Women’s small and medium enterprises for poverty alleviation in Sub-Saharan Africa
Lessons from Kenya

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Abstract
Purpose – The purpose of this study is to focus on women small and medium enterprises (WSMEs) financed by Kenya Women Finance Trust (KWFT) for poverty alleviation in Kakamega District-Kenya.

Design/methodology/approach – The study utilized cross-sectional data from KWFT and follow-up field survey data of women beneficiaries of KWFT credit. Multi-stage stratified sampling technique was adopted to identify 90 women entrepreneurs of the total population of 300. Primary data were gathered using structured and non-structured questionnaires, interview schedules and focus group discussions. The study adopts both qualitative and quantitative data analysis.

Findings – KWFT micro credit has had a positive impact upon women entrepreneurs on income savings, asset creation and their general social welfare. However, the KWFT’s fight against poverty is constrained by socio-culture and other institutional policy issues such as: right to own property, right to education, own land, manage and inherit property, conduct business, among others.

Practical implications – Women have shown that they are strong entrepreneurs, borrowers and change agents through WSMEs. Government of Kenya should urgently adopt a gender policy to address socio-culture issues constraining WSMEs. Further, KWFT should avoid cumbersome loan procedures but rather provide quick and convenient access to credit for women entrepreneurs, simple product offerings, with some flexibility to boost fight against poverty.

Originality/value – Linking women entrepreneurship in the context of overall fight against poverty in Western Region in Kenya through KWFT; provide opportunity to add knowledge to current literature critical for academia and women entrepreneurship policy in Kenya in particular, as well as Sub-Saharan African region.

Keywords Women, Small to medium-sized enterprises, Poverty, Entrepreneurs, Kenya

Paper type Research paper

Introduction
Over the past two decades in particular, there has been substantial debate as to how best to maximize the small and medium enterprises’ (SMEs) contribution to local economic development in the light of the failure of many financial institutional models and programmes for poverty alleviation (World Bank Group, 2001; Bear et al., 2003). This is due to a major global concern over high level of poverty in Africa. Africa comprises of more than 800 million people in 54 different countries and is by far the world’s poorest inhabited continent. African countries have been reported as consistent under performers in the 2003 United Nations’ Human Development Report. Its growth over the past 25 years has been literally negative making it poorer than what it was 25 years ago. It is very difficult to point to a single group of African economies that have experienced high-sustainable per capita income growth over the past decade.
Poverty affects people across the gender divide however; many research studies have shown that this vice affects adversely women and children. Kenya as a government has over the years put in place various policies and resources to the fight against poverty. In its Sessional Paper No. 10 of 1965 on *African Socialism and its Application to Planning in Kenya*, the government recognized poverty together with disease and illiteracy as the major constraints to human development (Government of Kenya, 1965). Consequent to this, various development plans, Poverty Reduction Strategy Paper (PRSP) (2000-2003), Participatory Poverty Assessment Reports (1999) and National Poverty Eradication Plan (1999-2015) have spelt out the strategies to fight poverty. The adoption of the millennium declaration and the millennium development goals by the United Nations Assembly in September 2000 was a laudable initiative by the international community to fight poverty, accelerate human development, and facilitate the gradual, but more effective integration of the developing world, especially Africa, into the global economy. In Kenya, as at 2003, 56 per cent of the population was still living below the poverty line with a projection that at the current trend, 65.9 per cent of the Kenyan population would be living below the poverty line by 2015 (Government of Kenya, UNICEF, 2006).

**Background and focus of the study**
A systematic analysis of poverty reduction efforts in the Kenya shows that the role of women small and medium enterprises (WSMEs) has neither been given attention, nor examined. Little effort has been made to relate socio-culture and structural institutions impediments for poverty reduction efforts. Second, while certain policy decisions have been made such as the enactment of the Non-governmental Co-ordination Act in 1990, the overall policy environment has not been conducive, in so far as the non-governmental organizations are not able to influence the direction of policy formulation and implementation as regards WSMEs in poverty reduction. Further, little is known about the actual business enterprises run by women for poverty reduction, the concentration of WSMEs, their capacity, networking and collaboration, the involvement of communities in identifying and managing poverty programmes, and the sectors that are given emphasis (Government of Kenya, 2006). Moreover, despite such acknowledgment, gender considerations in poverty alleviation strategies in Kenya is relatively new, or at best very weak, when determined from the stress in the national policy documents, which have remained silent until the launching of the participatory poverty assessment reports and the PRSP (2000-2003). Indeed, it is recognized that women are affected more by poverty than men in Kenya (Government of Kenya, 2006). It is against this background that this research study endeavors to focus on Kenya Women Finance Trust (KWFT) and its implications upon WSMEs. The purpose of the study therefore was to determine to what extent micro finance credit from KWFT is uplifting women entrepreneurs to address their socio-culture problems through involvement in participatory development programs and running of business enterprises geared towards poverty reduction; to assess the impact of KWFT micro credit upon WSMEs and, in particular, the socio-economic livelihood of the women beneficiaries with regard to their income, savings, assets creation and the general social welfare.

