Financial literacy amongst women entrepreneurs in Kenya: a value-added product for economic empowerment.

by

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Declaration

I, Joyce Wangui Kinyanjui, wish to declare that this study, “Business information competences with reference to financial literacy amongst women entrepreneurs in Kenya: a value-added product for economic empowerment”, except where specifically indicated in the text, is my own original work, in conception and execution, and has not been presented for the award of any degree at any other university. All the sources used in this work have been acknowledged by means of references.

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Joyce Wangui Kinyanjui Date

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Promoter (Prof. D.N. Ocholla) Date

Acknowledgement

I would like to take this opportunity to thank God first and foremost for being my strength and guide for my entire life. He has given me the power to believe in myself and pursue my dreams.Without Him, I would not have had the wisdom or the physical ability to write this thesis.

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To our children, Stephen Njau, Ivy Nyambura and David Githua: I am speechless! I can barely find words to express my never-ending love and the pride I have for each one of you. Your unconditional love, fidelity, endurance and encouragement have enabled me to complete this thesis.

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Dedication

This thesis is dedicated to the thousands of women entrepreneurs in Kenya who, despite low levels of education and limited access to formal financial services, work very hard to put food on the table and send their children to school, especially girls. This work is also dedicated to my parents, Richard Githua and Hannah Njeri, who have always loved me unconditionally and whose good example has taught me to work hard for the things that I aspire to achieve.

Abstract

Human civilisation has been characterised by numerous revolutions, with the most recent one being the information revolution. Information is driving development in all spheres of life: social, political, economic, health and human services. For effective utilisation of information, a special kind of literacy beyond functional literacy or the ability to read and write is required. This kind of literacy is what is commonly referred to as Information literacy (IL). Researchers are increasingly designating several types of literacy. Financial literacy, which is the ability to understand the fundamentals of money management, namely budgeting, spending, saving, investment, the use of financial products and services like government financial assistance programmes, banking and insurance; basic numeric skills and debt levels, is at the core of this study. The overall aim of the study was to establish the financial literacy competences of women entrepreneurs and determine their impact on women's economic empowerment.

The overall aim of the research was to identify the financial literacy skills of women entrepreneurs and to study their role in women's economic empowerment. The study's objectives were: 1) To determine the financial literacy skills of women entrepreneurs in Kenya; 2) To determine the level of economic empowerment of women entrepreneurs. 3) To determine the relationship between financial literacy and women's economic empowerment and 4) To suggest a model for the enhancement of the financial literacy skills of women entrepreneurs in Kenya.

The following research questions were addressed to realise the objectives of the study:

1) What are the financial literacy skills of women entrepreneurs in Kenya?
2) What is the level of economic empowerment of women entrepreneurs?
3) What is the relationship between women's financial literacy and their economic empowerment?
4) Which is the best model for enhancing financial literacy skills of women entrepreneurs in Kenya?

The study used the mixed method approach which is normally associated with Pragmatic paradigm. The study combined the Positivist/postpositivist approach, which is associated with quantitative data, and Constructivist approaches which emphasise the socially constructed nature of reality and are therefore associated with qualitative data. The study was carried out

using the survey research design because of its ability to capture the complexities of the issues under study using only a small sample of the population. Purposive sampling was used to select 105 women's groups who had obtained loans from the Uwezo Fund in Chuka Constituency in the financial year 2013/2014. Both random and stratified sampling technique was applied to select the women entrepreneurs who formed the sample. The number of respondents from each stratum was proportionate to the size of the different strata of enterprises funded. In order to reduce possible sampling error, a total of 400 respondents were selected. Detailed questionnaires with both structured and open-ended questions were used to collect data. Discrete data was analysed using the Statistics and Data (STATA) package to generate descriptive statistics such as frequencies (counts) and percentages to describe data on the various variables. Cross-tabulation analysis was conducted to simultaneously analyse the relationship between two or more variables in the study. Causal analysis that is concerned with the study of how one variable affects changes in another variable, was used to determine how financial literacy skills affect women's economic empowerment, which is one of the research questions. A chi-square test of independence was then carried out to assess the degree of association between these variables.

Research findings confirm that financial literacy skills are a major factor in women's economic empowerment, but that some financial literacy skills have a greater impact than others. Women entrepreneurs acquire financial literacy skills through social constructionism. Lack of financial literacy skills is hindering women entrepreneurs from becoming economically empowered. A willingness to invest in a risky business venture 239 (62.57%), lack of basic numeric skills 237 (61.88%), and taking loans without considering the cost 88 (71.42%) is undermining women's economic empowerment. This is demonstrated by the fact that 78 (20.47%) of the respondents feel that their financial status is out of control and 153 (40.26%) feel uncomfortable about their current debt status.

This study proposes that regular assessment of women entrepreneurs' financial literacy skills be carried out and tailor-made training courses to fulfil these needs be introduced. Priority should be given to topics such as computing, loans, reading and understanding bank statements, budgeting, spending, saving and investing in business ventures. In order to increase the number of women entrepreneurs included in formal financial services, financial institutions should offer women financial products that suit them.

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List of acronyms and abbreviations

ACE - Adult and Continuing Education

AfDB - African Development Bank

ALA - Annual Learning Assessment

AMSCO - African Management Services Company

ATM - Automated Teller Machine

BECU - Boeing Employees' Credit Union

BL - Business Literacy

BPFA - Beijing Platform for Action

CAK - Communications Authority of Kenya

CAWTR - Center of Arab Women for Training and Research

CEDAW - Convention on the Elimination of All Forms of Discrimination Against Women

CEO - Chief Executive Officer

CILIP- Chartered Institute of Library and Information Science.

CIMR - Centre for Innovation Management Research

CMA - Capital Markets Authority

CMoI - Canadian Ministry of Industry

DTI - Department of Trade and Industry

ECDE - Early Childhood Development and Education

ERS - Economic Recovery Strategy

FAO - Food Agricultural Organization

FEC - Female Entrepreneur Competence

FEWE - Federation of Women Entrepreneurs

FL - Financial literacy

FPE - Free Primary Education

FSDT - Financial Sector Deepening Trust

FSR =– Financial Stability Report

FSRF - Financial Sector Regulations Forum

GDP - Gross Domestic Product

GoC - Government of Canada

GoK - Government of Kenya

GOWE - Growth Oriented Women Enterprises

IALSS - International Adult Literacy Survey Series

ICTs - Information Communication Technology

IFC - International Finance Corporation

IL - Information literacy

ILO - International Labour Organization

ILO-WED - International Labour Organization Women's Entrepreneurship Development

IMF - International Monetary Fund

KAWBO - Kenya Association of Women Business Owners

KBE - Knowledge-Based Economy

KIBT - Kenya Institute of Business Training

KIM - Kenya Institute of Management

KIM - Kenya Institute of Management

KMCDM - Kenya Ministry of Cooperative Development and Marketing

KMDP - Kenya, Ministry of Devolution and Planning

KMGSCS - Kenya Ministry of Gender, Sports, Culture and Social Services

KMJNCCA - Kenya Ministry of Justice, National Cohesion and Constitutional Affairs

KMoE - Kenya Ministry of Education

KMoEST - Kenya Ministry of Education Science and Technology

KNBS - Kenya National Bureau of Statistics

KNEC - Kenya National Examination Council

KNESC - Kenya National Economic and Social Council

KWFT - Kenya Women Microfinance Bank

KWH - Kenya Women Holding

LL - Lifelong learning

LPO - Local Purchase Order

MDGs - Millennium Development Goals

MFI - Micro Finance Institution

MFP - Micro Finance Program

MSME - Micro Small and Medium sized Enterprises

NACAB - National Citizens Advice Bureaux

NACOSTI - National Commission of Science, Technology and Innovation

NASMLA - National System for Monitoring Learners' Achievement

NCLIS - National Commission on Libraries and Information Science

NER - Net Enrolment Rate

NFCC - National Foundation for Credit Counselling

NFLEC - National Financial Literacy and Education Commission

NFLS - National Financial Literacy Strategy

NGEC - National Gender and Equality Commission

NGO - Non-Governmental Organization

NSFL - National Strategy for Financial literacy

OECD - Organization for Economic Corporation and Development

SACCO - Savings and Credit Co-operative Organization

SAP - Structural Adjustment Programs

SCESCAL - Standing Conference of Eastern, Central and Southern Africa Library and Information Associations

SDG - Sustainable Development Goals

SEDI - Social and Enterprise Development Innovations

SHG - Self Help Group

SME - Small and Medium Enterprises

SMEDA - Small and Medium Enterprises Development Authority

STATA - Data Analysis and Statistical Software

TIVET - Technical, Industrial, Vocational and Entrepreneurship Training

TPSF - Tanzania Private Sector Foundation

TV - Television

UN - United Nations

UNCDF - United Nations Capital Development Fund

UNDP - United Nations Development Program

UNESCO - United Nations Educational Scientific and Cultural Organization

UNIFEM - United Nations Development Fund for Women

USA - United States of America

USDT - US Department of Treasury

VAT - Value Added Tax

WEF - Women Enterprise Fund

WERK - Women Educational Researchers of Kenya

WID - Women in Development

WIRE - Women’s Information and Referral Exchange

WSIS - World Summit on the Information Society

YEDF - Youth Enterprise Development Fund

Chapter one: Introduction and research background

1.1. Introduction

Many countries including Kenya are committed to improving women's economic empowerment as one of the strategies of realising Sustainable Development Goal number 5, which targets the elimination of all forms of gender inequality by 2030. Without financial literacy, there cannot be economic empowerment, especially for women. Studies show that there is a high correlation between one's level of education, information literacy and financial literacy skills. One of the main challenges of the present information society is the ability to access and utilise information in order to achieve one’s goals. To put this problem into context, this chapter introduces the concepts of information, the knowledge economy and literacy, and explores the various initiatives introduced by the Kenyan government to empower women entrepreneurs economically. The chapter states the research problem and provides the overall aim, major assumptions, motivation, and scope and limitations of the study, and the significance of its findings. The research methodology and sampling, ethical considerations, dissemination, and the structure of the study are also briefly outlined.

1.2. Research background

Human civilisation has been characterised by numerous phases, the most notable being hunting and gathering; the domestication of plants and animals; the agrarian revolution; the industrial revolution and the information revolution. This most recent development is the driving force behind all spheres of life today (Bhandary, 2000). As early as the 20th century, Martin (1988) had speculated that the information society would increasingly value information as a resource. According to the author, the information society would be an environment in which economic wellbeing, including individual living standards, the type of work available, education and opportunities in an increasingly global market place, would be dependent on the exploitation of information. According to Amin and Cohendent (2004:14), this is what “has led to a fundamental shift in the regime of economic growth towards a new phase called the knowledge economy, where knowledge is now regarded as a critical part of the production system.” Because of its importance, information is being treated more and more like a commodity that can be owned, controlled, and traded in the market place. It is now regarded as a primary resource due to its ability to make other resources available for economic production.

"Everywhere in the world, massive amounts of new information and knowledge are being produced daily for sharing" (UNESCO, 2005:9). According to Suh, Derek and Chen (2007), over the past quarter century, the global rate of knowledge creation and dissemination has significantly increased. One of the reasons has been the rapid advancements in Information and Communications Technologies (ICTs). According to the quarterly sector statistics report on the 2015/2016 financial year by the Communications Authority of Kenya (CAK, 2017), at the end of the quarter, mobile penetration stood at 88.1% with 37.8 million subscribers, up from 36.1 million in the previous quarter. Other considerable gains were recorded in the Internet/data market, which has registered 21.6 million subscriptions, up from 19.9 million in the last quarter. The report further states that the number of Internet users grew to 31.9 million, up from 29.6 million in the previous quarter. Consequently, the portion of the Kenyan population accessing Internet services reached 74.2 per 100 inhabitants, up from 69.0 per 100 inhabitants recorded in the previous quarter.

Suh *et al*. (2007:2) argue that "the knowledge revolution together with increased globalisation, presents significant opportunities for promoting economic and social development as well as an increased risk of falling behind if countries are not able to keep up with the pace of rapid change." The more people share, evaluate and use information, the more they promote sustainable growth and development. Information is therefore driving development in the social, political, economic, health and human services spheres, providing a vital foundation for fulfilling the Sustainable Development Goals (SDGs), and in the Kenyan context, 'Vision 2030' (KNESC, 2007).

UNESCO acknowledges that "freedom to seek, receive, impart and use information for the creation, accumulation and dissemination of knowledge is therefore important to the information society. Everyone everywhere should have the opportunity to participate and no one should be excluded from the benefits the information society offers" (UNESCO, 2005:9). The right to information in today's society is enshrined in the Universal Declaration of Human Rights, Article 19, which states that "everyone has the right to freedom of opinion and expression; that this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers" (UNESCO, 2005:9). This makes communication a fundamental social process, central to the information society. Access to information and knowledge has become a basic human need and the foundation of all social organisation. In this regard, Kenya acknowledges the right of every citizen to access information and has enshrined this right in the Constitution of Kenya (2010). In 2016, The Access to Information Bill, 2015, which encapsulates the Constitution, became law through an act of parliament.

A report by SCESCAL (2004) states that the importance accorded information has given rise to the development of a society with information processes at its core. The report further adds that an information society tends to have: information-intensive organisations; a significant information sector within the economy; widespread social use of information; and an extensive penchant for lifelong learning. The information society therefore "forms the foundation for the knowledge economy as it expands horizons, allows people to make informed choices, and strengthens their ability to demand their rights" (Green, 2008:52).

However, for the effective access and utilisation of information, a special kind of literacy beyond functional literacy or the ability to read and write is required. This kind of literacy is commonly referred to as information literacy (IL). Information literacy is a term that has many related definitions. However, the majority of the definitions include: the ability to know when information is needed; formulation of an effective search strategy using a variety of sources; critical evaluation of the content, the accuracy and source of the information retrieved; and the effective use of that information to meet one's goals (Rosenberg, 2002).

