

# Microfinance Services and Economic Empowerment of Women Groups in Marginalized Settings in Kenya

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## ABSTRACT

Women's economic empowerment globally remains a complex issue with persistent gender disparities in labor force participation, entrepreneurship, and leadership roles. However, microfinance has played a crucial role in bridging this gap by providing women, especially in low-income settings, access to essential financial services. A significant challenge in women's economic empowerment is the limited access to capital and financial resources that women often face, particularly in marginalized and low-income communities. However, microfinance services have emerged as a solution to address this issue by offering tailored financial services to women who lack access to formal banking systems. This study aimed at assessing the effect of Microfinance services on economic empowerment of women groups in Kilifi County, Kenya. The specific objectives were to determine the effect of micro lending and micro saving services on economic empowerment of women groups. This study was anchored on Access to Capital Theory. This study adopted explanatory research design and targeted a population of 3320 women groups registered by Kenya Climate Innovation Centre (KCIC) in Kilifi County. Simple random sampling techniques and the Krejcie and Morgan t-table was used to sample three hundred and forty-one (341) was derived and primary data was collected by use of a closed ended questionnaire. The collected data was analyzed descriptive methods; and also correlation and regression analysis was conducted. The study revealed that micro lending and micro saving services have a significant positive effect on the economic empowerment of women groups in Kilifi County, Kenya, ( $P\text{-value}=0.017<0.05$ ), and ( $P\text{-value}=0.000<0.05$ ) as their null hypotheses were rejected. This study recommended that women groups should embrace and utilize these micro finance services (micro lending and micro saving) to improve their economic status and their socio-well-being. Similarly, this study recommended that MFIs should increase their outreach by educating women about the various microfinance services available to help women to make informed decisions about which services best meet their needs. This study recommends for a comparative study be undertaken between two or more other empowerment groups, like youth, PWDs, social welfare groups among others.

Keywords: Microfinance services, Micro-lending, Micro-saving, women economic empowerment

## INTRODUCTION

### Background of the study

The role of Micro finance institutions in supporting economic activities among impoverished and disadvantaged groups is crucial for poverty alleviation, as asserted by Byamuhaya and Fondo (2014). This perspective aligns with the fifth Sustainable Development Goal (SDG5), which aims to achieve Gender Equality and the Empowerment of Women by 2030 (Griggs et al., 2015). The inclusion of women in economic empowerment, a key component of SDG5, is driven by the principles of social justice and the recognition that empowering women is integral to achieving other SDGs and promoting overall socio-economic prosperity (Adero and Kariuki, 2020). Women's empowerment is a multifaceted process involving gaining control over their lives, resources, and environment (Kumari & Gupta, 2018). This

includes participation in economic and political decisions, access to education, economic resources, and legal rights. Initiatives aimed at women's empowerment contribute significantly to addressing gender inequality, poverty, and social injustice. They enhance women's participation in decision-making processes, increase access to resources, and provide economic opportunities, ultimately fostering confidence and self-esteem (Beard & Mwaura, 2018).

Economic empowerment of women is recognized as a vital strategy for reducing gender inequality and promoting overall economic development (Schuster and Allen, 2016). This empowerment can lead to improved access to education, employment, and economic opportunities, enhancing economic security and overall well-being. The positive outcomes extend to health, social, and political spheres, contributing to poverty reduction and economic growth, especially in developing countries (Sridevi, 2015). In the United States, economic empowerment of women has been a longstanding concern addressed through federal and state policies, as well as initiatives by non-profit organizations and advocacy groups. Efforts have focused on increasing income, improving healthcare and educational opportunities, ensuring pay equity, and workplace protections (U.S. Department of Labor, 2021). Similarly, in China, despite governmental efforts to combat gender discrimination through initiatives like the National Program for Women's Development (2005-2010), economic inequalities persist. Women still face discrimination in the labor force, and the gender wage gap remains a challenge (Wang, 2015).