This study took the task to unveil this information for several purposes and reasons. The first purpose is to compare the official policy of KWFT with practice. The underlying reason is that one cannot simply assume that an agency that targets...
poor or low-income women, actually reaches these women. The second purpose is to provide a sharper profile of women clients who are being labeled “poor” or “low-income women”. The underlying reason to do so is that one cannot simply assume the category of poor women to be homogeneous or one-dimensional. The third purpose is to provide a reference point for the impact assessment. The underlying thought is that one needs insights on women profiles to put the (lack or particular) impact of KWFT at the client level into some perspective. We therefore think that this new knowledge is critical for designing longitudinal studies in this area of research for the academia as well as contribute to theory development literature important for policy makers in government and non-government organizations engaged in micro finance activities in Kenya and elsewhere. The period of study is between the years 2002 and 2006.

Theoretical and conceptual framework
This study is pegged on two theoretical assumptions. First, the theory of economic development mooted by Joseph Schumpeter who states that, for development to occur there has to be new innovations. These innovations must be manipulated to earn profits. It is the role of the entrepreneur to see the potential for profits from the investments. Since the investment in innovation is risky, they must pay interest on it. Once the new innovation becomes successful and profitable, other entrepreneurs follow it in “swarm like cluster.” Since investment is assumed to be financed by creation of bank credit, it increases money incomes and prices to help to create a cumulative expansion throughout the economy. The relevance of Schumpeter’s model of “breaking the circular flow” lies on the reliance of bank credit to finance investments. However, the problem entrepreneur face is inadequate finance. According to Gillis et al. (1987) inadequate finance can be solved through increase in the micro finance institutions that offer parallel financial services to banks. The major objective of KWFT as a micro finance institution is to champion micro finance credit to promote growth of women enterprises that have direct effect on economic growth of the community targeted and hence alleviate poverty. Related to the above theory is Everest Hagen’s theory of blocked minorities. The basic idea is that certain individuals in the traditional society are prevented from rising to more conventional levels of prestige, power and wealth such as education and high-government office. The only avenue open to them to become wealthy is through entrepreneurship. In this study women are identified as minorities in society blocked by socio-cultural practices to participate effectively in economic development in many sub-Saharan African countries, Kenya included. KWFT as a micro finance institution is purposely designed to mainstream and empower women by financing WSMEs to alleviate poverty in Kenya. The schematic diagram in Figure A1, Appendix 1 shows the independent variable like micro credit that is channeled by KWFT to WSMEs to finance business activities that would enable a household to increase its income or expenditure, increase employment, savings and assets as dependent variables. Moderating variables like innovation, sound management practices and policies through better finance service delivery and creativity lead to better results. This is demonstrated in the self-conceptualized framework given in Figure A1, Appendix 1.

The objectives of the study
The broad objective of this study was to map out the implications of KWFT micro finance credit upon women small micro enterprises (WSMEs) for poverty alleviation process in Western Kenya.
The specific objectives were to:

- Determine the service delivery approaches of micro finance institutions working with WSMEs in fight against Poverty in Kenya and, in particular KWFT.
- Assess the impact of KWFT micro-credit disbursed to WSMEs beneficiaries on their incomes, savings, asset creation, household expenditures and their social welfare in general.
- Establish the existing socio-culture and institutional policies that constrain the success of WSMEs in acquiring micro finance credit in Kenya.

Data collection

The data used in this study were collected as part of a larger study on social mapping of institutions engaged in poverty alleviation programmes in Kenya. The information was obtained from both field survey (primary data) and document analysis (secondary data). For the field survey, key informants included KWFT officials and representatives of local community-based organizations (CBOs), KWFT credit beneficiaries in Kakamega district purposively selected. Others were District Development Officers, District Statistical Officers, District Social Development Officers, among others.

Several instruments were used to obtain data from targeted respondents. Structured and non-structured questionnaires and interview schedules were designed by the principle researcher to gather primary data. The sections of the questionnaire and interview schedules were designed consistent with the objectives of the study. Section one captured the basic information of the targeted respondents, Section two, three and four were designed appropriately consistent with objectives one, two and three of the study. These instruments were pre-tested on a small group of targeted respondents randomly selected in Kakamega District-Kenya for validity and reliability before commencement of the data collection exercise in the field.

In addition, informal consultations with stakeholders including community women representatives, opinion and women group leaders helped in capturing the voices of the poor. Secondary data were sourced from existing documents on poverty alleviation strategies and programmes. Official and research documents which formed the main source of secondary data included reports from KWFT, Central Bank of Kenya, Central Bureau of Statistics, District Development Plans, National Poverty Eradication Plan, 1999-2015; Kenya Human Development Report, 1999; PRSP (2000-2003), Economic Surveys. Additionally, K-REP reports provided useful sources of data. Related research and policy documents, from the Institute of Policy Analysis and Research (IPAR), Maseno University library, donors-Dutch and other UN agencies like UNICEF, UNDP, ILO and UNESCO were also reviewed.