IL is not a new concept; it was first used in 1974 by Paul Zurkowski, President of the Information Industry Association, when he submitted a proposal to the National Commission on Libraries and Information Science (NCLIS) in the USA (Bhandary, 2000). According to Zurkowski (1974:6) "People trained in the application of information resources in their work can be called information literate. They have learned techniques and skills for utilising the wide range of information tools as well as primary sources in molding information solutions to their problems"**.** It is based on this earlier concept that we have the current understanding of information literacy. According to the Chartered Institute of Library and Information Science (CILIP 2012), information literacy is knowing when and why you need information, where to find it, and how to evaluate, use and communicate it in an ethical manner.

In recognising the importance of information literacy (IL) and lifelong learning (LL), the Alexandria Proclamation on Information Literacy and Lifelong Learning held at the Bibliotheca Alexandrina from 6-9 November 2005, during the International Federation of Library Associations and Institutions (IFLA) conference, stated that IL and LL would be crucial to the information society; they would direct the courses to development, prosperity and freedom (IFLA, 2005). This means that major economic and social challenges such as poverty, unemployment and disease can be tackled using IL and LL. As a result, UNESCO (2005) committed itself to raising awareness of the need for governments to include IL and LL as part of their development strategy. Ultimately, this would support the development of an information society for all, a vision adopted by the World Summit on the Information Society (WSIS) held in Geneva in December, 2003 (UNESCO, 2005). It is with this in mind that the General Assembly of the UN declare May 17 as World Information Day (UN, 2006).

Information literacy is therefore crucial for individuals, enterprises, nations and even regions to gain and maintain a competitive advantage. In this information age, it is not what you have that gives you the competitive edge, but rather what you know and what you do with the knowledge that you have. In today's world, it is true that 'a man who knows is twice a man'. It is worth noting that different kinds of information and knowledge are required in particular fields. For example, those who would aspire to work in the world of information and communication must be computer literate. Information specialists are therefore now talking about various kinds of literacy. Some that have been identified include: functional or basic literacy, cultural literacy, scientific literacy, computer literacy, and business/financial literacy, to name a few (Bhandary, 2000). The definition of literacy has therefore been broadened to include multiple literacies or bodies of knowledge, skills, and social practices by means of which we understand, interpret, and use symbol systems of our culture (Hull, Mikulecky, Ralf and Kerka, 2003).

1.2.1 Financial literacy

Business literacy (BL) is of particular importance to this study. For one to be considered business literate, one needs to be able to understand all the dynamics of business. This includes finance, sourcing of products, good customer care, quality control, competition, advertising, bookkeeping, budgeting, credit control, setting profit margins, and many other skills. Of these, one of the most important skills is financial literacy (FL). The U.S. National Financial Literacy and Education Commission (NFLEC) describes financial literacy as the "ability to make informed judgments and to take effective actions regarding the current and future use and management of money (US Government Accountability Office, 2009:2). It includes the ability to understand financial choices, plan for the future, spend wisely, and manage the challenges associated with life events such as a job loss, saving for retirement, or paying for a child's education" (US Government Accountability Office, 2009:2). Additional financial literacy skills include basic numeric skills and the ability to identify and access financial services and participate in government financial assistance programmes (SEDI, 2002).

Beal and Delpachtra (2003), conclude that the financially- literate should not only have the ability to understand key concepts in money management, such as budgeting, spending, saving, investment, debt management, a working knowledge of financial institutions like banks and insurance systems and services and a range of analytical skills, but also possess a facilitating attitude to the effective and responsible management of financial affairs. In a study undertaken by the Fannie Mae Foundation (2002) in the US, a rather more descriptive functional definition is provided. Financial literacy is defined as the ability to read, analyse, manage and communicate effectively about their personal financial situations that may affect their material well-being (Fannie Mae Foundation, 2002).

It is clear from the above definition that there are many and varied definitions of financial literacy. Hogarth (2002a) surmised that most definitions of financial literacy include knowledge and the understanding of basic financial concepts and choices in the areas of banking, savings and borrowing, spending wisely, and debt control; good financial planning for the future in case of life events such as retrenchment or for retirement; and the ability to use these to plan and implement financial decisions. Personal financial knowledge and skills or the ability to understand financial terms and concepts and to translate that knowledge skillfully into behaviour is at the core of financial literacy.

Roy Morgan Research (2003) agrees with Hogarth (2002a) that financial literacy is a set of skills enabling people to make informed and confident decisions regarding all aspects of their budgeting, spending and saving, and their use of financial products and services, from everyday banking through to borrowing, investing, and planning for the future. As such, the researcher adds that such knowledge is only to be tested against an individual's needs and circumstances rather than against the entire array of financial products and services, some of which they will neither use nor need.

In this study, financial literacy will be viewed not as the ultimate solution, but simply as an added value to all the initiatives and strategies that have been put in place for the economic empowerment of women. In general, adding value is the process of changing or transforming a product from its original state to a more valuable state. Coltrain, Barton and Boland, (2000:5) provides a broader definition of adding value as "to economically add value to a product by changing its current place, time, and form characteristics to characteristics more preferred in the marketplace". With the basic understanding of all the fundamentals of money management, it is expected that women would be more economically empowered.

1.2.2 Need for financial literacy

The Consumer and Financial Literacy Taskforce (2004) observes that in recent decades numerous factors have come together to result in the financial services of today that require consumers to be more knowledgeable if they are to manage their finances effectively. The Taskforce lists financial deregulation and the ensuing boost in competition and access to credit, the proliferation of financial products, innovation in marketing, and rapid technological evolution as some of the factors that have led to consumers being faced with a bewildering array of intricate financing and investment opportunities. A study by the National Association of Citizens Advice Bureaux (NACAB, 2003) on the reasons for the demand for financial literacy education concludes that the complexities of today's society and the introduction of new products such as e-commerce, mobile and Internet banking have created a demand for financial literacy education.

The U.S. National Financial Literacy and Education Commission (NFLEC) was created under the Department of the Treasury (USDT) by an act of Congress, and is mandated to "improve the financial literacy and education of persons in the United States through the development of a National Strategy for Financial Literacy" (NSFL) in 2003 (NSFL, 2006)**.** While issuing their first report, NSFL (2006) listed several benefits of financial education, including that it helps people own a home; live out a comfortable retirement; finance an education; avoid fraud; and generally make the most of the numerous choices afforded by the modern marketplace of financial products and services. The report notes that uninformed choices can be dangerous. Many financial institutions have therefore taken an interest in financial literacy with the aim of reaching those who are unbanked, stem the rise in bankruptcies, and ensure that the money they borrow is safe. They are now talking of consumer education. This ranges from just basic information and generic financial advice to more elaborate and focused education on basic money management, which includes budgeting, saving, investing, and insuring (Hogarth, 2002a).

1.2.3 Knowledge economy

Al-Hawandeh (2003) observes that throughout history, knowledge and innovation have played an important role in the development of society. In fact, knowledge as an economic factor has existed since the birth of mankind, but it has only recently been recognised as a factor of production, which has attracted a lot of attention. In differentiating between the current knowledge economy and the former world economies, Suh *et al*. (2007) describe the knowledge economy as an economy in which knowledge is acquired, created, disseminated and effectively used to enhance economic development, thereby becoming the key engine of economic growth. In other words, there is an increased reliance on knowledge and innovation in the creation of products and services in the new economy.

The notion that knowledge is critical for development is neither new nor controversial (Reed, 2000). Currently, knowledge is driving economic and social development in both industrialised and developing countries as it offers opportunities for increasing productivity and competitiveness, leapfrogging development phases, and opening paths towards more sustainable futures (Dahlman, Routti and Yla-Anttila, 2007). Lack of access to knowledge is increasingly contributing to the immense disparities between nations and between rural and urban areas. According to Pyakuryal (2001), the knowledge society in the global economy is affecting everyone, and the people who are thriving are those who are entrepreneurial, financially flexible and mobile; willing to acquire knowledge continuously and able to apply existing knowledge to new challenges. The emerging disparity is between those who can and/or know how to participate in the knowledge society and the global economy, and those who can't and/or do not know. The latter may become an economically lost generation (Pyakuryal, 2001).

According to the Organization for Economic Corporation and Development OECD (2001) a Knowledge Based Economy (KBE) is one in which the production, distribution and use of knowledge are the main drivers of growth, wealth creation and employment for industries. Knowledge building and sharing is therefore important. Kenya's desire to become a newly industrialised country is captured in 'Kenya Vision 2030', which is the long-term development blueprint for the country. According to the National Economic and Social Council of Kenya

(KNESC, 2007), the aim of Kenya Vision 2030 is to create a globally competitive and prosperous country with a high quality of life by 2030 through life-long training and education. It is a strategy for combating major social and economic challenges such as poverty, unemployment, disease, and gender inequality (KNESC, 2007). Kenya Vision 2030 is anchored on three key pillars: economic, social, and political governance. Education has been identified as the cornerstone in all three pillars. Of these pillars, the study will focus on the economic pillar and education.

1.2.4 Women's economic empowerment

Mosedale (2005) defines women's economic empowerment as "having access to and control over the means to make a living on a sustainable and long-term basis, and receiving the material benefits of this access and control". According to Carr (cited in UNIFEM, 2000), such a definition goes beyond short-term goals of increasing women's access to income and looks for longer term sustainable benefits, not only in terms of changes to laws and policies that constrain women's participation in and benefits from development, but also in terms of power relationships at the household, community and market levels.

1.2.5 Entrepreneurship and entrepreneurs

Despite the existence of various definitions of entrepreneurship, the term lacks a conceptual framework and has become a broad label under which a hodgepodge of research is housed (Shane and Venkataraman, 2000). Carlsson, Braunerhjelm, McKelvey, Olofsson, Persson and Ylinenpaa (2013) define entrepreneurship primarily as an economic function that is carried out by individuals, entrepreneurs, acting independently or within organisations, to perceive and create new opportunities and to introduce their ideas into the market, under uncertainty, by making decisions about the location, product design, resource use, institutions and reward system. Zimmererer (2005:17), agrees with this definition and defines an entrepreneur as "one who creates a new business in the face of risk and uncertainty for the purpose of achieving profit and growth by identifying significant opportunities and assembling the necessary resources to capitalise on them." Similar to these definitions of entrepreneurs is that of Nadim and Anders (2008) who define entrepreneurs as those persons (business owners) who seek to generate value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets to entrepreneurs. This is why in many cases the terms ‘entrepreneur’ and ‘small business owner’ are used interchangeably (Kuratko and Hodgetts, 2007: 4).

1.2.6 Women entrepreneurs

Women entrepreneurs are not a homogeneous group, which makes it impossible to provide a uniform definition. Women entrepreneurs may be defined as business owners whose ventures reflect the characteristics of entrepreneurship and who have adopted and implemented entrepreneurial activities and processes (Dzisi, 2008). Debroux (2010) uses several characteristics to describe a woman-owned enterprise as one in which a woman is responsible for starting the business, is involved in the day-to-day management of the business, , owns at least 50% of the business, and the business has been in operation for at least one year. On the other hand, different institutions, for example in the United States, define women-owned businesses differently. According to the US Small Business Administration (2016), a women-owned business is one where at least 51% or more of the business is women-owned, managed, and controlled. In South Africa, the International Finance Corporation (2006) defines women-owned enterprises as businesses where women's shareholding is between 20 and 51% or more. For the purposes of this study, a women-owned business is one where women's shareholding is at least 51%.

Women entrepreneurs are as varied as their enterprises are varied. The target for this study consisted of women entrepreneurs managing small and medium enterprises (SME) who had received financial support from government financial programmes that aim to facilitate the economic empowerment of women. In Kenya, there are currently two main programmes, namely the Women Enterprise Fund and Uwezo Fund. Uwezo Fund is by far the larger of the two and is the focus of this study.

1.3. Contextualisation

The Kenya 2030 vision for financial services is to create a vibrant and competitive financial sector that promotes more savings and financing to meet Kenya’s investment needs (KNESC, 2007). In order to do so, Kenya has many and varied formal and informal sources of funding for all citizens and some specific to women entrepreneurs. These are discussed below.

1.3.1 Informal sources of funding

Akoten (2007) describes informal sources of funding as those which operate outside countries' official banking and other financial regulations. These include family and friends, pyramid schemes, shylocks[1], and rotating savings/self-help groups or '*chamas*[2]'. Sabharwal (2000) cites family and friends as the main source of informal funding because in most cases no collateral is demanded and the credit attracts little to no interest. The loans from friends and family are typically small, and the open-ended repayment arrangements make them attractive. However, the majority of these loans are usually intended to meet the consumption and contingency needs of households rather than to build investment capacity.

The Kenya National Bureau of Statistics (KNBS, 2015a) describes a self-help group (SHG), or *chama,* as a group with an average of 15 people who are homogeneous. They are normally formed when a homogeneous group comes together to address some common need. They not only encourage members to save regularly, but also loan money to businesses. The loans are given from their pooled savings. Capital FM (2012) reported that Kenya had approximately 1.2 million *chamas,* 300,000 of which were registered and 900,000 unregistered. Capital FM (2012) further reported that registered *chamas* managed about USD 3 billion per year in members' savings, an average of USD 10,000 per *chama*. About 12 million Kenyans (33%) were members of a *chama,* and many were members of more than one *chama* simultaneously.

Although illegal, shylocks are a big phenomenon in Kenya and have a huge client base. Their popularity lies in the fact that they give loans quickly and the collateral that is normally requested includes personal items such as household items, mobile phones, car log books, etc. For example, those who are in regular employment are asked to commit in writing the terms of payment so that if they default, their employers are alerted and they may risk losing their jobs. These relationships are exploitative in nature, as interest rates are set in such a way that full repayment is unlikely. Compared to the collateral, the amount of the loan is very small, with very high interest rates.

[1] Money lenders or shylocks are individuals or organizations that provide loans and charge their clients exorbitant interest rates.
[2] *Chama* is a Kiswahili word meaning group. It has been popularised to mean a self-help group where members voluntarily join and adhere to some rules and regulations agreed upon by members. Some are registered with the Department of Social Security while most are not.

While these informal sources are not regulated by the Central Bank of Kenya, they continue to thrive as their services are easily accessible, flexible, and responsive to clients' specific needs. Furthermore, they have the major advantage of being able to meet the credit needs of the poor more efficiently, as they can handle small sums of money without complex procedures or documentation. Their continued success can be attributed to their operation through existing social networks and accepted norms and values. Akoten (2007) observes that despite their limitations and sometimes exploitative nature, these informal sources have played a vital role in meeting the financial, social and safety net needs of the poor in urban and rural areas.