A critical strategy for improving women's economic empowerment involves increasing their access to formal financial systems. Micro Finance Institutions (MFIs) play a pivotal role in this regard, offering financial services and resources to strengthen the economic security of women (Demirguc-Kunt, Klapper & Singer, 2015). MFIs provide access to small loans and other financial services, enabling women to build businesses, save money, and enhance financial security. Moreover, MFIs offer resources such as business and financial literacy training, mentorship, and networking opportunities, positively impacting women's economic security and reducing gender gaps in economic participation (Duflo *et al.*, 2015; Kabeer *et al.*, 2020). Microfinance emerges as a global development initiative, particularly targeting impoverished individuals, predominantly women. Described as the delivery of financial services to low-income households and micro and small enterprises, microfinance holds significant potential to bolster economic endeavors and contribute to poverty reduction (George, 2016). The financial services provided by microfinance include microloans, small-scale savings, and micro-insurance, addressing the diverse needs of marginalized or low-income communities (Adero and Kariuki, 2020).

Microfinance services in Kenya, such as micro-lending, savings and financial literacy training, have significantly enhanced the economic empowerment of women. Initiatives like those highlighted by Njoroge and Chogii (2017) emphasize the importance of providing access to financial resources and services. Through Micro Finance Institutions (MFIs), women gain opportunities to build businesses, save money, and improve financial security (Maru & Chemjor, 2013). These interventions contribute to reducing gender gaps in economic participation and fostering a more inclusive and empowered female workforce in Kenya. Microfinance institutions provide services tailored to the requirements of low-income borrowers, featuring adaptable repayment terms and conditions. The interest rates and service charges applied to these services are comparatively lower than those of commercial banks. Consequently, microfinance initiatives have played a pivotal role in addressing gender inequality, poverty, and social injustice.

In Kilifi County, women encounter socio-economic and cultural challenges hindering education, healthcare, and economic opportunities. Traditional gender roles, early marriages, and gender-based violence persist, limiting women's participation and economic independence. Infrastructure deficiencies and skewed land ownership rights exacerbate these issues (KCDF, 2021). Despite challenges, Kilifi County has government and NGO-led initiatives, including the Women Empowerment in Kenya (WEIKE) nonprofit, empowering women through education and capital, impacting 256 people within 32 households (KCDF, 2021).

However, many women still struggle financially, with a 30% success rate for women-owned businesses (UN report, 2010). In the absence of formal financial assistance, women rely on expensive and uncertain informal avenues, limiting alternatives. Numerous studies (Copestake *et al.*, 2015; Kamau, 2012; Karuga, 2013; Ondoro and Omena, 2012; Adero and Kariuki, 2020) highlight microfinance's substantial role in enhancing financial well-being and empowering women. Yet, poverty persists, prompting a need to examine the influence of microfinance services on women's economic empowerment, particularly in Kilifi County, Kenya, an area underrepresented in existing research. This study aims to address this gap by exploring the impact of microfinance products on women's economic empowerment in the region.

In Kilifi County, Kenya, historical poverty alleviation efforts, rooted in the 'trickle-down' economic approach at independence, neglected the impact of income inequality on vulnerable populations. This oversight persisted as inequality remained largely unaddressed in political, policy, and scholarly discussions. Kenya National Bureau of Statistics (2013) data reveals that the Coastal region, including Kilifi County, exhibits the country's highest income disparities. Kilifi County, with a population of 1,453,787, faces severe inequality, evident in a 20-to-one ratio of expenditure between the wealthiest and poorest residents, surpassing the national average of nine to one.

The county is consistently identified among the most deprived, lacking access to essential services such as education, employment, water, sanitation, and adequate housing. Given these challenges, implementing women empowerment programs becomes imperative. Focused initiatives can uplift women, addressing socio-economic disparities and enhancing overall community welfare. By targeting women, these programs aim to bridge the income gap, promote equitable distribution of resources, and alleviate poverty in Kilifi County, acknowledging the urgency of addressing the county's socio-economic challenges and fostering inclusive development.