In line with participatory approaches, focused group discussion were organized bringing together selected women beneficiaries of KWFT credit and other stakeholders (KWFT officials, women group leaders, leaders of local CBOs, District Development Officers, District Social Development Officers) operating in the district of Kakamega to dialogue on the issues of poverty alleviation, interventions in place, the role of various stakeholders, challenges and prospects.

Data analysis

The study adopted qualitative data analysis supplemented by quantitative analysis, which involved three major processes. First field notes from Kakamega district were
summarized into daily reports/briefs. This was used to develop summary sheets detailing information sought. These included: loaning policy of KWFT, adequacy and access of loans, geographical coverage of the institution, networking with other organizations including government departments, financial structures, and schemes of poverty alleviation strategies, and involvement of the women and other stakeholders in their own development. Second, interim reports were drawn from the summary sheets and used to communicate our findings on social and institutional capacities of KWFT in implementing poverty alleviation programmes. Third, systematic analysis was adopted to have an in-depth insight into data collected and to identify areas, which required more information before producing the final report. The analysis took cognizance of the confidentiality of the information obtained and did not provide details of informants and their institutions. Quantitative procedures were used mostly to analyze statistical data. The statistical data were computer formatted and analyzed using SPSS and MS Excel. Basic descriptive statistical measures were used where necessary.

Organization of the paper
The rest of the paper is structured as follows. The following section entails service delivery approaches adopted by micro finance institutions working with women in Kenya. This section is followed by assessment of growth of loan portfolio in KWFT given in section three. Impact assessment of KWFT credit on WSMEs section provides analysis of the impact of KWFT micro credit upon WSMEs in particular, income, asset creation and savings. The section “Socio-culture and institutional structures constraining KWFT in its effort alleviate poverty” discusses the lessons learnt by KWFT in their efforts to alleviate poverty. The final section outlines intervention policy measures that could be taken by KWFT to enhance poverty alleviation efforts through WSMEs in Kenya.

Service delivery approaches of micro finance institutions working with women
The study reveals that various approaches to credit micro and small enterprises have been tried in Kenya by different institutions with varying degrees of success or failure. Major approaches include: minimalist versus integrated approaches; group-based lending versus lending to individuals; village banking and linkage programs. Minimalist approaches and group-based lending have been very popular and much tried by leading NGOs in the field of micro finance, like K-REP, KWFT and Faulu Kenya. Minimalist approaches basically concentrate on the provision of loans, giving no or at most some functional attention to training or technical assistance. Group-based lending schemes have been very often based on the Grameen Bank method. This method has been designed and developed in Bangladesh with a view to deliver financial services to the poor, who have no access to formal banking services. Key features of the Grameen Bank method as applied in Kenya are: group-lending approach: organization of clients into groups or use of informal groups for purposes of attaining economies of scale from the small sized transactions and instituting group guarantee mechanisms; character-based credit appraisal: credit appraisal is based on character assessment, rather than traditional collateral (ownership of land or other assets) and viability of projects to be financed; focus on micro-enterprises: a special focus on financing very small businesses and the poor. A number of NGOs have also promoted self help groups (SHG) registered under the
Department of Culture and Social Services. These groups have been formed with the objective of developing inter-group associations and linkages with banks.

In the last three years, K-REP has introduced a new type of agency, based on membership in order to diversify its clientele and increase outreach in rural areas: financial services associations (FSAs). These associations have been launched in poor rural areas that neither covered by the solidarity credit systems of the Grameen model (as, for instance, practiced by KWFT), nor by the SACCOS that mainly operate in cash-crop areas. FSAs are based on internal resources of members who buy shares to form a credit fund. Although they are still at the experimental stage, the low cost of their establishment and running indicates that they might achieve autonomy despite the weak economic environment. Therefore, new, innovative, and pro-poor modes of financing low-income households and WSMEs based on sound operating principles need to be developed.

The trend of KWFT's loan portfolio targeting low-income women
The study assessed the loan portfolio targeting women for poverty alleviation. In the first place, the study indicates that KWFT views itself as a micro finance institution for low-income women and defines its target group as the low-income women entrepreneurs in Kenya. Low-income women are further defined as those who do not have access to credit from commercial sources and who earn their living from small businesses, run by themselves and their families, with no employees. KWFT estimates the average income of its clients per month at Kshs. 3,500 (US$50), which is only slightly higher than the minimum wage in Kenya of Kshs. 2500 (US$35.7) per month. KWFT has made it clear to prospective clients and the public in general that its focus is on women already carrying out business and does not lend to those intending to start a business (KWFT institutional profile).