1.3.2 Formal sources

Aside from self-financing, in many countries, trade credit is the only other source of operational funding for small and medium-sized enterprises (Akoten, 2007). In the formal setting, entrepreneurs can seek the services of credit bureaus or credit guarantee schemes to obtain credit from formal financial institutions through Local Purchase Orders (LPOs) that show that there is a demand for certain goods or services. This system is extensively used in many countries, and while it is also used in Kenya, it has yet to equal other financial outlets (Akoten, 2007).

Other than trade credit, there is also the financial sector, regulated by the Central Bank. Access to formal financial services is one of the basic indicators of women's economic empowerment. In 2015, formal inclusion for men stood at 79.7%, whereas for women it was 71.2% (KNBS, 2016). Formal financial inclusion is related to the person's level of education, with almost all Kenyans (98.0 per cent) with tertiary education having access to a formal financial service provider, whereas only 37.3 per cent of adults with no education use formal financial service providers (KNBS, 2016).Table 1 below provides a summary of the institutions in the financial sector in Kenya.

Table 1: Financial sector institutions in Kenya

Financial Sector Institution	Number
Central Bank of Kenya	1
Commercial Banks	43
Authorised Non-operating Bank Holding Companies	7
Licensed Money Remittance Providers	17
Forex Bureau	79
Building Societies	0
Mortgage Finance Institutions	1
Deposit taking Savings and Credit Cooperative Society (SACCOS)	164
Savings and Credit Cooperative Society (SACCOS)	Over 6,000
Insurance Companies	38
Development Finance Institutions	7
Kenya Post Office Savings Bank	1
Deposit taking Micro-Finance Institutions (MFI)	13
Capital Markets Authority	1
Nairobi Stock Exchange	1
Stock Brokers and Dealers	23
Fund Management Companies	24
Venture Capital Companies	22

Source: Financial Sector Regulators Forum, 2016

As per Table 1, there are thousands of financial organisations to choose from. Kinyua and Musau (2004:7), commenting on the financial sector in Kenya, observed that although the sector is fairly diversified, there are many ‘uncomfortable imbalances’. Based on the numbers in Table 1, Kenyans seem to prefer Savings and Credit Cooperative Society (SACCOS) to meet their financial needs. Some 164 SACCOS now operate as banks as they are licensed to take money over the counter.

As per Table 1, there were 13 micro-finance institutions (MFI) in Kenya. In broader terms, microfinance is fundamentally defined as a range of financial services including microloans, micro savings, and micro insurance designed to fit the needs of low-income people who are usually excluded from the traditional financial system (Errais and Miled, 2015). Microfinance as a sector has gained prominence since it was touted by the World Bank (FAO, 2002a) as a major contributor to poverty alleviation around the world. In recognition of the role that MFI’s play in women’s empowerment by alleviating extreme poverty, the Kenya government established two MFIs: Uwezo Fund (KMDP, 2014) and Women Enterprise Fund (WEF, 2017). MFIs have been quite creative in developing products and services that overcome barriers that have traditionally kept women from accessing formal financial services (Grameen Bank, 2007).

These barriers include collateral requirements, male or salaried guarantor requirements, documentation requirements, cultural barriers, limited mobility, and literacy.

1.4. The financial literacy of women entrepreneurs in Kenya

Education for women and girls is one of the smartest investments a country can make, because it increases economic growth for women and that of a country, improves women's wages and jobs and also empowers them such that they have more say over their lives, are less likely to be subject to domestic violence, participate more in decision-making in households, and have an increased sense of their own worth and efficacy (Sperling, Winthrop and Kwauk, 2016). However, despite education's obvious benefits, gender disparity in education still exists in Kenya today, becoming more pronounced in higher education.

According to the Kenya National Bureau of Statistics (KNBS), the net enrolment rates (NER) are the highest ever—74.6 per cent for Early Childhood Development and Education (ECDE), 88.4 per cent for primary schools, and 47.8 per cent for secondary schools (KNBS, 2015a). However, according to the Ministry of Education Science and Technology (MoEST), gender parity in access at primary level stood at 97 girls to 100 boys in 2015 but decreased to 89 girls to 100 boys at secondary level, and at university only 30 per cent of the university students are girls (KMoEST, 2015b).

There is a tendency to conflate schooling, education and literacy. However, recent reports on the quality of education, such as the Annual Learning Assessment (ALA) report by Women Educational Researchers of Kenya (WERK[3]) (2010 and 2011) and the National Assessment System for Monitoring Learning Assessment (NASMLA) report by the Kenya National Examination Council (2010), indicate that they should be treated separately as acquiring literacy skills does not necessarily depend on schooling.

The problem of illiteracy can be traced back to the early years of schooling. The Annual Learning Assessment Report (WERK, 2011) established that 4 out of 100 pupils could not read a simple Class 2 story after 8 years of schooling, while Uwezo (WERK, 2011) noted that 9 out

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[3] WERK carries out the Annual Learning Assessment (ALA); they seek to establish the actual competences in literacy and numeracy among children aged between 6 and 16 years.

of 100 pupils in Class 8 were unable to do simple Class 2 division. This means that many children in Kenya's primary schools, including those in the more senior classes, are unable to demonstrate basic reading and numeracy skills.

In 2014, 580,921 boys and 711,754 girls (a total of 1,292,675 aged 6-13 years) were not enrolled, either because they had never attended school or had dropped out (KMoEST, 2015b), making this number the eighth highest of any country in the world (UNESCO, 2014).

A study by WERK in March 2011 established that 15% of all Kenyan fathers and 19% of all Kenyan mothers had never attended school (WERK, 2011). The tendency for this legacy to be passed on to their children is high (WERK, 2010 and 2011). The ALA reports (WERK, 2010) clearly demonstrate that there is a strong correlation between parents' educational levels and the learning outcomes of their children. Children's literacy and numeracy competencies increase in relation to their mothers' level of formal schooling (WERK, 2010). The children of parents who never went to school have very low learning outcomes and are more likely to drop out of school. This is especially true for mothers and their daughters. The 2010 Annual Learning Assessment report found that girls (aged 6-14 years) whose mothers had not been to school were seven times more likely to be out of school than girls whose mothers had completed the primary school cycle (WERK, 2010). Their study gives credence to the theory that in many cases, poverty is trans-generational.

For those enrolled in school, some do not stay in school long enough to acquire basic literacy and numeracy skills that are critical to the acquisition of financial literacy skills. A recent report by KNBS (2016) indicates that there is a high primary school dropout rate of 17.3%; high primary repetition rates of between 2% and 7% due to low learning outcomes; low primary retention rate of 82.9%; low transition rate from primary to secondary of 82.3%; and a very low rate of completion of secondary education of 47.8%.

Unless addressed immediately, these challenges are likely to affect current and future development in Kenya negatively (KMoEST, 2004). Sifuna and Sawamura (2010) identify poor pay and the poor training of teachers as the main factors affecting teachers' competence and commitment, which are arguably the two most important determinants of learning outcomes. The government (KNBS, 2015a) highlights major concerns of the Free Primary

Education (FPE) programme as overstretched facilities due to overcrowding in schools and an acute shortage of teachers.

According to Green (2008), in order to generate wealth and improve citizens' quality of life, developing countries need a broad range of knowledge and learning initiatives. Knowledge has to be seen to include practical skills gained through experiential learning as well as through formal education and training that incorporates the use of ICT. One such channel for youths and adults to acquire practical skills is through adult literacy programmes.

There are various ACE providers that focus on diverse target populations and areas of learning. KMoE (2010) divides ACE providers in Kenya into the following areas (KMoE, 2010):

i. Basic literacy, which is mainly provided to equip illiterate adults and out-of-school youth with numeracy, reading, writing and communication skills.
ii. Post-literacy programmes, which are based on an integrated learning process that helps to develop a reading culture and assists graduates gain the basic literacy to retain, improve and apply their basic knowledge, attitudes and skills. It empowers them to continue with their education through lifelong learning. Post-literacy programmes may include vocational and technical skills training such as business management, artisan and craft training, and entrepreneurship skills.

Despite the existence of Adult and Continuing Education[4], adult illiteracy (15 years and above) still remains unacceptably high, with 38.5% or 7.8 million adults and out-of-school youth illiterate (KMoEST, 2015a). A recent study by KNBS (2015b) determined that 21% of women between the ages of 15 and 49 years were illiterate, while the percentage for the same age group was lower for men, at 8%. The government further puts the percentage of illiterate adults between the ages of 45-49 at 49%. This age bracket is significant for this study as it encompasses adults who are meant to be engaged in wealth creation. The sad irony of illiteracy is that those who most need access to knowledge, information and skills by which they might pull themselves out of poverty, are the ones who are most deprived of this access. Currently (in 2014) only a paltry 300,462 adults are enrolled in the Adult Literacy Program (KNBS,

[4] Adult and Continuing Education (ACE) is the entire body of learning processes within the perspective of lifelong learning, in which adults are given opportunities to develop their abilities, enrich their knowledge, and improve their skills to meet their own needs and those of the society (KMoE, 2010).

2016). The reasons for this poor enrolment include: lack of political commitment to enhance ACE programmes; irrelevant and outdated curricula; lack of trained teachers; high rate of absenteeism; and lack of learning facilities (KMoE, 2010).

Part of the solution to low literacy levels is adult literacy programmes. The Kenyan government is committed to eradicating illiteracy through adult education programmes managed by the Directorate of Adult Education in the Ministry of Education, Science and Technology. Through this initiative, the number of adult learners went up from 292,273 in 2013 to 300,462 in 2014, registering an increase of 2.8% (KNBS, 2016). Even with this and other efforts to raise the literacy levels in Kenya, illiteracy still remains unacceptably high, with 38.5% or 7.8 million illiterate adults and out-of-school youth (KMoEST, 2015a). The government puts the percentage of illiterate adults between the ages of 45 - 49 at 49%. (KNBS, 2015a) This age bracket is significant for this study, as it encompasses adults who should be engaged in wealth creation.

Another Kenya Government initiative for lifelong learning was the establishment of Technical, Industrial, Vocational and Entrepreneurship Training (TIVET) Institutions. However, these institutions are face myriads of problems, including poorly trained teachers who compromise the quality of teaching and learning; inadequate teaching and learning materials; inferior or obsolete training equipment that is not technologically relevant to equipment found in industries and business organisations, making the training also irrelevant; a lack of opportunities for industrial employment which denies learners interactive opportunity to learn and appreciate latest technology (Sang, Muthaa and Mbugua, 2011).

As the government puts in every effort to raise the basic literacy levels in the country, the flow of information continues unabated. Seigler (2003) estimates that the amount of information being created every day is equivalent to that created from the dawn of civilisation until the year 2003, which leads to information overload. Drucker, as quoted by Saulles (2007), identified finding, evaluating, and using information efficiently as one of the major challenges for all professionals, especially those in business. Large organisations are now hiring information specialists to manage information for them, because there is far too much information for any but specialists to find their way around.

For women who are illiterate or have only basic education, the acquisition of various functional literacies for example FL becomes a great challenge. Lusardi and Mitchell (2007:39) have clearly established that there is “a very high correlation between financial literacy and economic outcomes.” Women who are not financially literate are excluded from low-cost, fair and safe financial services that are offered by mainstream financial providers such as banks, making it impossible for them to achieve sustained economic empowerment. For as long as this form of exclusion remains, the economic empowerment of women will never happen and the term will remain a mere catch phrase and an ever-moving target.

There are a several studies in Kenya to measure the financial literacy skills of women entrepreneurs. Examples of relevant studies include:

1. ‘A Study on Youth and Women Entrepreneurs’ Preparedness in Kenya: A Case Study of the Kenya Youth Enterprise Development Fund and Kenya Women Enterprise Fund Beneficiaries using the TRISTART Business Evaluation Tool’ by Sagwe, Gicharu and Mahea (2011). Among other objectives, the study sought to establish whether individual capabilities of entrepreneurs such as training, education, and prior experience in the same field have a significant effect on the growth of the business through the management strategies and business practices they choose to adopt. The study established that individual capabilities of entrepreneurs had an effect on the growth of their businesses, which explains why 30% of all startup businesses in Kenya fail. A major difference from this study is that part of the sample consisted of women who had received funding from the Women Enterprise Fund, while for this study, the sample population consisted of women entrepreneurs who had received funding from the Uwezo Fund.

2. ‘An Assessment of the Role of Financial Literacy on Performance of Small and Micro Enterprises: Case of Equity Group Foundation Training Program on SMEs in Njoro District, Kenya’ by Siekei, Waki and Kalio (2013). The purpose of this study was to assess the effects of financial literacy education on the performance of small and micro enterprises in Njoro District. The study established that budgeting skills, bookkeeping skills and credit management skills contributed to improved business performance.

3. ‘An Assessment of Financial Literacy on Loan Repayment by Small and Medium Entrepreneurs in Ngara, Nairobi County’ by Nyamboga, Nyamweya, Abdi, Njeru and George (2014). This study focused on the effect of financial literacy skills like budgeting skills,

bookkeeping skills, financial statement preparation and self-internal auditing on loan repayment by owners of SMEs in Ngara in Nairobi. The study established that financial literacy skills enhanced loan repayment as entrepreneurs were now more likely to budget, initiate saving plans, and make strategic investment decisions.

4. 'Impact of Financial Literacy on Access to Financial Services in Kenya' by Wachira and Kihiu (2012). The study established that the probability of a financially illiterate person remaining financially excluded is significantly high. Wachira and Kihiu (2012) looked at the role of financial literacy in accessing finances, whereas this study measured the role of financial literacy in economic empowerment and access to finances. Other differences include: 1) data analysis, where Wachira and Kihiu (2012) analysed secondary data, while this study used primary data; 2) Wachira and Kihiu (2012) focused on both men and women, while this study focuses on women entrepreneurs.