## **Objectives of the Study**

The study sought to achieve the following specific objectives:

1. To establish the impact of Micro lending services on economic empowerment of women groups in Kilifi County, Kenya;
2. To determine the impact of Micro saving services on economic empowerment of women groups in Kilifi County, Kenya;

## **Significance of the study**

This study's findings hold paramount importance for diverse stakeholders. Firstly, for National and County Governments, the insights into the efficacy of microfinance interventions in fostering women's economic empowerment at the grassroots level can inform policies and programs. This, in turn, supports women's entrepreneurship, financial inclusion, and contributes to broader economic development and poverty reduction objectives. Secondly, Microfinance Institutions (MFIs) can benefit from understanding the real impact of their products on women in Kilifi County, enabling them to design more targeted and effective offerings. Thirdly, policymakers can use the evidence-based findings to develop policies promoting gender equality and women's economic empowerment, addressing potential gaps. Fourthly, women's groups gain a comprehensive assessment of microfinance's impact, empowering them to make informed decisions and amplify their voices. Lastly, Academicians/Scholars benefit by adding empirical evidence to the academic knowledge, influencing further research and policy discourse on the interplay between financial inclusion, gender empowerment, and poverty reduction.

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## LITERATURE REVIEW

### The Concept of economic empowerment

The economic empowerment of women's groups involves enhancing financial self-sufficiency, decision-making ability, and access to economic assets within collective entities like community-based organizations or self-help groups (Kabeer, 2015). This encompasses increased control over income, improved participation in economic activities, access to credit, financial services, entrepreneurship development, and informed financial decision-making. Microfinance is a key approach facilitating economic empowerment by providing women with tailored financial services, contributing to poverty reduction and enhancing self-esteem and decision-making power. Economic empowerment allows women to break free from traditional gender roles, fostering active engagement in economic pursuits (Duflo, 2012).

According to Ismail *et al.* (2011), economic empowerment is a progression where individuals gain the capacity to self-organize, enhance self-reliance, engage in business investments, and accumulate income. Women's empowerment counters oppression and marginalization, enhancing interpersonal, political influence, and economic capabilities (Cheston and Khun 2012). Kabeer (2015) identifies three interconnected dimensions: choice, resources, agency, and achievements. Resources include material, human, and social assets, allocated through various institutional frameworks. Agency refers to a woman's capacity to set objectives and take action, manifested at individual and collective levels. Achievements result from the interplay of these dimensions as progress.

Assessing economic empowerment introduces challenges in gauging the extent to which choices enhance overall well-being, considering the delicate connection between authority and choices. Power is not solely rooted in resources but also in the purpose behind their utilization (Kabeer, 2015). Therefore, economic empowerment for women groups involves enhancing financial self-sufficiency, decision-making, and access to economic assets. This concept, rooted in providing control over income, fostering participation in economic activities, and offering tailored financial services like microfinance, enables women to break traditional gender roles. By accumulating resources and developing agency, women in collective entities, such as community-based organizations, gain the capacity to set and achieve objectives, ultimately challenging societal constraints and contributing to broader development goals.

### Microfinance services for women entrepreneurs

Microfinance, encompassing small loans, savings, and education, empowers impoverished individuals for self-employment and income generation (Ondoro and Omena, 2012). Originating from the recognition that micro-entrepreneurs can be financially reliable, microfinance institutions (MFIs) provide financial and non-financial services to low-income groups (Christen and Rosenberg, 2010). Women, viewing microfinance as crucial, mobilize savings in rural settings, fostering group unity and confidence in borrowing (Allen, 2015). Microfinance options aid impoverished individuals in income generation, stabilizing spending patterns, and reducing dependence on a single asset, enhancing resilience (Mosley, 2011).

Hoff and Stiglitz (1993) demonstrate that flexible loan terms from MFIs lead to more productive investments. Some MFIs exclusively lend to women, recognizing their socio-economic disadvantages (Karuga, 2013). Despite women's increased access, they face gender-related constraints in fully exploiting financial services (Christen, 2017). However, MFIs allocate a diminishing proportion of loans to women, and women receive smaller loan amounts, revealing societal bias (Christen and Rosenberg, 2010). Thus, microfinance services, particularly for women, plays a vital role in poverty mitigation, income generation, and asset accumulation. While recognizing the potential of micro-entrepreneurs, MFIs should address biases and ensure equitable access, emphasizing women's empowerment through inclusive and targeted financial services.