In determining the income levels of applicants and taking decisions regarding loan approval, KWFT makes use of “client in-take forms”, to collect information on family size type and size of business and other sources of income, among other aspects. This enables the field staff to assess the economic status of clients and ensure they meet the basic requirements in line with KWFT policy on targeting. KWFT works through groups to reach individual women clients and women applying for KWFT loans must be members of a group. This approach not only provides an opportunity for poor women to support one another socially and financially through individual and group saving, but also provides an important channel for women to access information and other services (KWFT works with existing groups, some of which have been functioning together for years doing various activities and saving through “merry-go-round”. New groups of businesswomen coming together for purposes of saving and credit acquisition are also encouraged to work with KWFT as long as they meet the basic criteria of bringing together low-income women.

KWFT’s approach of working through groups tends to exclude women from higher-income categories who may not have the time or interest to participate in regular weekly or monthly meeting required of KWFT borrowers. The small amounts of loans provided by KWFT act as a disincentive to higher income women, especially considering the demands for regular meetings, high-interest rates and short repayment periods. They have the alternative to consider other credit sources such as the commercial banks that will give bigger loans and longer repayment periods (KWFT
loan sizes range from Kshs. 5,000 (US$64) and Kshs. 10,000 (US$128) for first loans, up to Kshs. 20,000 (US$250) for second loans, and gradually increase to Kshs. 100,000 and Kshs. 150,000 in the 6th to 10th loans. For business purposes these loans are very small and do not attract women from higher-income categories. KWFT works with different ethnic groups and does not make distinction regarding ethnicity or marital status. Age is considered a factor only as much as it differentiates adults from children: KWFT does not work with women below the age of 18 years. The bar chart below illustrates the extent of loan disbursement by KWFT to various beneficiaries for the period 2002-2006. The study reveals that the trend of loan disbursement has been increasing from Khs. 922M to Khs. 3,606M for the period 2002-2006, respectively, (see bar Figure A2, Appendix 3, p. 32). The tremendous increase of loan disbursement was due to the high demand for loans from KWFT as well the high-member registration recorded that rose from 47,586 in the year 2002 to 101,883 in the year 2006 as shown in Table AI, Appendix 2.

However, on the part of loans outstanding the bar Figure A3, Appendix 3, p. 33 reveals also an increase from Kshs. 465M to 2,281M for the same period (2002-2006). The increase is attributed to reluctance on the part of women entrepreneurs to repay loans borrowed from KWFT. The study has noted with serious concern this poor repayment trend can deprive off capacity of KWFT and erode its effort to fight against poverty among women entrepreneurs. Sometimes several financial commitments on the part of the women entrepreneurs pose serious difficulties to repayment. However, we recommend that KWFT requires serious campaign to urge women to repay loans in time.

**Impact assessment of KWFT credit on WSMEs**

This section presents results of a quantitative analysis of the extent to which KWFT’s micro credit has made an impact on the WSMEs income levels and whether this has led to improved socio-economic livelihood of the women entrepreneurs. This study took the task to unveil this information for several purposes and reasons. The first purpose is to compare the official policy of KWFT with practice. The underlying reason is that one cannot simply assume that an agency that targets poor or low-income women, actually reaches these women. The second purpose is to provide a sharper profile of women clients who are being labeled “poor” or “low-income women”. The underlying reason to do so is that one cannot simply assume the category of poor women to be homogeneous or one-dimensional. The third purpose is to provide a reference point for the impact assessment. The underlying thought is that one needs insights on women profiles to put the (lack or particular) impact of KWFT at the client level into some perspective.

The quantitative component of the study whose results are presented herein involved structured interviews with a sample of 90 clients, which represents 30 per cent of the total clients of KWFT drawn from Kakamega district of western Kenya region. The records from KWFT office (2006) indicated that 300 women were micro-credit beneficiaries engaged in different SMEs in Kakamega District. A multi-stage stratified sampling technique was used to select the women entrepreneurs for interview as shown in Table AII, Appendix 2. It can be seen from Table AII, Appendix 2 that KWFT credit women beneficiaries undertake a variety of enterprises ranging from agriculture activities such poultry keeping, small trade through hawking and different shops of service provision including hair salons. Some women are involved in agro-based...
production and marketing while a few undertake manufacturing of clothing items and food processing. While a few of the businesses are operated in formal commercial places with business buildings and facilities, a majority of them take place in informal sites including the homestead or just under a tree, while many are mobile with no fixed abode.

**Impact on income of women beneficiaries before and after KWFT credit**
From Table AIII, Appendix 2, it can be observed that before credit, 90 per cent of the total respondent women entrepreneurs reported average income earnings of below Kshs. 10,000; while 10 per cent reported income earnings ranging between Kshs. 10,000 and Kshs. 20,000. However, after credit from KWFT, the study reveals tremendous increase of the women entrepreneurs’ income earnings marked with improvement of more than 50 per cent earning above Kshs. 20,000 and 13.3 per cent earning income of below Kshs. 10,000 and 36.7 per cent earning income of up to Kshs. 20,000, respectively. This is a significant income increase, which indicates that KWFT micro credit has had a positive impact on income of women entrepreneurs.