1.5. Statement of the problem

In the year 2007, a number of tragic events happened in Kenya. Illegal 'Ponzi Schemes', also called 'pyramid schemes', collapsed, consuming peoples' entire savings. According to the Kenya Ministry of Cooperative Development and Marketing (KMCDM, 2009) Report of the Taskforce on Pyramid Schemes, the amount of money lost through 27 'Ponzi Schemes' is estimated at USD 81 million from 148,784 investors. The report, however, concludes that this amount is not conclusive as many investors had already registered with private pyramid initiatives that were suing the state for the financial losses, while other prominent personalities were too embarrassed to register due to their social status. The most disturbing issue was the fact that despite several warnings by the government on the illegality of these 'investment schemes' and their inherent dangers, many people, particularly women, continued to invest in them. A legal case against the owners of the schemes has been dragging on in the courts ever since. All this was happening against the backdrop of a number of initiatives by the government and the private sector to empower women by making funds available to help them start up or expand their businesses.

This study was motivated by two needs: 1) the need to determine the level of financial literacy of women entrepreneurs because many financial Institutions continue to aggressively campaign and compete to offer loans to women despite the fact that they were the main culprits in the

‘Ponzi Schemes’ and 2) the need to establish how women entrepreneurs who may have limited education acquire financial literacy skills

Despite the studies cited above (1.4), there are still gaps in our knowledge of FL skills of entrepreneurs in Kenya that warranted this study. Firstly, whereas the government has data on literacy, comprehensive data on women entrepreneurs’ FL skills is lacking, which makes designing targeted interventions a near impossibility. This is particularly true of government initiatives that focus on making finance accessible to women entrepreneurs as a means of economic empowerment. Secondly, most of the above studies focus on the effect of FL skills on specific components of entrepreneurship, for example access to finances (Wachira and Kihiu, 2012), loan repayment (Nyamboga *et al*., 2014), the performance of small and micro enterprises (Siekei, *et al.,* 2013) and Sagwe *et al.,* (2011), but hardly show the correlation between FL skills and economic empowerment especially for women. This study will therefore seek to establish as one of its objectives the relationship between women’s financial literacy skills and women’s economic empowerment. It will go beyond looking at the successes of their businesses to their economic empowerment. The other objectives are discussed under 1.7.

1.6. Aim of the study

The overall aim of the study was to establish the financial literacy competences of women entrepreneurs in Kenya and determine the impact of financial literacy on their economic empowerment.

1.7. Objectives of the study

The main objectives of the study were:

- To determine the financial literacy skills of women entrepreneurs in Kenya
- To establish the level of economic empowerment of women entrepreneurs
- To measure the relationship between financial literacy and women’s economic empowerment
- To suggest a model for the improvement of the financial literacy skills of women entrepreneurs in Kenya.

1.8. Research questions

The following research questions were addressed:

- What are the financial literacy skills of women entrepreneurs in Kenya?
- What is the level of economic empowerment of women entrepreneurs?
- What is the relationship between women's financial literacy and women's economic empowerment?
- Which is the best model to use to improve the financial literacy skills of women entrepreneurs in Kenya?

1.9. Assumptions of the study

The study was based on the following primary assumptions:

- That a person who has completed primary school education, irrespective of the outcome, has basic literacy;
- Despite the many ambitious and noble initiatives of various financial institutions, the private sector, Non-governmental organisations (NGOs) and the government to economically empower women, their initiatives are yet to be felt significantly by the target group;
- Low financial literacy levels are excluding women from mainstream financial services (e.g. banks) in Kenya
- With more financial literacy, women entrepreneurs in Kenya would change the way they do business significantly.

1.10 Scope and limitations of the study

The study focused on assessing specific financial literacy skills of women entrepreneurs from Chuka Constituency who had accessed funds from the Uwezo Fund in the 2013/2014 financial year. The women entrepreneurs were assessed on the following specific skills as they relate to financial literacy:

i. An understanding of business ventures with special emphasis on when to invest and when to desist
ii. Understanding the need to diversify business
iii. Information-seeking behavior of the women entrepreneurs when sourcing financial products like loans, accounts and service from different financial providers
iv. Checking and understanding account transactions/statements
v. Basic numeric skills
vi. Costs of taking a loan.

In order to assess the level of the economic empowerment, the study measured the following universally accepted indicators for women's economic empowerment (Cheston and Kuhn, 2002).

i. women’s control over income indicated by their position as the ultimate decision-makers on finances at home and at their businesses;
ii. relative contribution to family support;
iii. access to credit;
iv. their feelings of being in control of financial status
v. their feelings about their current debt status

1.11. Significance and contribution of the study

As already mentioned, a number of countries, such as the USA, Japan, Sweden, Britain, Australia and New Zealand, regularly undertake national financial literacy surveys to determine the financial literacy competencies of their populations, as these skills are key to the economic wellbeing of their citizens (OECD, 2013). Previous research has shown a strong link between high levels of financial literacy and economic empowerment. Despite the Kenyan government’s initiatives to empower women economically, it is not clear whether the country’s women have the level of financial literacy required and whether these initiatives are leading to economic empowerment. By focusing on the financial skills of women entrepreneurs, this study provides a fresh insight into women entrepreneurs who are currently participating in government economic empowerment programmes, an area that is currently under-studied in Kenya.

Although this is not a national survey, this study provides a unique contribution to understanding the skills gaps among women entrepreneurs, and supports the need to carry out national financial literacy surveys. The findings will also be beneficial to all the stakeholders involved in teaching financial literacy to students at all levels of education, especially at the stage of curriculum design. The study also provides insight into how women entrepreneurs acquire financial literacy skills.

1.12. Research design and methodology

The study was conducted using the survey research method because of its ability to capture data using only a small sample of the population (Neuman, 2006). Case study research design was also employed to investigate the FL skills of women entrepreneurs in Chuka Constituency. In addition, the explanatory research design was used to explain the association between the FL skills of women entrepreneurs and their economic empowerment.

Both qualitative and quantitative research approaches were used to gather and present data. The results of the findings were then combined with existing pertinent literature. Primary data was obtained from the field, while secondary data was obtained from available literature.

As mentioned earlier (see Section 1.10), the study population was finite and consisted of women entrepreneurs from Chuka Constituency who had accessed finances from the Uwezo Fund in the financial year 2013/2014. Both probability and non-probability sampling techniques were used to select the sample population of 400. The figure 400 was chosen using Krejcies' model (cited in KIM, 2009: 65-66) to determine sample size.

The study's instruments included detailed questionnaires (adapted from the ANZ Banking Group, 2003) with both structured and open-ended questions. Interviews with the Uwezo Fund managers were also carried out. A pilot study was conducted to test the validity and reliability of the research instruments, particularly the questionnaires. A detailed discussion of the research methodology is provided in Chapter 4.

1.13. Data presentation and analysis

Quantitative data was analysed using the Statistics and Data (STATA) package to determine frequencies, percentages, and the relationships between the various variables. The qualitative data that was gathered through open-ended questions and interviews was coded into themes before the content was analysed and discussed.

1.14. Ethical considerations

Prior to data collection, a research permit was obtained from the National Commission for Science, Technology and Innovation (NACOSTI, Appendix 3) and from the University of Zululand's Research Ethics Committee (Appendix 4). More information can be obtained from the University of Zululand's website (http://www.unizulu.ac.za) and from the NACOSTI website (www.nacosti.go.ke).

The overall aims and objectives of the study were explained to the participants in a language that they understood before they signed their consent to participate. It was made clear to the respondents that participation was voluntary and that they could withdraw from further participation without any consequences. The consent form and the questionnaires were provided in English. Research assistants were drawn from the local community and were able to explain the procedures, expectations and questions to the respondents in cases where they were unable to understand. Confidentiality was maintained throughout the exercise.

1.15. Dissemination of the research findings

The research findings will mainly be disseminated in the form of a thesis. Other methods will include publication in peer-reviewed journals (both print and electronic), and participation in conferences, seminars and workshops. Currently, the following papers, drawn from sections of the paper, have been published:

1. Kinyanjui, J. and Ocholla, D. N. (2017). Financial Literacy among Women Entrepreneurs in Kenya: An Overview. In T.Kwanya; J.Kiplan'gat & J. Wamukoya (eds), Emerging Trends in Information and Knowledge Management. Eldoret, Moi University Press, 355-366.
2. Kinyanjui, J. W. and Ocholla, D. N. (2012). The missing link. Civic literacy without literacy and financial literacy? Retrieved from http://dom.lndb.lv/data/obj/file/164145.pdf
3. Kinyanjui, J. W. and Ocholla, D. N. (2008). Is financial literacy amongst women entrepreneurs feasible? The role of libraries. Retrieved from http://www.dissanet.com/jsp/prolissa/cfp.jsp

1.16. Structure of the thesis

Chapter 1: Introduction and background of the study

This chapter provides a preliminary literature review on the knowledge economy and women's empowerment, highlighting the connection between financial literacy skills, entrepreneurship and women's economic empowerment in Kenya. The chapter also provides the contextual background, statement of the problem, motivation of the study, overall aim of the study, objectives and research questions, and scope and limitations of the study. Research methods, data collection and analysis, and ethical considerations are also outlined.

Chapter 2: Conceptual framework

This chapter discusses in detail the key concepts that include: entrepreneurs and entrepreneurship with a special focus on women entrepreneurs; financial literacy concepts, for example literacy, information literacy, financial literacy, financial literacy education programmes; financial education providers; and acquisition of financial literacy. It further discusses women's economic empowerment and the importance of financial literacy skills in ensuring that women participate fully in the current knowledge economy. The link between educational attainment and economic empowerment are explored at length. The chapter also examines the current approaches by the government of Kenya to empower women economically.

Chapter 3: Theoretical framework

This chapter provides a brief historical background of the various economic theories that have been advocated by the world's leading financial institutions, such as the World Bank and Breton Woods Institutions. The chapter pays particular attention to the Microfinance Plus Theories that were claimed to be the best approach to halve the world's poverty by the year 2015. It also discusses financial education in the knowledge economy, financial literacy as a value added product for women's economic empowerment, the relationship between knowledge and entrepreneurship, information and knowledge, and theories of learning.

Chapter 4: Research design and methodology

This chapter describes the approaches, methodologies and procedures that were used to carry out the research, discussed as follows: i) Research paradigm and approaches, ii) Research design and methodology, iii) Target population, iv) Sampling, v) Data collection instruments, vi) Pilot study, vii) Ethical considerations, viii) Data presentation and analysis, and ix) Report writing and dissemination.

Chapter 5: Data analysis and presentation

This chapter presents the key findings of the research.

Chapter 6: Discussion of findings

This chapter discusses the findings presented in Chapter 5. Meanings, correlations and inferences are made based on the available data.

Chapter 7: Summary, conclusion and recommendations

The final chapter summarises the entire research and provides conclusions and recommendations based on the findings. The chapter collates the findings in line with the themes of the study's objectives and research questions. Proposals for future research are also outlined.

1.17. Summary

This chapter outlined the relationship between literacy, information literacy, and economic empowerment. Information is considered to be a major resource because economic empowerment depends on its exploitation. Education is viewed as a critical factor for increasing citizens' capacity to utilise knowledge. However, with an education system that does not meet the needs of the economy, it will be difficult for the country to realise Kenya Vision 2030. There is an urgent need for the review of the curriculum in order to address the current challenges that burden the sector. The government should continue to focus on access, gender equality and quality education in order to produce informed citizens.

In order to address gender inequality and the high level of illiteracy among women, the government should continue to nurture lifelong learning through Adult and Continuing Education (ACE) programmes. However, ACEs are currently facing considerable challenges that require substantive funding to rectify. It is reasonable to assume that in case of any increase in the education budget, priority will be given to basic primary and secondary education and not adult literacy. So where does this leave adults, especially women? Without functional literacy and with a lack of opportunities for lifelong learning, women's economic empowerment will continue to be nothing more than a modern development catchphrase. Participation in legal economic affairs in the country will continue to remain beyond the reach of adult women, which puts them at risk of falling prey to 'Ponzi' schemes and other illegal and catastrophic business ventures.

Despite the above (Table 1) impressive array of formal financial institutions in Kenya**,** women may not be accessing their financial services and products. It is therefore imperative that this study establishes how women are meeting their financial needs. Even where women are able to meet them, access to credit alone may not lead to economic empowerment. Social constructs, especially in the highly patriarchal Kenyan context, place considerable emphasis on marital status, etc. may work against women and deny them the right to be the ultimate decision-makers in their business and at home. Illiteracy and low education also play a role in women's economic empowerment. The study sought to establish the respondent's marital status to gauge whether this is a factor in their economic empowerment.

Financial literacy education can equip women entrepreneurs with the fundamental knowledge required to choose from the myriad of products and providers in the financial services industry. It can also equip women entrepreneurs with the financial knowledge necessary to generate household budgets, initiate savings plans, and make strategic investment decisions. Such financial planning can help families meet short-term obligations and maximise their long-term wellbeing, and is especially valuable for women who have traditionally been underserved by our financial system.

Evidently, financial education is of direct benefit to all individuals, irrespective of whether they are entrepreneurs or not. On a daily basis, individuals from all walks of life make a wide array of financial decisions that affect their economic wellbeing. Examples of such decisions include saving to purchase something or for retirement, deciding whether to take up loans or not, and budgeting at both household and business level. Before making decisions, women entrepreneurs need to define their needs or financial objectives clearly, and seek relevant information that will be evaluated and used to make informed decisions. It can therefore be argued that the first step in financial literacy is the detailed clarification of one's financial objectives. Financial literacy is a tool that one can then use to make informed decisions.

Cheston and Kuhn's (2002) list of indicators for economic empowerment was used to design part of the questionnaire posed to respondents to measure their level of economic empowerment. As with financial literacy, it was impossible to come up with only a single indicator that would measure women's economic empowerment. The composite indicators include: women's control over income; their relative contribution to family support; access to and control of family resources; women’s access to employment; access to credit; feelings of financial situation and credit.