## **Relationship between Microfinance services and Women's economic empowerment**

Microfinance services have emerged as a crucial tool in fostering women's economic empowerment by providing financial resources, training, and support tailored to their specific needs. Ondoro and Omena (2012) highlight the significance of microfinance in enabling impoverished individuals, particularly women, to engage in self-employment ventures, generating income and achieving financial self-sufficiency. This aligns with the broader understanding that microfinance institutions (MFIs) offer financial and non-financial services to low-income groups, contributing to income-generating activities (Christen & Rosenberg, 2010).

Women, recognizing the indispensability of microfinance, mobilize savings in rural settings as an initial stage for accessing external loan funds, facilitating entrepreneurial endeavors (Allen, 2015). The availability of microfinance options has been linked to income generation through small-scale businesses, stabilizing spending patterns, and reducing households' dependence on a single asset (Anand, 2015; Mosley, 2011). This, in turn, enhances resilience in dealing with unexpected hardships. Furthermore, Hoff and Stiglitz (1993) emphasize the role of flexible loan terms in enabling borrowers, particularly women, to engage in more productive investments. Despite these positive contributions, challenges persist, as some MFIs allocate a diminishing proportion of loans to women and provide smaller loan amounts, reflecting societal biases and hindering opportunities for women's economic empowerment (Christen & Rosenberg, 2010). Thus, the relationship between microfinance services and women's economic empowerment underscores the need for inclusive and targeted financial interventions to address gender-related constraints and promote equitable access.

### **Micro lending services and Economic empowerment of women entrepreneurs**

Micro Lending services, a subset of microfinance, are vital financial tools provided by microfinance institutions, offering small, short-term loans to individuals and micro-entrepreneurs, often without requiring substantial collateral or a robust credit history (Ledgerwood, 2013). Specifically designed for low-income clients, these services aim to foster income-generating activities, boost entrepreneurship, and promote financial inclusion (Ledgerwood, 2013). Women entrepreneurs benefit significantly from Micro Lending services, gaining access to capital for diverse business activities, including startup, working capital, and expansion endeavors. Notably, these loans are characterized by their modest amounts and flexible repayment terms, enhancing accessibility for women facing limited financial resources. Such tailored financial support empowers women entrepreneurs, enabling them to initiate and sustain businesses, contributing to their economic independence and overall empowerment in the entrepreneurial landscape. Thus it is hypothesized in this study that:

*Ho1: Micro lending services has no significant impact on economic empowerment of women groups in Kilifi County, Kenya.*

### **Micro saving services and Economic empowerment of women entrepreneurs**

Micro Saving services constitute specialized financial instruments crafted to incentivize individuals, particularly those in underserved communities with limited financial resources, to regularly save small amounts of money (Ledgerwood, 2013). Notably, these services feature low transaction costs, minimal opening balance requirements, and accessibility to remote or rural areas. Specifically tailored to encourage financial prudence among women, micro-saving services play a crucial role in promoting efficient financial management among women entrepreneurs (Maru & Chemjor, 2013). By fostering regular savings, these services contribute to building financial resilience and stability among women. Women utilizing micro-saving products are more inclined to invest in income-generating activities, given the secure platform for saving their earnings. This not only enhances the financial well-being of individual women but also

significantly contributes to the broader economic empowerment of women-owned businesses. From the above discussion, it is hypothesized that:

*Ho2: Micro saving services has no significant impact on economic empowerment of women groups in Kilifi County, Kenya.*

**Theoretical review – The Access to Capital Theory**

The Access to Capital Theory, as articulated by Stiglitz (1990), centers on the crucial role of access to financial capital in fostering economic development, particularly within the realm of entrepreneurship and small business advancement. This theory, influenced by various scholars, including Stiglitz and Rajan, underscores the significance of well-functioning financial systems in facilitating economic growth by providing individuals and businesses with easier access to capital. In the context of the study on the ‘effect of microfinance services on economic empowerment of women groups,’ the Access to Capital Theory offers a valuable framework.

