projects in Samburu County”**. You are requested to participate in the study by responding to all questions in the questionnaire. All responses will be confidential and will be used by the researcher for academic purpose only. Please tick (✓) where appropriate or fill in the required information.

#### Section A: Demographic Information

1. What is the name of your group \_\_\_\_\_
2. What is your gender? [ ] Male [ ] Female
3. What is your age?  
[ ] Below 30 years [ ] 31-40 years  
[ ] 41–50 years [ ] 51 and above
4. What is your marital status?  
Married [ ] Not married [ ] Others \_\_\_\_\_ (Specify)
5. What is your highest academic qualification?  
[ ] Non formal education [ ] Primary  
[ ] Secondary [ ] Post secondary  
Any other (specify).....
6. What is your occupation? \_\_\_\_\_
7. (a). What is the structure of your family?  
Nuclear family [ ] Extended family [ ] Single-parent family [ ]  
Other (specify).....  
(b) How many dependants do you support in your family?  
Less than 5 [ ] 5 – 10 [ ] More than 10 [ ]

8. How long has the group existed?

Less than 1 year  1-2years

3-4 years  4-5 years

More than 5 years

9. Is your group legally registered Yes  No

10. How long have you been in this self-help group? \_\_\_\_\_

11. How many times has your group applied for loan from a financial institution in the last one year?

One  Twice

Thrice  More than thrice

12. How many times does your group meet per month?

One  Twice

Thrice  More than thrice

When there is need

### **Section B: SHG education and training and financial credit uptake**

13. Can you comfortably read and write?

Yes  No

14. At what extent do you agree that education is useful in development of self-help groups?

Strongly Agree  Agree

Not sure  Disagree

Strongly Disagree

15. Has your self-help groups undergone any training since its formation?

Yes  No

15b.If yes, what main area did the training cover?

- Product development [ ] Business management [ ]  
 Financial management [ ] Conflict management [ ]  
 Leadership [ ]

16. How many group trainings are conducted in a year?

- One [ ] 2-3 [ ]  
 4-5 [ ] 6-7 [ ]  
 More than 8 [ ]

17. Indicate the extent to which you agree or disagree with the following statements concerning how education and training of SHG members influence financial credit uptake among women owned Self Help Groups' projects

Key SA = Strongly Agree A=Agree D = Disagree SD= Strongly disagree

SN	Statement	SA	A	D	SD
1	Lack of education make our SHG not to take loans				
2	Most of the members are not educated				
3	Members of the SHG are not aware of the importance of training in SHG matters				
4	Members of our SHG have not received training on the importance of credit uptake				
5	Low levels of no education is a hindrance to women taking up credit				

### Section C: Socio-cultural practices influence and financial credit uptake

18. Which of the following cultural practices prevent your SHG from accessing financial credit?

Patriarchy [ ] Norms/Taboos [ ]

Discrimination [ ] Perceptions [ ]

Others (specify).....

19. Indicate the extent to which you agree or disagree with the following statements

Key SA = Strongly Agree A=Agree D = Disagree SD= Strongly disagree

SN	Statement	SA	A	D	SD
1	Cultural practices contribute to low level of credit uptake in our SHG				
2	Women commitments at home do not allow them to access credit facilities				
3	Financial institutions hesitate to give credit to the women due to traditional cultural practices				
4	Cultural practices contribute to high loan default in our SHG				
5	Women-owned micro-enterprises lack the capacity to stop cultural practices that prevent them from accessing credit				

**Section D: Financial literacy skills and financial credit uptake**

20. Does your SHG have financial literacy skills?

Yes [ ] No [ ]

21. Has your group received any training in financial management?

Yes [ ] No [ ]

22. Indicate the extent to which you agree or disagree with the following statements



Key SA = Strongly Agree    A=Agree    D = Disagree    SD= Strongly disagree

SN	Statement	SA	A	D	SD
1	Lack of financial skills lead to low financial credit uptake				
2	Most of the women in the SHG do not have financial literacy skills reducing credit uptake				
3	Women SHGs do not understand the financial requirements for credit uptake hence are afraid to take up				
4	Members are not willing to be trained in financial skills				
5	Lack of financial literacy skills reduce the ability of women-owned SHG to access credit services from financial institutions				

### Section C: Information asymmetry and financial credit uptake

23. Do you have information of where to access financial credit?

Yes            [ ]    No            [ ]

24. Have you received any training from a lending institution pertaining their financial services?

Yes            [ ]    No            [ ]

25. Indicate the extent to which you agree or disagree with the following statements concerning information asymmetry and financial credit uptake

Key SA = Strongly Agree    A=Agree    D = Disagree    SD= Strongly disagree

SN	Statement	SA	A	D	SD
1	Members of our SHG do not have information on credit facilities				
2	Our SHG does not seek financial credit to lack of information				
3	Most SHGs are not aware of the benefit they can get from				

	financial institutions				
4	Lack of proper registration and other documentations has led to low financial credit uptake of the SHGs				
5	Most of the SHGs fear credit uptake from lending organisation due to lack of information				