Drucker, as quoted by Saulles (2007), observed that the future would be held together by information. If Kenya is to become a newly industrialised country, it will have to embrace the modern blueprints of economic growth. This means that Kenyans must become consumers and generators of information and knowledge. However, this is only possible if the government establishes an education system that guarantees literacy, numeracy and problem-solving skills. In addition to other factors, this system must address issues of: pedagogy; curriculum relevance; early childhood development; retention; access; wastage; equity; and lifelong learning (KMoEST, 2015a). In other words, the entire schooling pipeline needs to be evaluated and fixed. The education of all Kenyans must be viewed first as a human rights issue, and second as a social service. This is not easy, as education is highly politicised in Kenya; reviewing the curriculum is akin to evaluating the political regime.

Although formal education may be important, it cannot singly move the country towards achieving the status of a newly industrialised country. Innovation is equally important, and it results from consuming knowledge or the translation of knowledge into goods and services. Without innovation it will be impossible to eradicate poverty, especially for women who have lower education levels than men. Providing access to funds is not enough to assist women out of poverty. A much stronger foundation is required, where women learn how to generate, consume, and understand financial information to empower them economically and in a sustainable manner.

As countries continue to discuss women's economic empowerment, the need to track a set of multiple indicators is necessary as women's economic empowerment is more of a process than a one-off event. For example, one woman may have access to finances but not be in control of it, while another may be the ultimate decision-maker but may struggle to access finance. Society’s gendered roles will therefore play a major part in empowering women economically. When women are denied access to resources like finances in a bank due to social constructs that demand that women first get approval from their husbands, they will never be economically empowered. For women to be economically empowered, society must also strive to ensure that equality for women is achieved in education, with access to resources, in employment, political and social areas.

The next chapter provides a review of literature related to financial literacy concepts and categories, women's economic empowerment and entrepreneurship with special emphasis on women entrepreneurs. The chapter also discusses government and private sector initiatives to empower women economically.

Chapter 2: Literature review

2.1 Introduction

This chapter defines women’s economic empowerment in the current knowledge-based economy (KBE) and so lays a foundation for part of the study. Explanations of the reasons the world is focusing on women's economic empowerment are given. Whereas the definition of financial literacy was done in Chapter 1, this chapter reviews literature on financial literacy concepts and categories. The situation of women entrepreneurs and their challenges with specific reference to Kenya are discussed in detail. The chapter also discusses initiatives by both the government and the private sector to empower women economically.

2.2 Women’s empowerment

The Beijing Platform for Action (1990) represented a conceptual shift from a focus on “the status of women” and “gender inequality” to the objectives of “gender equality” and “women's empowerment” (Moghadam and Senftova, 2005). Among other things, the Call for Action aimed to empower women economically, politically, and culturally (UN, 1996). Nevertheless, Moghadam and Senftova (2005) caution that there is a danger of the term ‘empowerment’ becoming a catchphrase within certain circles in development policy and practice, and of its being used to add glamour (rather than value) to interventions that seek to achieve a variety of economic and social outcomes that may be extremely desirable in and of themselves, but do not necessarily challenge existing patterns of power. A clear definition of empowerment is therefore critical.

According to Moghadam and Senftova (2005), women's empowerment refers to the achievement of basic capabilities, of legal rights, and of participation in key social, economic, and political domains. Mosedale (2005), on the other hand, defines women’s empowerment as the process by which women redefine and extend what is possible for them to be and do in situations where they have been previously restricted compared to men. Kabeer’s (1999:435) definition is similar to Mosedale’s (2005), as he views “women’s empowerment [as] the process by which those who have been denied the ability to make strategic life choices acquire such an ability”.

The main difference is that Kabeer’s (1999) definition emphasises the gendered nature of women’s disempowerment. Mosedale’s definition also emphasised their gendered nature.

According to Kabeer (1999), when people talk of women's empowerment, they are defining individuals as 'women', and in that case they are considering ways in which women's gendered identities disempower them in their public roles as well as within the home.

Malhotra, Schuler and Boender (2002:13) describe empowerment as a 'process' as opposed to a condition or state of being. The disadvantage of this definition is that it makes empowerment a moving target, which makes it difficult to measure. The authors further suggest that the use of direct measures as opposed to proxy indicators is difficult, if not completely impossible. This is due to the lack of availability and use of data across time, the subjectivity inherent in assessing processes, and the shifts in the relevance of indicators over time.

Bisnath (2002) and Sabharwal (2000) agree that the term 'women's empowerment' has been conceptualised differently as it is used in many ways and in a wide range of contexts. However, in all the definitions, the goal of the empowerment process is to address issues relating to women's subordination, inequality and inequity. Furthermore, women's empowerment is seen as entailing a shift from positions of powerlessness towards strategic social, economic and political participation. According to the UN (1996), women's empowerment has five components: women's sense of self-worth; their right to have and to determine choices; their right to have access to opportunities and resources; their right to have the power to control their own lives, both within and outside the home; and their ability to influence the direction of social change to create a more just social and economic order, both locally within communities and countries, and internationally. Sabharwal (2000) summarises all the conceptualisations of empowerment into four main dimensions: individual or personal, economic, collective/social, and political.

Cheston and Kuhn (2002) acknowledge that there is no set of indicators of women's economic empowerment that cuts across all cultures and regions, but they do present evidence of several characteristics that are relevant and important for economic empowerment across a range of contexts, listing the following: women's control over income; their relative contribution to family support; access to and control of family resources; women's access to employment; ownership of assets and land; access to credit; involvement and/or representation in local trade associations; access to markets; women's representation in high paying jobs; women Chief Executive Officers (CEO); and the representation of women's economic interests in macroeconomic policies, state and federal budgets.

2.3 Barriers to women economic empowerment

Mauchi, Mutengezanwa and Damiyano (2014) identify cultural constrains where the men or husbands are viewed as the sole bread winners; lack of capital and access to credit; lack of access to business information; conflicts between work and family responsibilities, networking challenges, lack of education and management skills and inability of sourcing raw material markets as the main barriers to women's economic empowerment. However, their main problem seems to be a lack of information and knowledge to help them find a way out. Andretta (2005: xvii) agrees with this observation, stating that, "Information can be transformational. Used well, it liberates and changes people, perceptions, society and improves lives."

Literacy and educational attainment comprise an important exit strategy out of poverty as educated people are more likely to earn more than those who are less educated, (KMoEST, 2004). An educated and skilled work force that continuously upgrades and adapts skills to create and use knowledge efficiently is therefore one of the pillars of the knowledge-based economy. Kenya, in its new blueprint for development, realises that its main potential lies in its people – their creativity, work ethic, education, entrepreneurial ability and other skills (KNESC, 2007). The key to success lies in proactive measures to ensure the training of human resources with the ability to respond to changes that are triggered by economic transformation. However, this is only possible if a country has a responsive education sector that acknowledges the fact that it is through the utilisation of knowledge that economic growth and social development can take place (Dahlman, *et al*. 2007; Shaun, 2003). This makes literacy important, because it is a precursor to achieving higher cognitive skills.

Wagner and Puchner (1992:16) observe that while there doesn't seem to be universal agreement on what should be measured when defining literacy, it is usually associated with the more positive aspects of human civilisation, such as social, political, cultural and economic development. Whether in the domain of religion, the invention of the printing press, or the Internet, literacy has been at the center of many of our most profound human and historical developments. UNESCO (2006) supports this view of literacy, defining it as "the acquisition and use of reading, writing and numeracy skills, and thereby the development of active citizenship, improved health and livelihoods and gender equality"

Illiteracy has been identified as one of the strongest predictors of poverty and is often used to be characterised by hunger and malnutrition, lack of basic necessities such as safe drinking water and health services, social isolation, exclusion and exploitation, and a lack of education which is still experienced in many parts of the world (Khaldoun, 2002). According to Bhola (1995), to be illiterate in such a context is surely to be disadvantaged. Therefore literacy can be the equivalent of a powerful tide that lifts all boats (Gujjar, 2007). To be literate is to acquire added potential, since literacy is a prerequisite for the acquisition of other skills and the development of more rational attitudes. Dighe (2006) describes literacy as the root of society; without literacy there can be no empowerment, much more so for women and girls. Fiedrich and Jellema (2003) observe that with increased literacy, women are able to gain access to male-dominated areas of work, learn languages of power that were previously associated with men, and participate in household finances that were previously controlled by men. In other words, literacy is vital to human and economic development as it can deliver significant economic benefits both for individuals and for countries (UNESCO, 2006).

Khaldoun (2002) maintains that illiteracy and the lack of information conspire against disadvantaged communities and individuals, but "having particular information and knowledge confers a special advantage" (Choo, 2006:17). However, according to Choo (2006), it is not enough to simply access information; one must make sense of it. In information management, Maes (1999) identifies two views that he deemed necessary and complimentary: the economic perspective, which views information as a business resource, and the socio-constructivist perspective, which sees information as a social construction that is a result of sense making. Information management can no longer limit itself to the delivery of information and needs to be increasingly concerned with the ways that information is utilised. Low literacy and numeracy levels have therefore become key players in exacerbating social exclusion and alienation for women.

2.4 Entrepreneurs

In describing entrepreneurs, Lazenby and Machaba (2011) conclude that all entrepreneurs have the following common characteristics: risk-taking especially when starting the business; the need for achievement that motivates them to start a business despite the inherent risks; tolerance for ambiguity because the activities they perform are often uncertain and the belief in themselves to influence outcomes on issues affecting their businesses.

Despite these common characteristics, there have been several attempts to classify entrepreneurs, mainly through the sizes of their enterprises or other distinct characteristics, for example innovation, demographic profile of the entrepreneurs and growth orientation. Zimmererer (2005) subdivides businesses into two groups: i) small businesses which are generally small, independently owned and operated, not dominant in their fields, and which do not engage in many new or innovative practices; and ii) entrepreneurial ventures where the entrepreneur's principle objectives are innovation through strategic practices, profitability and sustainable growth. On the other hand, Miles and Norcliff (1984) identify five types of enterprises as follows: successful intermediate enterprises; profitable small enterprises; unprofitable small enterprises; larger static enterprises; and small enterprises with high profit margins.

Baumol (cited in Klapper and Love, 2010) uses different terminologies to describe entrepreneurs managing small businesses or entrepreneurial ventures. He uses the term 'replicative' or 'survivalist' to describe the entrepreneurs who start and manage small businesses out of necessity and 'innovative' or 'gazelles' to describe entrepreneurs who start and manage large enterprises with the sole aim of making huge profits. The major difference between the two types of entrepreneur is that for the 'replicative' or 'survivalist' 'entrepreneur', they do not introduce any new idea or technology into the market, while the 'innovative' or 'gazelles' in fact do so. Kuratko and Hodgetts' (2007) definition of entrepreneurship as a dynamic process of vision, change, and creation, requiring the application and implementation of new ideas and creative solutions, aptly describes innovative entrepreneurs and less so survivalist entrepreneurs.

Kobia and Sikalieh (2010) also differentiate between two types of entrepreneurship, namely opportunity-driven entrepreneurship where individuals are able to see existing opportunities in the form of business ideas and go on to exploit them by creating new ventures to pursue these ideas, and necessity entrepreneurship where the need for survival due to lack of employment, self-realisation and independence drives individuals to start businesses. Apart from differences in terminology, Kobia and Sikalieh (2010) and Baumol (cited in Klapper and Love, 2010) make the same distinction, dividing entrepreneurs into those who see opportunities to innovate and establish new ventures, and those who simply start business ventures as a means of survival. The latter group may not have a great desire to expand their businesses, which is why, in many cases, they remain small. Despite the fact that the number of women operating their own business is increasing globally, the developed countries have more opportunity-driven entrepreneurship while developing countries have more necessity-driven entrepreneurship (World Bank, 2014).

While discussing entrepreneurship in Kenya, Stevenson and St-Onge (2005) differentiate between entrepreneurs based on their demographic profiles, the extent of their previous business experience, needs, access to resources, and growth orientation. The focus of this study are micro, small and medium enterprises (MSME), with a special focus on micro and small enterprises since these are the categories targeted for financing by the Uwezo Fund. Micro and small enterprises in Kenya are popularly referred to as *'Jua Kali'* which means 'hot sun' due to the fact that most of these enterprises are conducted under the hot sun without any shade.

Stevenson and St-Onge (2005) list the following characteristics as distinctive to Jua Kali enterprises: 1) they are run by people who are unable to find a paid job or get into an economic sector of their choice, making the need to survive the main motivation for starting the business: 2) income from their businesses falls far short of the minimum wage: 3) they start with very little capital due to lack of access to credit: 4) entrepreneurs have low education (usually less than secondary school level), no business skills training and only limited opportunities for growth into a viable business: 5) they often involve only the owner, some family member(s) and at the most one or two paid employees in order to keep the cost of labour low: 6) they may not be formally registered in terms of business licenses, value-added tax (VAT) registration, formal business premises, operating permits, and accounting procedures and 7) the owners are constrained by their household responsibilities and marital status (for instance, having to obtain permission from their husbands to travel out of town for training or trade fairs). Many of the *Jua Kali* traders lack the desire to grow their businesses significantly and expand to greater levels due to the unintended consequence of loans and lack of knowledge and education on how to grow their businesses (World Bank, 2016).

A few of these micro enterprises become viable small businesses (Naituli Wegulo and Kaimenyi, 2008). According to Stevenson and St-Onge (2005), these small businesses employ 6-10 workers and continue to be directly controlled by the owner, or are family owned. Naituli *et al*. (2008) add that unlike the micro enterprises, small enterprises are likely to operate from business or industrial premises, be tax-registered and meet other formal registration requirements. Most of these entrepreneurs have at least secondary level education with some experience as former employees (CMA, 2010). This study focused on both micro and small businesses, as the distinction is not clear-cut in real life. For example, there are some micro enterprises that are formally registered and therefore pay taxes and operate from business premises.

According to the CMA (2010), even fewer small entrepreneurs grow to become medium enterprises that are the most difficult to characterise compared to micro and small enterprises, as they lie between small and big business categories. To a large extent they still remain owner/manager-controlled but are more complex. For the purposes of this study, medium-sized enterprises are businesses that employ 50-200 people according to CMA's (2010) definition.

According to Stevenson and St-Onge (2005), large enterprises have a potential for growth as well as entry into international markets, and some are already in the export trade. They are most likely to be run by university graduates from an entrepreneurial family, with managerial experience in the corporate world and access to finance. For the purpose of this study, the term 'entrepreneur' encompasses all enterprises regardless of the size of the enterprise or entrepreneurial venture.