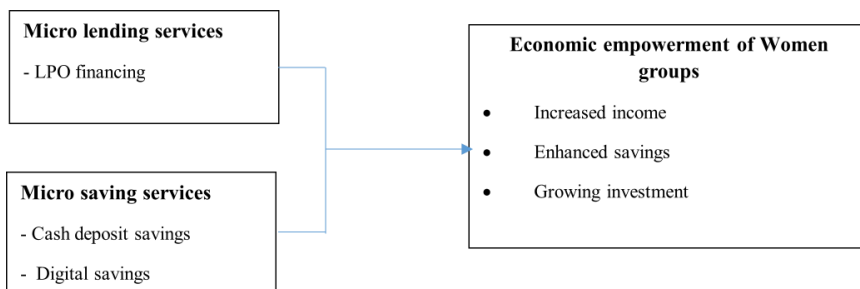
The theory clarifies how Microfinance Institutions (MFIs) play a pivotal role in addressing the capital constraints faced by marginalized women. By providing financial services like microloans and savings products, MFIs act as tools to break down financial barriers, enabling women to engage in income-generating activities, invest in businesses, and accumulate assets. Empirical evidence, such as studies by Beck, Demirgüç-Kunt, and Peria (2007) and Klapper, Laeven, and Rajan (2006), supports the theory’s predictions, showcasing how increased access to financial services positively influences entrepreneurship, business growth, and poverty reduction.

While the core tenets of the Access to Capital Theory remain largely unaltered, scholars have expanded its application by considering factors like information asymmetry, collateral requirements, and cultural influences. The theory’s relevance persists in the study, providing a robust framework to analyze how MFIs’ financial services bridge the access gap for marginalized women, directly contributing to their economic empowerment through business initiation, investments, and active participation in economic endeavors.

**Conceptual framework**

In conceptualizing this study, two variables were taken into consideration: microfinance services (constructs) which included micro lending services and micro savings services; and economic empowerment of women representing the independent and the dependent variables respectively as elaborated in figure 1.1 below.

**Microfinance services**



**Independent variables**

**Dependent variable**

Figure 1.1 – Conceptual framework

Source: (Authors, 2024)

## RESEARCH METHODOLOGY

### Research design

An explanatory cross-sectional survey research design was used which aimed at establishing the effect of microfinance services on economic empowerment of women groups. Adopting an explanatory design in this study allowed for a deeper understanding of the causal relationships between microfinance services and women's economic empowerment.

### Target population

The study targeted member 3320 registered women groups in Kilifi County (according to Kenya Climate Innovation Centre (KCIC) database 2023). The women groups offered a comprehensive analysis, ensuring a diverse and statistically significant sample size. This large cohort enhances the study's reliability and validity, providing robust insights into the nuanced effects of microfinance services on the economic empowerment of women groups across various contexts and conditions.

### Sampling design

From the target population of three thousand three hundred and twenty (3320), the Krejcie and Morgan table (t table-attached in appendices) was used to draw an ideal sample size of three hundred and forty-one (341). Since the target population of this study was women groups, simple random sampling techniques was employed to select women representative who gave information on behalf of group members. In this case, the researcher assigned a unique identifier to each element in the sampled women. Using a random number generator, the researcher selected 341 random numbers from the population, with each number corresponding to a chosen participant, thus ensuring a representative sample.

### Data collection

The researcher collected data from primary sources using questionnaires. A structured questionnaire with closed ended questions was employed to obtain information from the registered women group representative in Kilifi County. Through the structured questionnaire the researcher was able to contact large numbers of people quickly, easily and efficiently using a delivery questionnaire. Questionnaires are relatively quick and easy to prepare code and interpret, especially in the case of closed questions. Questionnaires were pre-tested for validity and reliability before distribution to respondents.

### Data analysis and Presentation

The data collected was analyzed by using both descriptive and inferential analysis. Descriptive statistics such as measures of central tendency i.e. mean, median, and mode and standard deviations. Similarly, in order to determine the relationship between study variables, correlation and regression analysis was adopted. Correlation test helped to determine the relationship that exists between study variables while regression test was done to determine the effect of microfinance services on the women's economic empowerment. The regression model was specified as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

Where;

Y is economic empowerment of women groups,

$\beta_0$  is the regression constant,

$\beta_1, \beta_2$ , are the coefficients of independent

variables,  $X_1$  is Micro lending services,

$X_2$  is Micro saving services,

$\varepsilon$  is the standard error

### Ethical consideration

This study adhered to all ethical principles and procedures, ensuring compliance with matters related to confidentiality, privacy, and prior informed consent. In particular, the researcher secured an introductory letter from The County Government of Kilifi. Furthermore, a research permit was acquired from the National Council for Science and Technology (NACOSTI) to ensure that all relevant authorities were notified about the study's intentions. Moreover, all participants were duly informed about the study's objectives and guaranteed the utmost confidentiality for any information they shared. Prior consent was sought from potential respondents before the distribution of questionnaires.