**Impact on monthly savings of women entrepreneurs**
From Table AIV, Appendix 2, before accessing credit 92.22 per cent of the sampled women entrepreneurs saved below Kshs. 1,000, with only about 6 per cent saving above Kshs. 1,000 but less than Kshs. 2,000 and only 2 per cent saving above Kshs. 2,000 but less than Kshs. 4,000 before WSMEs. However, the study noted that there was an improvement of savings after accessing KWFT credit as follows: 11.11 per cent saving below Kshs. 1,000; 20 per cent saving between 1,001 but less than Kshs. 2,000; 45.56 per cent saving between Kshs. 2,001 but less than Kshs. 3,000; 13.33 per cent between Kshs. 3,001 and 4,000; whereas 10 per cent saving above Kshs. 4,001.

In terms of average monthly saving, the standard deviation results indicate that women realized an improvement in savings from Kshs. 611.15 and 433.41 to Kshs. 2,411.56 and 1,239.74 before and after WSMEs, respectively. This results show that KWFT credit has had a positive impact on savings of women beneficiaries.

**Impact on average monthly expenditure by women entrepreneurs**
Table AV, Appendix 2 indicates that before loaning the WSMEs, 96.67 per cent of the women entrepreneurs spent below Kshs. 10,000 per month and only 3.33 per cent of them spent between Kshs. 10,001 and Kshs. 20,000 monthly. The same can be contrasted with 56.67 per cent spending below Kshs. 10,000 and 27.78, 8.89 and 6.66 per cent spending between Kshs. 10,001 to 20,000, Kshs. 20,001 to 30,000 and Kshs. 30,001 to 40,000, respectively, after accessing credit. In terms of average expenditure by households the standard deviation results indicates that there was an improvement from Kshs. 5,333.35 and Kshs. 1,795.14 to Kshs. 8,964.47 and Kshs.11,555.70 before and after the women accessed KWFT credit, respectively.

**Impact on asset ownership of women entrepreneurs**
Analysis in terms of asset ownership given in Table AVI, Appendix 2 reveals that before credit, more than 74.4 per cent of the women entrepreneurs owned assets valued below Kshs. 20,000. While 25.6 per cent owned assets valued between Kshs. 20,001 and Kshs. 80,000. After accessing credit from KWFT, 5 per cent of the sampled beneficiaries were able to own assets below Kshs. 20,000 with 74 per cent owning
Socio-culture and institutional structures constraining KWFT in its effort to alleviate poverty

As part of this research's findings, we report that KWFT has had a reputation among low-income women, particularly rural women, as a reliable and quick source of entrepreneurial credit. Further, the study established that KWFT’s experience has been that a non-financial service such as women training, in particular, enhances credit management performance in the institution. However, for the entrepreneurial credit program to become self-sustaining over time (as the program grows and greater efficiency is realized) non-financial services may require such support for a long time. Since financial lending is KWFT’s core business, we suggest that the strategy should be geared to keep administrative costs down and link the growth in lending to the available funds. Sustainability is closely related to lending capacity and the level of repayment rates. Whereas, small loans are expensive to administer, we propose that KWFT can only survive as a credit institution by charging competitive interest rates, lending to many women and maintaining a high-repayment rate.

For purposes of capacity-building strategy, KWFT realizes the need to develop capital funds to cover operational costs, fund innovations and leverage its activities with other institutions. Additionally, it needs to emphasize the review of its physical facilities, staff policies, financial products and services, business strategies and procedures and sustainability issues. The trust tries to be innovative, making modifications based on an analysis of feedback from clients and the socioeconomic environment. Crucial to that process, the trust works to identify problems early and assess the impact of programs and changes them. Despite this positive management policy the study reveals that, KWFT has had other experiences with regard to socio-cultural and institutional structures that constrain women entrepreneurs not to effectively participate in entrepreneurship activities in Kenya. KWFT management’s experience has shown that women have been deprived of rights to town property, free movement, and privacy, vote, be elected, work, obtain education, own land, manage property, conduct business, travel and other rights. Although legislation granting women these rights is a critical step forward, often such legislation is not implemented. Men often resist losing their old privileges and women often remain ignorant about their new rights. With few exceptions, poor women, even more than poor men, do not participate in decision making on matters that directly affect their lives, whether these relate to public institutions, civil society organizations, or the household. Gender inequality and powerlessness are learned from early childhood. Women lack power to influence resource allocation and investment decisions in the home, community and in societies where men are assumed to speak for the whole family. In societies where men speak for the whole family, women are voiceless in development projects. For example, social funds are frequently praised for their community demand-driven project selection. However, in many countries, women hardly
participate in community meetings selecting social fund projects (Zuckerman, 1998). Because micro-credit programs targeted to poor women have gained fame, it might appear that women’s access to credit is more substantial than the reality suggests. In African countries, Kenya in particular, women still receive less than 10 percent of all credit reaching small farmers and only 1 percent of the total credit reaching the agricultural sector (Blackden and Bhanu, 2004). When females access credit, average loan sizes are smaller than those loaned to males. In our view KWFT should promote expansion of poor women’s access to credit and create a monitoring indicator on the proportion of credit loaned to men and women. Monitoring should continue until sex no longer determines access to credit. As per the 2004 ILO report the major barriers to expanding women enterprises are: lack of market access and information; lack of affordable technology and training; lack of sufficient financial resources to buy inputs in bulk; lack of appropriate growth financing; and low levels of education. Owing to such hardships their participation in WSMEs seems to be a distant reality without proper interventions. WSMEs are rays of hope for they have already proven their worth in most of the women micro enterprises. Kenya’s policy must therefore be geared towards attracting more women into these formal ventures that can boost industrial activities and productivity in the region. It has been reported that women entrepreneurs respond to flexibly of entry, change and innovation, which are the basic building blocks of entrepreneurship and the development of business enterprises in the world. It is critical therefore to target women by giving them an opportunity to participate freely in entrepreneurship activities that enhance fight against poverty in Kenya and African region in general.