Despite the above classification of various entrepreneurs, Kuratko and Hodgetts (2007) believe that all entrepreneurs usually seek rapid growth and immediate profits despite the differences in the types of businesses. This view is also shared by Marris and Somerset (1972), who observed that the main reason entrepreneurs invent new products is to transform them into profits. Entrepreneurship, whether small or not, is currently being viewed as the key to economic development in both Africa and Europe. For example, Lazenby and Machaba (2011) describe entrepreneurship as the lifeblood of South Africa

2.5. Women entrepreneurs in Kenya

Describing the demographic characteristics of this group, ILO (2008) states that "About 80% of women entrepreneurs are in the 20-39 years' age bracket, with the 40-49 age bracket representing about 18.5% of the entrepreneurs. Over 56% of the women entrepreneurs are married, and about 32% are single. A significant number of women entrepreneurs are also educated to secondary school level (about 36%), while 34% have primary level education. Only about 3% are university graduates". According to the IFC (2011), women's businesses in Kenya are predominantly in the food processing, clothing, agro-processing, horticulture, retail, entertainment, and other manufacturing sectors. This study sought to establish the accuracy of this description by determining the age of the women entrepreneurs, their academic background and the kinds of businesses that they were running.

Several studies have tried to profile women entrepreneurs. Stevenson and St-Onge (2005) and ILO (2008) differentiate between entrepreneurs by their demographic profiles, the extent of their previous business experience, needs, access to resources, and growth orientation. Jahanshahi, Pitamber and Nawaser (2010) suggest that women entrepreneurs tend to be highly motivated, self-directed, exhibit a high internal locus of control and achievement, have sharp communication skills, are intuitive, have consensus-building competencies, are nurturing, competent, confident, resilient, decisive, have a high level of autonomy and are self-starters. Research by Mitchelmore and Rowley (2013) proposes the Female Entrepreneur Competence (FEC) framework, which encompasses four clusters of competencies: personal and relationship competencies; business and management competencies; entrepreneurial competencies; and human relations competencies. In both authors' perspectives, relationship competencies are important. This framework, to a large extent, heavily informed the choice of theories that this study is based on and the kinds of research questions to include (see Chapters 3 and 4).

2.6. Challenges facing women entrepreneurs in Kenya

Despite their massive contributions to economies, research findings by the Center of Arab Women for Training and Research (2007) indicate that women entrepreneurs as a whole face more difficulties than their male counterparts in setting up and making their businesses profitable. A report by the IFC (2011) indicates that despite their potential, women-owned businesses in Kenya are less likely to grow, are smaller, generate only 57% of the income that male businesses generate, and are twice as likely as male-owned businesses to be operating from the home.

A study by Kenya Institute of Management (2011) established that of 61.3% of the women entrepreneurs surveyed, less than 50% had a likelihood of business success. This explains why one in every three new businesses fails within the first 6 months (KIM, 2011). KIM (2011) identified learning financial management skills, finding and keeping good employees, access to capital, and the high cost of public services as the top challenges faced by the majority of surveyed women. Other key challenges identified by the study include the high cost of labour, access to general business training and support, and gaining access to new markets for their products or services. A study by ILO (2015) identified accessing loans and other financial services as by far the most common challenge that women entrepreneurs in Kenya face. According to the author, this would explain why they primarily rely on 'merry-go-rounds[5]' as a way to save and lend money.

According to Naituli *et al*. (2008), money for starting operations comes primarily from informal sources like personal savings, loan advances from friends or relatives, retirement and terminal benefits for those retrenched or retiring from formal employment. Formal financial institutions do not play a significant role in financing new women's business ventures. Naituli *et al*. (2008) further observed that although knowledge about training for women entrepreneurship in Kenya is fairly limited, they established that only about 30% of entrepreneurs had received some type of training in the past.

Ronge, Ndirangu and Nyagito (2002:16) assert that "certain social attitudes and practices also reduce the effectiveness of women in business". For example, there are many cultural norms and expectations that prevent women from undertaking businesses away from home. The ILO (2008) report observed that women entrepreneurs in Kenya face the challenge of managing their work parallel with family and household affairs as follows: Kenyan women work 12.9 hours per day, which is 4.7 hours more than men work; women constitute 60.8% of unpaid family workers; they are also mothers and time spent on family duties leaves women with less time to run their businesses, take advantage of training opportunities, or network. While conducting interviews with MFI and commercial bank managers, KIM (2011) established that in addition to common requirements for both sexes, women entrepreneurs who are married are required to have their husbands' approval to access finances, although this condition is often disguised.

[5] A "merry go round" is an informal lending circle women organise with other women in their communities and are common among women market vendors. Each member of the circle contributes a certain small amount of money at a regular interval (usually daily or weekly), and on a regular basis the pooled money is given to one member of the group in turn (ILO, 2015).

Other social factors that affect women entrepreneurs include: a lack of social and cultural support for women as entrepreneurs; women are subject to stereotypes and there are few visible role models for them at any level. Gender barriers need to be addressed at all levels, from the legal system to the domestic system (Kiraka, Kobia and Katwalo, 2013).

Finance is an essential resource for any entrepreneur, and failure to understand all the different financial products and services that are on the market may seriously hamper the development of business ventures. Seghers, Manigart, and Vanacker (2011) determined that the majority of entrepreneurs "have a limited knowledge of finance options, even if they have a broad business experience. They may enhance their understanding of finance through training or establishing links with financial experts to help them reduce the knowledge gap". According to Davidsson and Honig (2003), entrepreneurs with business education and previous experience in accountancy or finance should have increased knowledge of financial alternatives. This is critical, as sound knowledge of financial alternatives is the basis for making good financial decisions (Gibson cited in Seghers *et al*. 2011).

Training would go a long way in equipping the women entrepreneurs, but as Kiraka *et al*., (2013) have established, access to training as well as any follow-up to training inputs is largely inadequate. In Kenya, women entrepreneurship is promoted through TV adverts, exhibitions, trade fairs, short-term training, and subsidies. However, these have little effect or are too few or insignificant.

Entrepreneurs who lack financial knowledge also have a general lack of knowledge about government programmes, especially during the startup process. Lundström and Stevenson (2005) advance two potential explanations for this general lack of knowledge of government programmes. First, many entrepreneurs do not seem to understand the utility or relevance of the government programmes and second, entrepreneurs may not need or may not be eligible for several of these government programmes.

Regardless of the reason, this lack of knowledge is a major obstacle to the development of the start-up. The importance of this knowledge gap may be more or less critical depending on the growth ambitions of the entrepreneurs and their intention to remain independent. For instance, it might well be that a limited knowledge of financial alternatives would constrain high growth-oriented entrepreneurs more than low growth-oriented entrepreneurs who have less need for resources.

2.7 Initiatives to empower women economically

Issues of gender equality and women's economic empowerment have been addressed in Kenya in various ways by successive governments. In December 2004, the Kenya Ministry of Gender, Sports, Culture and Social Services (KMGSCS) elevated the former Women's Bureau, which was established in 1978, to a Gender Department within the Ministry in order to coordinate international and national issues surrounding gender and women's empowerment (KMoEST, 2004). Between 2003 and 2007, gender issues were addressed through the Economic Recovery Strategy (ERS) and KMGSCS as described in the First Annual Progress Report on the implementation of the first medium term report, 2008-2012 of Vision 2030 (KNESC, 2013). In 2007, the Kenyan Ministry of Devolution and Planning (KMDP), together with its development partners, mainly the World Bank and the European Union, created a National Fund for Women with a capital base of USD 10,000,000 for disbursement to women entrepreneurs (KMDP, 2013). The money was channeled through commercial banks and disbursed to women at discounted rates.

A lot has changed since then. For one, the Ministry of Devolution and Planning is now the Ministry responsible for gender and women's empowerment. Currently, as part of mainstreaming gender equality, the government is focusing on increasing financial access to women who may not be covered by commercial financial services through the disbursement of funds via the Uwezo Fund (KMDP, 2014), the Youth Enterprise Development Fund (YEDF, 2016), and the Women's Enterprise Fund (WEF, 2017). All three programmes are flagship projects of Vision 2030 under the social pillar. The overall aim of the funds is to ensure that credit is available to as many people as possible that require it as long as they qualify.

2.7.1 The Uwezo Fund

The Uwezo Fund (KMDP, 2014) aims at enabling women, youth and persons with disability access finances to promote businesses and enterprises at the constituency level[6], thereby enhancing economic growth and promoting gender equality and empowering women. The

[6] A constituency is a legislative unit that elects a leader who sits in the Parliament which is the legislative arm of government.

biggest game-changer is, however, the 30% preferential procurement provisions for women and youth. Through this initiative, the government is putting real money and opportunities for growth in women's hands. It also provides mentorship opportunities to enable the beneficiaries to take advantage of this preferential provision through its Capacity Building Program. Uwezo Fund, therefore, is an avenue for incubating enterprises, catalysing innovation, promoting industry, creating employment, and growing the economy (KMDP, 2014). The Fund was launched by His Excellency the President of the Republic of Kenya on 8th September 2013 and enacted through a Legal Notice, No. 21 of the Public Finance Management Act, 2014, and published on 21st February, 2014 (KMDP, 2014).

2.7.2 Women's Enterprise Fund

The other government programme supporting women's economic empowerment is the Women's Enterprise Fund (WEF), which has been in existence since 2006. WEF is a semi-autonomous government agency in the Ministry of Devolution and Planning (formerly in the Ministry of Gender, Children and Social Development) that was established in August 2007 to provide accessible and affordable credit to support women with starting and/or expanding businesses for wealth generation and employment creation (WEF, 2017). The KMDP (2013) explains that, "The Fund's structure, policies, processes and products are therefore deliberately designed to address these challenges, for example: high interest rates on loans from banks and other lenders by giving interest free loans; lack of collateral for example title deeds, logbooks, and other collateral demanded by banks and other lenders by having women guarantee each other; low financial literacy by offering free financial and business training; high transactions costs in loan applications, and other bank charges by having women repay their loans using their mobile phones". In order to address cultural factors such as fear of loans, the need for men's approval, and similar issues, the fund has made the provision that men can also benefit from the group loan as long as they constitute not more than 30% of the membership, and as long as all occupying leadership positions and signatories of the accounts are women (KMDP, 2013).

The fund also provides business support services such as capacity building, marketing, networking and infrastructure support. It supports women in micro, small and medium-sized enterprises from all sectors of the economy. The women may be members of a registered women's self-help group or own their own companies. To date, and according to its website

(WEF, 2017), a total of USD 105,000,000 has been disbursed to 1,373,924 women organised in 75,000 groups.

2.7.3 Small and Medium Enterprises in Kenya

According to Kiraka *et al*. (2013), SME activities cut across all sectors of the economy, including general trade (wholesale and retail). Entrepreneurship in Kenya is regulated by the Small and Medium Enterprises Development Authority (SMEDA), which was passed into law in January 2013. The authority has KES 4.8 billion (USD55 million) that is dedicated to SMEs (SMEDA, 2013). According to the Economic Survey of 2015 (KNBS, 2016), the informal sector had the largest share of employment, accounting for 82.7% of the total jobs in the country.

Small and Medium Enterprises Development Authority http://www.mseauthority.go.ke/
The Ministry of Industrialization and Enterprise Development (KMDP, 2013) has the following programmes, projects and interventions geared towards addressing some of the challenges and constraints faced by SMEs:

1. *The Ministry operates a credit revolving fund called the Joint Loans Board Credit Scheme which gives access to affordable credit (1% per month) to SME operators. Geographically, the scheme covers the whole country and has advanced over Kshs. 600 million (USD 6.9 million) to over 40,000 enterprise owners since its establishment in 1954.*
2. *The Ministry has established Business Solutions and Information Centers in the districts to enhance the capacity of SMEs to grow and sustain themselves. They are one-stop shops offering an integrated mix of business development services to micro and small enterprises in rural areas. They complement other government initiatives at the district level. Specifically, they provide information, profile the districts and identify business opportunities, as well as provide business skills, carry out research and develop linkages.*
3. *The Ministry of Trade addresses SME challenges of inadequate access to business skills through the Kenya Institute of Business Training (KIBT), whose core function is to provide entrepreneurial and management training, business research, information, consultancy, and counselling services to micro, small and medium scale enterprises.*

4. *The Ministry has hired District Trade Development Offices which will operate under the county governments in all the counties. This presents a formidable avenue for the provision of business services to SMEs, e.g. training, business counselling and advice, business information gathering and dissemination, business and investment opportunities, and profiling and mapping, among others.*
5. *Through its Agency, the Export Promotion Council, the SMEs are continually being assisted to design and develop products and identify and supply lucrative export markets, in addition to other value adding activities.*

2.7.4 Youth Enterprise Development Fund

The government, across other ministries, has an additional interventions: the Youth Enterprise Development Fund. The target beneficiaries of the fund are young people between the ages of 18 and 35 years. The fund was transformed into a state corporation on the 11th May, 2007 (KMDP, 2013). Both men and women can access funds.

2.7.5 Kenya Women Microfinance Bank (KWFT)

The oldest and largest MFI targeting women is the Kenya Women Microfinance Bank (KWFT) According to its website, (KWFT, 2017), KWFT is an MFI targeting mainly women, was established in 2008 and began operations in 2009 after successfully taking over the Microfinance business from Kenya Women Holding (KWH). Later, in March 2010, it received the CBK licence to become a Deposit Taking Microfinance institution, hence KWFT. From humble beginnings, KWFT has risen to be the most successful microfinance bank controlling over 45% of the microfinance market in Kenya, (KWFT, 2017). With over 800,000 clients across the country, KWFT has invested in a vast branch network with over 230 offices spread out across 45 out of the 47 counties in Kenya. This has ensured that KWFT has deep penetration into remote, rural and peri-urban areas to ensure that women gain financial inclusion to uplift their living standards. KWFT is a fully fledged microfinance bank offering banking services that include both savings and credit products that cater for the needs of micro, small and medium sized entrepreneurs. KWFT's products and services are open to organised groups, individuals, and corporates. As at December 2015, KWFT had issued loans of USD 250 million, assets valued at USD 320 million and deposits of USD 180 million (KWFT, 2017).