## RESULTS

### Micro lending services

The descriptive results revealed a positive scenario for women engaging with microfinance lending services. The mean scores suggest a generally favorable perception among respondents. The majority of women forming groups to access credits from Microfinance Institutions (MFIs) indicates a collaborative approach to financial empowerment, with a relatively high mean of 4.2 and a moderate standard deviation of 1.2, suggesting a consistent trend. The assessment of interest rates and collateral requirements further supports women's positive experiences with microfinance. The mean scores of 3.8 and 3.7, respectively, suggesting that women find the interest rates reasonable and experience less stringent collateral requirements when borrowing from MFIs.

Similarly, the high mean score of 4.4 for women business owners easily accessing microcredits indicates a strong positive sentiment. Additionally, the impact on women-led SMEs in Kilifi County is reflected in the mean score of 4.3, suggesting that micro lending has significantly boosted these businesses. The digital lending platform's contribution, with a mean score of 3.7, highlights the positive role of technology in expanding financial support to women in business. The aggregate mean of 3.9 underscores an overall positive perception of microfinance lending services among women. Thus, the results suggest that microfinance lending services have tangible and favorable impact on women's economic empowerment, fostering financial inclusion and business growth.

Table 1.1 – Micro lending services

	Mean	Std. Dev.
Majority of women have formed groups to be able to access credits from MFIs	4.2	1.2
Interests charged by MFIs is favorable to women groups and any other female borrowing loans	3.8	1.3



Women groups are allowed to borrow from MFIs with less collaterals	3.7	1.3
Women business owners are able to easily access micro credits from MFIs	4.4	1.2
Micro lending have booted women SMEs in Kilifi County	4.3	1.2
MFIs through digital lending platform, have provided financial support to majority women in business	3.7	1.3
<b>Aggregate Mean, Std. Dev.</b>	<b>3.9</b>	<b>1.3</b>

Source: (Survey, 2023)

### Micro saving services

The descriptive results indicated a positive impact of micro saving behavior on women’s economic empowerment. The mean scores consistently suggest a favorable perception among respondents. The highest mean score of 4.4, with a standard deviation of 1.3, reflects that many women, through accessing Microfinance Institution (MFI) services, have not only saved but also acquired knowledge about the importance of savings. The encouraging role of MFIs in promoting savings among women with small businesses is evident in the mean score of 4.3, suggesting a positive impact on financial habits. The training provided by MFIs to women groups on savings, as indicated by a mean score of 4.2, has contributed to an improved saving culture and financial responsibility.

The integration of digital banking in microfinance is reflected in the mean score of 4.1, indicating that women have effectively utilized digital platforms to accumulate savings, consequently qualifying for larger credits. The macro-saving aspect, with a mean score of 4.0, showcases the economic empowerment and improved socioeconomic status of women through these saving services. The aggregate mean of 4.0 suggests that microfinance saving services play a crucial role in positively transforming the financial behaviors of women, contributing to their economic empowerment and improved socioeconomic status.

Table 1.2 – Micro saving services

	Mean	Std. Dev.
By accessing MFI services, many women have learned to save	4.4	1.3
MFIs encourage women with small businesses to save their income in small portions	4.3	1.2
MFIs have trained women groups on savings, thus improving their saving culture and avoid squandering	4.2	1.2
Through digital banking, women have managed to accumulate their savings, thus qualifying for larger credits	4.1	1.2
Macro saving have empowered women economically, improved their socioeconomic status	4.0	1.2
I encourage other women to join women groups to improve on their savings and other banking services	3.1	1.6
<b>Aggregate Mean, Std. Dev.</b>	<b>4.0</b>	<b>1.3</b>