Conclusion and recommendations
This study focuses on WSMEs financed by KWFT for poverty alleviation. In this study women have shown that they are strong entrepreneurs, borrowers and change agents through WSMEs and have capacity to fight against poverty. Our major findings of the study indicate that KWFT credit has had positive impact on women entrepreneurs’ income, asset creation and employment. Though KWFT’s effort to fight poverty is hampered by socio-culture and other institutional issues in Kenyan society, it is clear that appropriate policy to address these issues is wanting.

In our view the following recommendations may form crucial policy intervention measures for KWFT in particular and other MFIs operating in Kenya in general:

- **Strong customer research.** KWFT need to have strong on-going customer research to design responsive loan products, to assess customer satisfaction, and make needed adjustments to ensure competitive offerings.

- **Quick and convenient access of credit.** Women place strong value on ease and convenience of access, rapid approval, and limited paperwork on financial products and services.

- **Simple product offerings, with some flexibility.** Women value those product offerings that are easy to understand and use. Since they provide many small transactions, most micro financing institutions have standardized offerings that allow them to provide products at reasonable costs. At the same time, clients value flexibility in loan sizes, in withdrawing savings, and in modular home
Improvement loans. Institutions able to provide agile products, with flexible end-use will have a competitive advantage.

- **Multiple product offerings.** Increasingly, women want one-stop access to multiple products. The ability to save is as important as the ability to borrow. Flexible loan products, simple savings vehicles, housing finance, insurance, debit and credit cards, and remittance services are all viewed as important. Institutions that are able to build the product offerings, databases, platforms and distribution systems to offer multiple products will have a great competitive advantage. MFIs that want to capture savings from the public and build the full range of product offerings will need to be regulated, or to build collaborations with regulated institutions.

- **Reasonable loan costs, interest rates and fees.** With competition, low-income customers are getting better educated on interest rates and fees in micro finance. Historically, the high rates on micro loans have often been disguised through flat interest rates and non-transparent fees. While low-income clients are prepared to pay high rates to gain permanent access to loan products, they will shop around. The KWFT should provide clients with appropriate, simple and clear interest rates and fee structures. Transparency on effective interest rates will require education of consumers and the media, and will yield pressure to increase efficiency and lower transaction costs.

- **Strong MIS and accounting.** These are of critical importance in managing a large number of small transactions effectively. Some large micro finance institutions have managed to rely on strong decentralized, standardized manual systems. However, computerized MIS analysis is significant in providing efficient services, client data bases to facilitate tracking and flexible product offerings, and enabling rapid action in response to performance issues. KWFT requires to champion on efficient MIS.

- **Poor-friendly staff and effective distribution systems.** Several studies have shown that many low-income clients do not trust or feel welcome by other traditional financial institutions such as banks. Strong, specialized MFIs have advantages in providing poor-friendly staff and branches in their area of operation. Our recommendation is to have strong relationships of trust and proven staff who understand poor clients’ demands. KWFT need to rethink to that direction.

- **Dynamic management, good governance, and permanent institutions.** Women that are accessing savings, insurance, as well as lending services from KWFT will look for a solid, permanent, and responsive institution. KWFT should be one of their expectations.

- **Financial strength and risk capital.** This is needed to support rapid expansion, product and process innovation, and loan products with longer terms is important to growth and competitiveness. KWFT to re-examine the benefit of savings and, on how various financial products can be used to build income and assets among WSMEs.

- **Commercial linkages.** Introduction of higher value-added activities, and buildup of production and marketing networks are needed to help low-income entrepreneurs in particular, women, enhance earnings opportunities.
• Health and education. These are key needs of low-income households in particular women, which can be addressed through financial products and linkages to the provision of these services.

• Business advisory services and training. These become important for growth-oriented WSMEs.