2.7.6 Kenya Association of Women Business Owners (KAWBO)

The 'Imarisha Biashara: Women, Business and Government' campaign is another initiative, this time by the Kenya Association of Women Business Owners (KAWBO), aimed at promoting women's access to government contracts (KAWBO, 2013). This campaign was born out of KAWBO's mandate to increase market access to women entrepreneurs. It does this by mentoring young entrepreneurs, offering networking opportunities and training programmes to its members that challenge their current business practices, and providing its members with skills to remodel and position themselves as leaders in their respective fields (KAWBO, 2016). The campaign is anchored in the Constitution of Kenya as well as the Public Procurement and Disposal Act (Preference and Reservations Regulations) of 2011, which facilitates affirmative action for women, youth, and persons with disabilities with respect to public procurement (KMDP, 2013). According to the Federation of Women Entrepreneurs (FEWE), the overarching regulation is that 30% of all public procurement spending, totaling 2 Billion USD in 2014, has been set aside exclusively for women, the youth, and persons living with disability, while the remaining 70% is still accessible to these groups under the open tendering process (FEWE, 2014). Women have therefore become a huge potential market for financial institutions. KAWBO is carrying out the training of women in business on how to register their businesses and how to apply for government tenders (KAWBO, 2016).

2.7.7 Commercial Banks

Commercial Banks have also responded to the need to provide more women with access to funding. As a way of promoting women entrepreneurs, some banks have created accounts with very appealing names that cater exclusively for women. For example, Standard Chartered Bank has the Diva Account, Kenya Commercial Bank has the Grace Account and Mobi Chama and Tuungane Chama/Investment Group in Kenya Commercial Bank; Equity Bank with its slogan "Empowering women in business", has several loans for women entrepreneurs that are categorised according to the amount lent. These include the Fanikisha Loan and Fanikisha Fedha that require one to be in a group or '*chama*', as they are popularly known, and Fanikisha Imara, Fanikisha Dhahabu, Fanikisha Almasi and Fanikisha Platini that cater for individual entrepreneurs. The amount of money groups or individuals receive varies from about USD 10 to USD 10,000. Members that receive the loans have access to some level of training that includes: discounted access to business improvement training, access to business advisory services, and the opportunity to attend motivational talks and trade fairs (Equity Bank, 2015).

There is also Chase Bank that has the Chase Woman Elite Current Account which targets affluent women entrepreneurs with a net value of over USD 4,000 (Chase Bank, 2015).

2.7.8 Growth Oriented Women Enterprises (GOWE)

The Growth Oriented Women Enterprises (GOWE) Program is managed by the African Management Services Company (AMSCO, 2015). GOWE supports women entrepreneurs with a combination of investments, support services, and mentorship, leadership development, and advisory services to help the women grow and succeed in their businesses. Target beneficiaries are formally registered, women-owned enterprises, with proven growth potential (AMSCO, 2015). They define a women-owned enterprise as one where at least 51% of the business is owned by a woman or women, in addition to women managing the business at executive level (AMSCO, 2015). The business must have been in operation for at least two years (start-up businesses are not eligible). Loan requests are considered up to US 400,000. The programme is supported by the African Development Bank (AfDB) and the International Finance Corporation (IFC) and managed by the African Management Services Company. The International Labour Organization (ILO) is its technical advisory partner.

From the above examples, it is clear that many initiatives and funding are geared towards Kenyan women with the hope of empowering them economically. In addition to offering credit and affirmative action, both the government and the private sector also invest in training their beneficiaries on financial management and support. For example, the Uwezo Fund training programme received a boost in April 2015, when Toyota Kenya donated a cheque of USD 50,000 to the fund through its Ministry of Devolution and Planning for capacity building in Agri-Business and Entrepreneurship (KMDP, 2015). The organisation further announced that for the next four years it would donate a similar amount each year. The money is for start-up businesses.

2.8 So why this focus on women?

Expanding women's economic opportunities is central to the 2030 Agenda for Sustainable Development (Women Economic Forum, 2016). This is because women make contributions to economies, from the local to the global that reach trillions of dollars (UN women 2016). In fact, a report by the OECD (2013) states that women's economic empowerment is a prerequisite for sustainable development. Despite the unprecedented focus on gender equality and empowerment of women and girls over the last couple of decades, the gender divide continues to exist in the world today. In the UN General Assembly in 2015, many governments reaffirmed their commitment to women's empowerment and to a gender equality perspective in order to overcome this divide. Despite this, the progress is slow as women in all regions continue to be overrepresented in low-paid and vulnerable jobs with data indicating that at the current pace, it will take 70 years to close the gender pay gap (UN Women, 2016).

The World Bank (2006) reported that societies that discriminate on the basis of gender pay the price of greater poverty, slower economic growth, weaker governance, and a lower living standard for their people. They observed that, overall, evidence is mounting that improving gender equality is a critical component of any development strategy. This has led to a much wider policy choice within many countries to focus on economic initiatives that address gender, on the basis that economic growth depends on the greater economic empowerment of women. According to the Centre for Innovation Management Research (CIMR) societal change and the availability of finance that produce successful women entrepreneurs have two potential positive outcomes: the economic growth of developing societies, and the eradication of poverty (CIMR, 2015).

Cheston and Kuhn (2002) declare that women's equal access to financial resources is a human rights issue because access to credit is an important mechanism for reducing poverty. The authors note that both the Convention on the Elimination of Discrimination against Women (CEDAW) and the Beijing Platform for Action (BPFA) highlight the importance of women's access to financial resources. The Constitution of Kenya, 2010, Chapter One subsection Two part Six states that "Any treaty or convention ratified by Kenya shall form part of the law of Kenya under this constitution" (Kenya Ministry of Justice, National Cohesion and Constitutional Affairs, 2011). Most notably, Kenya has ratified the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), and the African Charter on Human and People's Rights on the Rights of Women in Africa where access to finances is one of the rights. According to the Kenya Ministry of Justice, National Cohesion and Constitutional Affairs (KMJNCCA), the Constitution of Kenya, 2010 also assures the socio-economic rights of both men and women in Chapter four (4) under the bill of rights and is supported by Chapter five (5) which guarantees equitable access to land and security of land rights that favour women.

Chamlou (2008: ix) notes that "Women's skills and creativity can make a valuable contribution to testing new ideas and increasing competitiveness in the global market place, spotting new niches for diversifying the economy's range of products and services, and developing a cadre of women entrepreneurs who can lead in their economies." Ellis, Cutura, Dione, Gillson, Manuel and Thogori (2007:13) observe that women in Kenya are poorer than men, less prominent in the formal sector, and tend to earn lower wages. According to IFC (2011) and the Capital Markets Authority (2010), women-owned businesses are making a significant contribution to the Kenyan economy as they account for about one-half (48 per cent) of the 1.3 million micro, small and medium-sized enterprises (MSMEs) and contribute around 20 per cent to Kenya's GDP. 75% of enterprises headed by women are in the trade and services sector (IFC, 2011:1). The IFC (2011) report further claims that of the 462,000 jobs created annually since 2000 in Kenya, 445,000 have come from the informal sector, where 85 per cent of women's businesses are found. However, two thirds of these businesses are located in the rural areas and remain unregistered, therefore informal. According to the Capital Markets Authority (2010), 75% of businesses headed by women are in the trade and services sector and employ an average of 1.554 people compared to men-owned businesses, which employ 2.1.

In Kenya, one-third of households are headed by women, and yet a report by KNBS (2015a) found that only 61% of women compared to 80% of men were employed. Kenya cannot afford to ignore women; statistics released by KNBS (2015b) indicate that households headed by women were 36.7% compared to those headed by men at 63.3%. Unfortunately, the education level of women in Kenya is low. According to the report, the percentage of women over 18 years who had no education at all stood at 58.2%; 32.8% hadn't completed their primary education; 31.0% had completed primary school; and only 21.1% had completed secondary school (KNBS, 2015b).

According to Greenspan (2002), small businesses the world over contribute significantly to the gross domestic product of their economies. These businesses are an important vehicle for a significant number of minority families and women-owned businesses to accumulate assets. It is therefore essential that the opportunity to start an enterprise is open to anyone, in particular women, with a viable business concept. The Center of Arab Women for Training and Research (2007) estimates that between one-quarter and one-third of formal sector businesses worldwide are owned and operated by women. The share of informal enterprises owned by women is even greater. While agreeing with these findings, Cheston and Kuhn (2002) also emphasise the fact that women entrepreneurs make up the majority of workers in the lower-paid informal sector of most economies. These findings are used to justify giving priority to increasing women's access to financial services on the grounds that women are relatively more disadvantaged than men.

Targeting women has therefore been acclaimed as 'a good thing' by governments, donors and NGOs across the globe. In order to empower women economically, there are a number of micro-finance programmes in Africa that target women, and most of these are also expanding to reach even larger numbers of women (Mayoux, 1999). It is assumed that increasing women's access to micro-finance leads to a set of mutually-reinforcing 'virtuous spirals' of increasing economic empowerment, improving well-being, and facilitating the social/political/legal empowerment of women (Mayoux, 1998).

A UNDP (1995) research report in Mexico on the poverty level of women-headed households gave credibility to the commonly held belief that women spend a greater percentage of their income on their households than men do. A study by the Special Unit on Microfinance of the United Nations Capital Development Fund UNCDF (2005) likewise found that women's success benefits more than one person, as they are more likely than men to spend their profits on their household and family needs. However, they should be given special consideration because they are normally disadvantaged from the start (Chamlou 2008 and Ellis *et al*. 2007).

Finally, it makes business sense to invest in women because despite the fact that women mostly run micro enterprises that employ four or fewer people, they are steadily moving up the business ladder, away from the traditional hawking of goods and services to other business opportunities such as franchising, manufacturing, printing, travel agencies and property development (FinMark Trust-2004).

2.9 Financial literacy: concepts and categories

Among the many constraints that the SME sector continues to experience are limited access to markets; an inhibitive legal and regulatory environment; inadequate skills and technology; poor quality of products; inadequate business skills; limited access to information; lack of institutional frameworks; and limited linkages to large enterprises (Kiraka *et al*., 2013). In order to overcome these challenges, women entrepreneurs require skills that would enable them to actively participate in the economic affairs of the country. The focus of this study is financial literacy skills which, as the discussion that follows will demonstrate, depend on functional literacy and information literacy. Whereas most definitions of financial literacy are given under section 1.2, the following section discusses a few selected definitions that help to ground the financial literacy concepts and categories which ultimately guide development of the questionnaire for the women entrepreneurs.

Katy, Hudson and Bush (2000) view financial literacy as a multi-dimensional concept that relates to and overlaps with various other concepts and disciplines. The authors refer to the broader concept of ‘money knowledge’ and the skills that people require to improve their financial circumstances. They identify three categories of money knowledge, namely economic literacy, consumer literacy and financial literacy. Economic literacy, the authors note, can be defined as general knowledge about the functioning of economies. Examples include: issues of scarcity; prices; interaction between supply and demand; and regulations. On the other hand, they define consumer literacy as the knowledge of the rights and responsibilities of economic actors and the skills/ability to compare prices and quality so as to make informed purchasing decisions. Consumer education is important. Hogarth (2002b) has demonstrated that poorly educated consumers are disproportionately represented amongst the unbanked, and are more likely to lack any kind of transaction account.

FinMark Trust (2004) and Worthington (2006) also hold the view that financial literacy cannot be defined in a one-dimensional manner or as a specific set of skills. Rather, it has to do with a person having the necessary skills-set to make optimal decisions in his or her specific environment. What constitutes financial literacy for one individual or in a certain community may be totally insufficient in a different environment. For example, the financial information and skills that an entrepreneur requires in order to make an informed decision may be different from those of a person who simply wants to apply for a mortgage, invest for retirement, save for a holiday, or pay school fees for his or her children. For this reason, this study isolated the financial information and skills that are specific to women entrepreneurs in Kenya, and these formed the basis of this investigation.

Lusardi and Mitchell (2007) and SEDI (2002) view financial literacy as both an economic and a social issue. To these authors, financial literacy is a measure of people's understanding of the forces that significantly affect the quality of their lives; it includes basic numeracy skills and the information and knowledge required to participate as an active and empowered consumer of financial services (such as bank accounts, mutual funds, etc.) and government financial assistance programmes or wealth-creation incentives. In addition, financial literacy establishes the foundation for saving and investing wisely, which in turn supports the accumulation of assets. It is also the basis for the responsible use of credit and money and for making informed financial decisions that will have a positive effect on people's families and their future. Lusardi and Mitchell (2007) argue that the literature concerning financial literacy itself can be categorised into two areas: firstly, questions of financial competence, meaning the ability to understand basic financial services, financial records, awareness of risk and return, and attitudes to spending and saving; and secondly questions of financial responsibility, meaning a knowledge of life choices, rights and responsibilities, and the level of confidence when resolving problems.

From the discussion, a few concepts emerge that are of particular importance to women entrepreneurs and to this study. The study adopts the categories outlined by Roy Morgan Research (2003) while conducting the Australia and New Zealand survey on adult financial literacy, specifically literacy, numeracy and problem-solving, and certain financial competences and responsibilities. These will be considered under the following headings: Literacy, numeracy and problem-solving; Financial competence; Banking services; Budgeting and spending; Calculating profit and loss; Savings and investments; Government financial assistance programmes or wealth creation incentives; Credit/ financing/borrowing; and Financial responsibility.

2.9.1. Literacy, numeracy and problem solving

The International Adult Literacy Survey Series (IALSS) carried out by the Government of Canada defines literacy in terms of the level of proficiency in four domains, namely prose literacy, document literacy, numeracy, and problem-solving (GoC, 2003). The survey defines prose and document literacy as the ability to understand and employ printed information in daily activities, at home, at work and in the community to achieve one's goals, and to develop one's knowledge and potential. The survey further defines numeracy as the knowledge and skills that are required to solve mathematical problems in different situations, while problem-solving is defined as the ability to apply goal-directed thinking and action in situations for which no routine solutions exist. According to the Canadian Ministry of Industry (CMoI)

(2005), inadequate proficiencies in literacy, numeracy or problem-solving ultimately lead to the risk of exclusion from economic activities (CMoI, 2005).