Source: (Survey, 2023)

### Association between Microfinance services and Economic empowerment of Women groups

The correlation results showed that there was strong positive and significant relationship between micro lending products and economic empowerment of women (Pearson’s  $r= 0.624$ ,  $p<0.000$ ). Similarly, the findings showed that micro saving products has a strong positive and significant relationship with economic

empowerment of women (Pearson’s  $r=0.817$ ,  $p<0.000$ ). Therefore, these results suggest a positive and interconnected relationship between micro lending products, micro saving products, and economic empowerment. These findings imply that a comprehensive approach that combines both micro lending and micro saving services could be particularly effective in promoting economic empowerment.

Table 1.3 – Correlation results

		Micro lending services	Micro saving services	Economic empowerment
Micro lending services	Pearson Correlation	1		
	Sig. (2-tailed)			
Micro saving services	Pearson Correlation	.624**	1	
	Sig. (2-tailed)	0.000		
Economic empowerment	Pearson Correlation	.624**	.817**	1
	Sig. (2-tailed)	0.000	0.000	
	N	304	304	304

\*\* . Correlation is significant at the 0.05 level (2-tailed).

### Relationship between Microfinance services and Economic empowerment of Women groups

#### Model summary

This was determined by performing Linear Multiple Regression analysis. Results showed  $R^2 = 0.702$ , Adjusted  $R^2 = 0.698$ , which means that holding all other factors constant, the predictor variables; micro lending and micro saving services, 69.8% of the variability of the dependent variable, economic empowerment of women groups as shown in table 1.4 below.

Table 1.4 – Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.838	0.702	0.698	0.09197	1.440

a. Predictors: (Constant), Micro lending products, Micro saving products

b. Dependent Variable: Economic empowerment of women

Source: (Survey, 2023)

#### Regression Coefficient

The regression coefficient for micro lending products is ( $\beta = 0.146$ ,  $p=0.017<0.05$ ), showing that micro lending products influences women empowerment by 14.6%; while for micro saving products is ( $\beta = 0.777$ ,  $p=0.000<0.05$ ), showing that micro saving products influences women empowerment by 77.7%. The p-values for both variables were found to be statistically significant at the 95% confidence level as shown in table 1.5 below.

Table 1.5 – Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	-0.060	0.060		-1.014	0.311
	Micro lending services	0.146	0.054	0.120	2.693	0.017
	Micro saving services	0.777	0.061	0.608	12.769	0.000

Dependent Variable: Economic empowerment of women

Source: (Survey, 2023)

*Hypotheses testing*

The study hypotheses test results are presented in table 1.6 below and the interpretation is as follows:

**H01: Micro lending services have no significant effect on economic empowerment of women groups in Kilifi County, Kenya**

- **P-Value:**017 (less than 0.05)
- **Decision:**Reject

The null hypothesis (H01) is rejected because the p-value (0.017) is less than the significance level of 0.05. This suggests that micro lending services have a significant effect on the economic empowerment of women groups in Kilifi County, Kenya.

**H02: Micro saving services have no significant effect on economic empowerment of women groups in Kilifi County, Kenya**

- **P-Value:**000 (less than 0.05)
- **Decision:** Reject

Interpretation: The p-value (0.000) is less than the significance level (0.05), leading us to reject the null hypothesis (H02). This indicates that there is strong evidence to suggest that micro saving services do have a significant effect on the economic empowerment of women groups in Kilifi County, Kenya.

Table 1.6 – Hypothesis test results

Null Hypothesis	P-Value	Decision
H <sub>01</sub> : Micro lending services has no significant effect on economic empowerment of women groups in Kilifi County, Kenya	0. 017<0.05	
H <sub>02</sub> : Micro saving services has no significant effect on economic empowerment of women groups in Kilifi County, Kenya		

Source: (Survey, 2023)

## CONCLUSIONS AND IMPLICATIONS

In conclusion, the study provides compelling evidence of the positive impact of microfinance institutions (MFIs) services on the economic empowerment of women in Kilifi County, Kenya. The findings highlight that women, particularly those in small and medium enterprises (SMEs), have effectively utilized women groups facilitated by MFIs to access microcredit with favorable interest rates and reduced collateral requirements. The integration of digital lending platforms by MFIs further contributes to the convenience and accessibility of financial support for women entrepreneurs.