• Dealing with legal barriers. Dealing with legal barriers faced by low-income women entrepreneurs is critical particularly on households – property rights, land ownership, inheritance laws, and zoning – essential for increasing the economic control and security of low-income people, particularly women.

Study limitations
This is an in-depth cross-sectional study of KWFT as a micro finance institution financing women entrepreneurial activities in the Western region in Kenya. This means that the study is a one-shot data collection limited strictly to the study period between 2002 and 2006. Moreover, during the data collection stage some difficulties were experienced. Many of the targeted informants were field officers, and it took a bit of time to locate them. In some instances, they were not willing to volunteer the required information; for fear that such data could be used against them, while others solicited for favors before they could release the needed information. In isolated cases, there was a language barrier, as some women respondents could not communicate in either Kiswahili or English obliging the survey team to use an interpreter. Some areas were completely inaccessible due to either undeveloped or poorly maintained infrastructure.

Further research
We propose that our study may not have been exhaustive in nature since we adopted a cross sectional research design for one region in Kenya. However, the new knowledge in this study is critical for designing longitudinal studies and comparative research studies capturing other micro finance institutions’ activities targeting women for poverty alleviation at micro and macro level in Kenya, and other Sub-Saharan African countries in general.

References
Further reading


KWFT (n.d.), Summary of Credit Programme Activities as at 30 November 2000.


Appendix 1

**Source:** Self-conceptualization
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**Source:** Records of KWFT (2006)
<table>
<thead>
<tr>
<th>Sector</th>
<th>Population</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>85</td>
<td>26</td>
</tr>
<tr>
<td>Trade</td>
<td>130</td>
<td>39</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td>Services</td>
<td>76</td>
<td>22</td>
</tr>
<tr>
<td>Total</td>
<td>300</td>
<td>90</td>
</tr>
</tbody>
</table>

**Source:** Survey data (2006)
Table AIII. Impact on income before and after KWFT credit

<table>
<thead>
<tr>
<th>Income (Kshs.)</th>
<th>Frequency before KWFT credit (f)</th>
<th>Mean income (X) (Kshs.)</th>
<th>$fx$</th>
<th>$f(x - \bar{x})^2$</th>
<th>Frequency after KWFT credit (f)</th>
<th>$fx$</th>
<th>$f(x - \bar{x})^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 10,000</td>
<td>81</td>
<td>5,000</td>
<td>405,000</td>
<td>81,008,100.20</td>
<td>12</td>
<td>60,000</td>
<td>3,289,213,632</td>
</tr>
<tr>
<td>10,001-20,000</td>
<td>9</td>
<td>15,000.50</td>
<td>135,004.50</td>
<td>729,072,901.82</td>
<td>20</td>
<td>300,010</td>
<td>859,491,695</td>
</tr>
<tr>
<td>20,001-30,000</td>
<td>0</td>
<td>25,000.50</td>
<td>0</td>
<td>0</td>
<td>45</td>
<td>1,125,022.50</td>
<td>533,906,111</td>
</tr>
<tr>
<td>30,001-40,000</td>
<td>0</td>
<td>35,000.50</td>
<td>0</td>
<td>0</td>
<td>13</td>
<td>455,006.50</td>
<td>2,349,809,543</td>
</tr>
<tr>
<td>Over 40,001</td>
<td>0</td>
<td>Above 35,000.50</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td></td>
<td>540,004.50</td>
<td>810,081,002.02</td>
<td>90</td>
<td>194,0039</td>
<td>7032,420,891</td>
</tr>
</tbody>
</table>

**Source:** Survey data (2006)
### Table AIV.

**Impact on average monthly savings before and after KWFT Credit.**

<table>
<thead>
<tr>
<th>Savings (Ksh.)</th>
<th>Frequency (f) before KWFT credit</th>
<th>Average savings (x)</th>
<th>fx</th>
<th>$f(x - \bar{x})^2$</th>
<th>Frequency after KWFT credit (f)</th>
<th>fx</th>
<th>$f(x - \bar{x})^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 1,000</td>
<td>83</td>
<td>500</td>
<td>41,500</td>
<td>1,025,408.77</td>
<td>10</td>
<td>5,000</td>
<td>3,654,061.6336</td>
</tr>
<tr>
<td>1,001-2,000</td>
<td>5</td>
<td>1,500.50</td>
<td>7,502.50</td>
<td>3,954,717.11</td>
<td>18</td>
<td>27,009</td>
<td>830,485.8536</td>
</tr>
<tr>
<td>2,001-3,000</td>
<td>1</td>
<td>2,500.50</td>
<td>2,500.50</td>
<td>3,569,643.42</td>
<td>41</td>
<td>102,520.50</td>
<td>7,910.3236</td>
</tr>
<tr>
<td>3,001-4,000</td>
<td>1</td>
<td>3,500.50</td>
<td>3,500.50</td>
<td>8,348,343.42</td>
<td>12</td>
<td>420,006</td>
<td>1,185,790.3236</td>
</tr>
<tr>
<td>4,001-5,000</td>
<td>0</td>
<td>4,500.50</td>
<td>0</td>
<td>0</td>
<td>9</td>
<td>40,504.50</td>
<td>4,363,670.3236</td>
</tr>
<tr>
<td>Above 5,000</td>
<td>0</td>
<td>Above 4,500.50</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td>55,003.50</td>
<td>16,898,112.72</td>
<td>217,940</td>
<td>10,041,918.46</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Survey data (2006)
### Table AV.
Impact on monthly expenditure of women entrepreneurs

<table>
<thead>
<tr>
<th>Expenditure (Kshs.)</th>
<th>Frequency before KWFT credit</th>
<th>Mean expenditure (X)</th>
<th>Fx</th>
<th>(f(x - \bar{x})^2)</th>
<th>Frequency after KWFT credit</th>
<th>Fx</th>
<th>(f(x - \bar{x})^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 10,000</td>
<td>87</td>
<td>Up to 5,000</td>
<td>435,000</td>
<td>9,667,633.36</td>
<td>51</td>
<td>255,000</td>
<td>219,188,134.93</td>
</tr>
<tr>
<td>10,001-20,000</td>
<td>3</td>
<td>15,000</td>
<td>15,000.50</td>
<td>45,001.50</td>
<td>25,001.50</td>
<td>280,361,367.37</td>
<td>25</td>
</tr>
<tr>
<td>20,001-40,000</td>
<td>0</td>
<td>25,000</td>
<td>0</td>
<td>0</td>
<td>8</td>
<td>200,004</td>
<td>1,446,086,118.17</td>
</tr>
<tr>
<td>30,001-40,000</td>
<td>0</td>
<td>35,000</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>210,003</td>
<td>3,297,932,188.63</td>
</tr>
<tr>
<td>Above 40,000</td>
<td>0</td>
<td>Above 35,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td></td>
<td>480,001.50</td>
<td>29,002,900.73</td>
<td>90</td>
<td>1,040,019.5</td>
<td>723,255,656.05</td>
</tr>
</tbody>
</table>

**Source:** Survey data
<table>
<thead>
<tr>
<th>Estimated value (Kshs.)</th>
<th>Frequency before KWFT credit (f)</th>
<th>Mean value</th>
<th>Fx</th>
<th>$f(x - \bar{x})^2$</th>
<th>Frequency after KWFT credit</th>
<th>Fx</th>
<th>$f(x - \bar{x})^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 20,000</td>
<td>67</td>
<td>10,000</td>
<td>67,000</td>
<td>4,288,139,361.3</td>
<td>5</td>
<td>50,000</td>
<td>10,478,240,865.30</td>
</tr>
<tr>
<td>20,001-40,000</td>
<td>14</td>
<td>30,000.50</td>
<td>420,007</td>
<td>2,016,124,321.90</td>
<td>16</td>
<td>480,008</td>
<td>1,063,187,832.90</td>
</tr>
<tr>
<td>40,001-60,000</td>
<td>5</td>
<td>50,000.50</td>
<td>250,002.50</td>
<td>5,120,118,400.65</td>
<td>32</td>
<td>1,600,016</td>
<td>1,068,236,642.00</td>
</tr>
<tr>
<td>60,001-80,000</td>
<td>4</td>
<td>70,000.50</td>
<td>280,002</td>
<td>10,816,104,000.1</td>
<td>26</td>
<td>1,820,013</td>
<td>5,529,082,271.61</td>
</tr>
<tr>
<td>80,001-100,000</td>
<td>0</td>
<td>90,000.50</td>
<td>0</td>
<td>0</td>
<td>7</td>
<td>630,003.50</td>
<td>8,198,136,765.42</td>
</tr>
<tr>
<td>Above 100,000</td>
<td>0</td>
<td>Above 90,000.50</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>440,002</td>
<td>11,760,209,580.20</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td>620,011.50</td>
<td>2,224,048</td>
<td>86,083.70</td>
<td>90</td>
<td>5,020,042.50</td>
<td>47,665,784,445.40</td>
</tr>
</tbody>
</table>

Source: Survey data
Appendix 3

About the author
E.M. Siringi is currently a Visiting Professor for the MBA programme at St Augustine University of Tanzania and a Lecturer in the Department of Economics and Business Studies, Maseno University, Kenya. He is also a representative of the Faculty of Art and Social Sciences to the School of Graduate Studies and coordinator of post graduate programmes in the Department of Economics and Business Studies, Maseno University, Kenya. He is a life member of the Indian Economic Association and a member of several professional bodies in Kenya. He is a trainer for many NGOs on project planning and management, monitoring and evaluation in Kenya and Tanzania. He has previous served as a lecturer at Kisumu Polytechnic Kenya. He currently teaches research methods and computer applications, marketing distribution management, banking law and practice, economic policy analysis and development economics. E.M. Siringi can be contacted at: drsiringi@yahoo.com

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