Moreover, the study underscores the pivotal role of micro lending services in enhancing the economic status of women groups, as evidenced by a strong and significant positive correlation. The rejection of the null hypothesis supports the assertion that micro lending services significantly contribute to the economic empowerment of women in the region. Additionally, the study reveals that micro saving services provided by MFIs have significantly improved the saving culture among women, leading to a substantial increase in their economic empowerment. The correlation and regression results affirm the significant positive relationship between micro saving services and the economic empowerment of women groups.

These findings have important implications for policy makers, MFIs, and organizations involved in women empowerment initiatives, emphasizing the effectiveness of microfinance interventions in fostering economic growth and socioeconomic advancement for women in Kilifi County, Kenya.

## RECOMMENDATIONS

### Recommendation for Practice

Based on the compelling findings of the study, several key recommendations were made:

#### Micro Lending Services

The study underscores the pivotal role of micro lending services in empowering women in Kilifi County. To capitalize on this, it is recommended that MFIs enhance their outreach programs to encourage the formation of more women groups. By promoting awareness of the favorable interest rates and reduced collateral requirements, MFIs can attract more women entrepreneurs into these groups. Expanding the reach and availability of micro lending services can further boost women-owned small and medium enterprises (SMEs) in the region. Moreover, policymakers should collaborate with MFIs to create an enabling environment, ensuring that regulatory frameworks support the expansion and accessibility of micro lending products. Continuous monitoring and evaluation of the impact of micro lending services on women's economic empowerment should also be implemented to inform future interventions.

#### Micro Saving Services

Given the strong positive correlation and significant impact identified in the study, efforts should be directed towards scaling up micro saving services. MFIs should develop targeted initiatives to educate and encourage women to save, particularly through group memberships. Digital banking platforms should be further promoted to facilitate easier and more extensive savings. Additionally, collaboration between MFIs and relevant stakeholders is crucial to conducting financial literacy programs. These programs should focus on teaching women effective savings strategies, ensuring they can leverage micro saving services to their full potential. Therefore, there should be initiatives to promote and expand micro saving programs. Encouraging women to save through groups and leveraging digital banking platforms can contribute significantly to improving their socioeconomic status.

## Cooperation of County Government and MFIs

The cooperation between the County government and MFIs is vital for sustaining and expanding the positive impact of microfinance services. Policymakers should actively engage with MFIs to create a supportive regulatory environment. Incentives, such as tax breaks or subsidies, can be explored to encourage MFIs to extend their services to more women. Joint initiatives, such as financial literacy campaigns and entrepreneurship training, should be developed collaboratively. Regular forums for dialogue between the County government and MFIs can facilitate the identification of emerging challenges and the development of responsive solutions, ensuring the continued success of microfinance programs in empowering women in Kilifi County.

## Adopt Digital platforms

The use of digital lending platforms by MFIs has proven to be a convenient financial support system for women entrepreneurs. To capitalize on this, there should be an increased focus on digital literacy programs targeted at women. Training initiatives should educate women on effectively utilizing digital platforms to access micro credits, manage finances, and improve overall financial literacy.

## Recommendation on Areas of further research

A comparative study involving diverse empowerment groups, such as youth, persons with disabilities (PWDs), and social welfare groups, would provide valuable insights into the nuanced impacts of microfinance across different demographic segments. By examining the unique challenges, needs, and outcomes for each group, researchers can identify effective microfinance strategies tailored to specific contexts. This comparative approach facilitates a broader understanding of how microfinance interventions impact various marginalized communities, enabling policymakers and practitioners to develop more inclusive and targeted initiatives. Additionally, it promotes a comprehensive evaluation of microfinance's overall effectiveness in fostering economic empowerment and social inclusion across diverse populations.

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## APPENDICES

### Krejcie & Morgan (1970) Table

Table 3.1									
<i>Table for Determining Sample Size of a Known Population</i>									
N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	1000000	384
<i>Note: N is Population Size; S is Sample Size</i>					<i>Source: Krejcie &amp; Morgan, 1970</i>				