2.9.2. Financial competence

Worthington (2006) notes that financial literacy concepts change according to the degree of current and possible interaction with financial services markets. Clearly, any definition of 'personal' financial literacy used in this study differs from the 'professional' financial literacy expected from financial experts such as bankers, auditors, certified public accountants or analysts. For these professionals, financial literacy is typically regarded as having an intrinsic understanding of financial statements, cash flows and management compensation, internal control mechanisms, and corporate governance, among other factors.

The kind of financial skills that are referred to in this discussion are therefore those that relate to the basic understanding of the main features of financial services. These competences include the understanding of: banking services; budgeting and spending; calculating profit and loss; savings and investments; government financial assistance programmes or wealth creation incentives; and the various dimensions of credit, financing and borrowing. It is worth noting that these financial literacy skills are not acquired in a once-off training programme, but rather through a process that begins with basic education and evolves over the lifetime of a person as her/his levels of understanding improve. With increased understanding of the basic concepts of financial literacy, there is improved decision-making which results in certain financial and economic benefits for the individual and/or household.

2.9.3. Banking services

The Financial Stability Report (FSR), 2015, published by the Central Bank (2016) under the Financial Sector Regulators Forum[7] highlights the pivotal role played by Kenya's financial sector in facilitating economic expansion domestically and in the East African region. Today in Kenya, as in the rest of the world, different banks offer various types of accounts to suit the ever- growing demands of their clients. These accounts are so varied, even within a single

[7] The Financial Sector Regulators Forum brings together the Central Bank of Kenya, Capital Markets Authority, Insurance Regulatory Authority, Retirement Benefits authority and Sacco Societies Regulatory Authority under a Memorandum of Understanding (MOU) for collaboration in several areas of mutual interest. The National Treasury, Ministry of Industrialisation and Enterprise Development, Kenya Deposit Insurance Corporation and the Insurance Policy Holders' Compensation Fund have observer status under the MOU.

financial institution such as a bank, that only a few are mentioned in this study (see 1.3). However, in order for women to be able to utilise these funds effectively, they require the financial literacy that would enable them to make sound decisions and to borrow money in a suitable, affordable and sustainable manner.

At the very least, women entrepreneurs must be able to maintain an account with a financial institution; understand and read bank statements; understand the importance of keeping such records; and calculate the cost of running the account in terms of charges levied on every transaction, such as a withdrawal or deposit. This basic knowledge about banking services is essential. A lot of money and time can be saved knowing that most banks have very different charges for over the counter withdrawals and Automated Teller Machine (ATM) withdrawals, for example.

2.9.4. Budgeting and spending

The official Australian Government website on financial literacy education, referred to as Australian Government Crest (2008), explains that spending money is a process, and a person should have a spending plan or budget that improves as he or she learns new and better ways to manage his or her money. The word 'budget' is derived from the French word 'bougette', which is a small bag with a drawstring. French women adopted this bag as a method of money management from ancient Roman women who used little leather pouches to divide their household coins into different categories of spending (Savvy Consumer Information Center, 2006). Today we may not keep our money in small bags, but we still divide our money into categories of expenses, such as food, rent, school fees, insurance, utility bills, etc., that may be paid on a daily, weekly, monthly, quarterly or annual basis.

In contemporary society, people have devised various methods of dividing money into such categories. Methods include different envelopes for each item of expense, different accounts, and several standing orders in banks, among many others. These categories and a spending plan based on each of these categories make up a budget. A proper budget should also allocate some money to savings. A budget is a powerful tool that can be used to help control expenditure, as one is able to see exactly where one's money is going. Before one can draw up a budget, one needs to have a clear picture of their income and financial obligations. Upon achieving one financial goal, more money is available for spending and more money may be allocated to meet the next goal.

Drawing up a budget is, for many people, the easiest part. Sticking to the budget is the more difficult part for the majority of people. Managing unexpected expenses and indiscipline when it comes to spending leads many people to blow their budgets and subsequently to live without one despite the dangers. Interestingly, WIRE (2007:26) established that "women with very little money tended to budget with great expertise".

2.9.5. Calculating profit and loss

Numeracy enables a person to calculate the amount of profit that they are realising or the losses that they are making. This information is important as it will guide the entrepreneur in assessing realistically how much the business is worth, how much money can be borrowed and repaid, and over what period of time. Computation skills are also important as they enable the individual to calculate the interest rate and not get carried away by the advertising language of financial institutions as they try to attract the highest number of clients. There can be no talk of financial literacy without basic numeracy skills (Lusardi and Mitchell, 2007 and SEDI, 2002); all money matters require some form of computation.

2.9.6. Savings and investments

Following the rebasing of gross domestic product (GDP) in September 2014, Kenya joined the celebrated ranks of the lower-middle income countries (World Bank, 2016). Some of the factors that propelled Kenya to this position is savings and investments by the citizens. Saving and credit cooperative organisations (SACCOs) have been successful in mobilising savings in Kenya and channeling savings to investment projects at the local level (World Bank, 2016). Saving regularly allows people to put away money for investments, retirement, financial protection in case of financial difficulty or simply to buy something expensive.

Avenues for investment include: insurance, various types of accounts, shares and bonds. However, financial literacy skills are required by consumers of financial services if they are to select the one that best suits their needs. An investment may be perfectly legal and above board, but a person may still lose money if he/she selects something that does not suit his/her needs. Therefore before investment, one needs to gather as much information as possible about the product. The best way for an individual to protect their money is to stop and think, remembering the old cliché that ‘when the deal is too good think twice’. If one is completely unable to decide on the right kind of investment, one can always look for investment organisations that are licensed by the government to offer advice on investments.

2.9.7. Government and/or private financial assistance programmes or wealth creation incentives.

As indicated earlier (see Section 1.3), the Kenya government and the private sector are also participating and have developed a number of programmes and initiatives that specifically target women entrepreneurs. As stated earlier (see Section 1.2), financial literacy is viewed as a value-added product and not necessarily as the silver bullet for women's economic empowerment. However, it is expected that with the basic understanding of all the fundamentals of money management, women will be more economically empowered (Vuotto, 2004: 234). Government and/or private financial assistance programmes or wealth creation incentives are viewed as the main sources of funding for women entrepreneurs. As such, they constitute a significant part of this study; it is from them that the entrepreneur must choose a product that will best meet her needs. This ability to choose is part of financial literacy, according to SEDI (2002), which lists the required skills for financial literacy as basic numeracy skills and the information and knowledge to participate as an active and empowered consumer of financial services and government financial assistance programmes.

2.9.8. Credit/financing/borrowing

The Tanzania Private Sector Foundation (TPSF) and Financial Sector Deepening Trust (FSDT) have established the Micro, Small and medium Enterprises (MSMEs) Information portal to support entrepreneurs to access important tools of business management, sources of finance, to know and understand markets, business networks and above all a set of self-training materials for those who would like to start business ventures for the first time and those already doing business to acquire more skills and experience (MSME Information Portal, 2017). While poor management is the most frequently cited reason businesses fail, inadequate or ill-timed financing is also high on the list (MSME Information Portal, 2017). Whether one is starting a business or expanding one, sufficient ready capital is essential. It is not enough, however, to simply have sufficient financing; knowledge and planning are required to manage finances well. These qualities ensure that entrepreneurs avoid common mistakes such as securing the wrong type of financing, miscalculating the amount required, or underestimating the cost of borrowing money.

The first question the entrepreneur should ask themselves is not where to get additional financing, but if they are managing the money that they have effectively (MSME Information Portal, 2017). It is only after this that the entrepreneur can decide whether they require additional financing or not, and then proceed to identify the type of financing that they need, the amount they can afford to repay and over what period of time, and then finally identify a product that would best suit their needs. The state of the business, whether it is making a profit or not, should also be taken into consideration. Clarity on whether additional capital is required and what it is required for is of great importance, and this calls for every entrepreneur to follow a strict business plan.

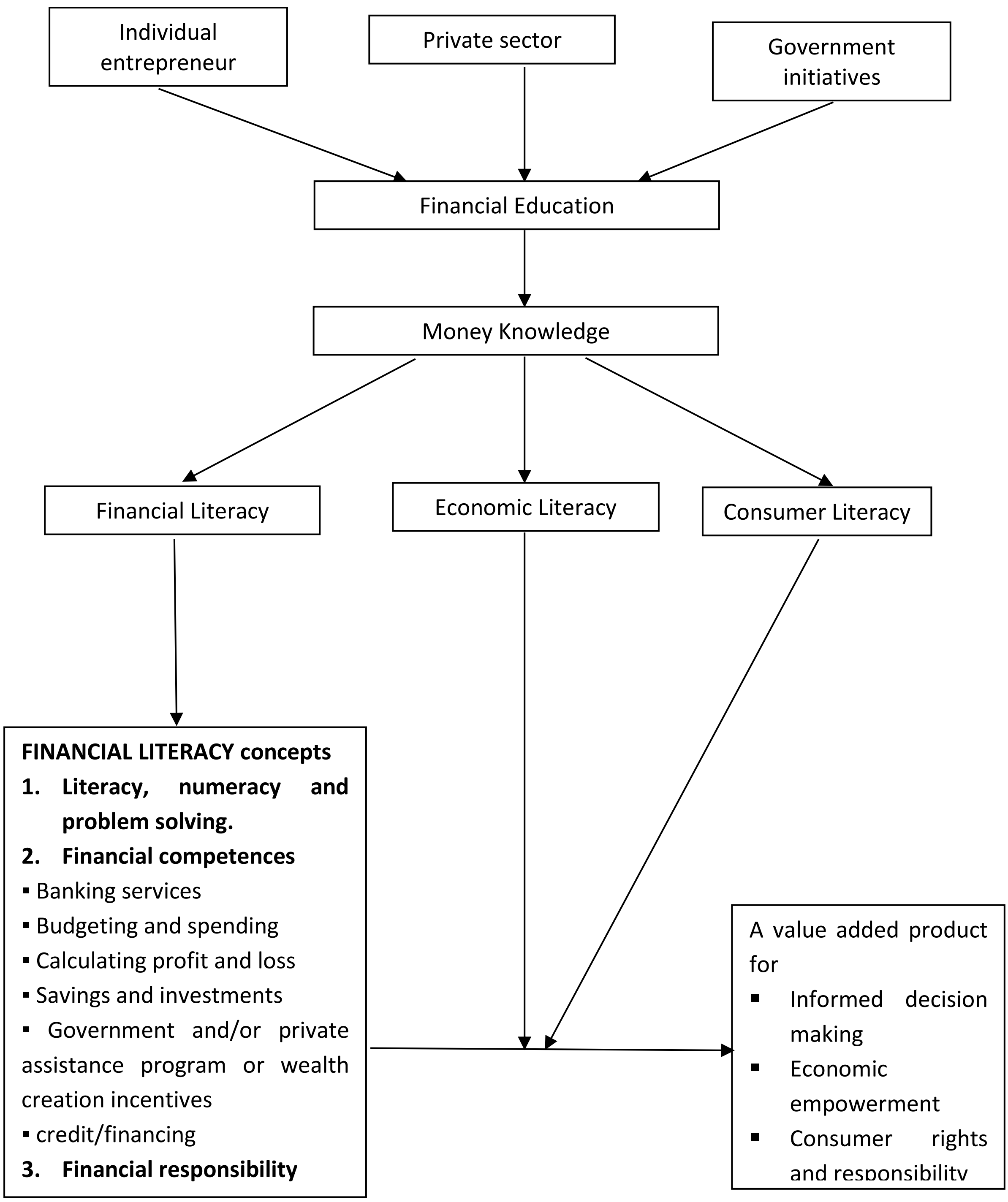
Section 1.3 highlighted the various sources of funding available to entrepreneurs. Financial literacy skills are required when one is expected to choose from such a wide array of products. Generally, the more money you borrow, the longer it takes to pay off and the more you will have to pay in interest. The type of interest will depend on the product and the lender. The interest may be fixed, meaning that it does not change over time, or it may be variable, meaning that it can go up or down over the term of the loan. One must also bear in mind that it is not just the interest that must be paid, but also fees and charges. This money must be factored in when looking for credit or a person may end up unpleasantly surprised, as some financial institutions do not declare what are commonly referred to as 'hidden charges'. These so called 'hidden charges' and the interest are considered to be the cost of the loan. Financial literacy is required to enable one to factor in the cost of borrowing because, at a glance, one cannot determine whether fixed-term loans or variable loans are cheaper as this information is normally clouded by advertising jargon.

2.9.9. Financial responsibility

As discussed earlier, under 2.9, financial literacy can be divided into two areas: 1) questions of financial competence, i.e. the understanding of basic financial services, financial records, awareness of risk and return, and attitudes to spending and saving; and 2) questions of financial responsibilities and confidence when resolving problems, which is based on an individual's understanding of consumer rights and responsibilities and how to act on them. Equipped with financial literacy, many consumers of financial products would be protected against exploitative financial schemes and overzealous retailers and outright fraud.

The overall aim of this study was to determine the ability of women entrepreneurs in Kenya to understand and competently apply the above concepts, as they are critical for active and empowered participation as consumers of financial services and government financial assistance programmes or wealth-creation incentives. In summary, the concepts that were used to provide a working definition of financial literacy in this particular study are: i) Literacy, numeracy and problem-solving; ii) Financial competence, specifically in banking services, budgeting and spending, calculating profit and loss, savings and investments, government and/or private assistance programmes or wealth creation incentives, and credit/financing; and iii) Financial responsibility. Figure 1 is an illustration of the above concepts and how they interrelate and influence women's economic empowerment.

Figure 1: Financial literacy conceptual framework



2.9.10. Other financial literacy studies

A number of surveys, mainly in the global North and Asia-Pacific, have been carried out to assess different aspects of the above indicated financial literacy concepts and categories among various populations. In the USA, the NFCC (National Foundation for Credit Counselling) and BECU (Boeing Employees' Credit Union) conducted The 2016 Financial Literacy Survey between March 22 and April 6, 2016 (NFCC, 2016 and BECU, 2016). The study established among other things that two in five U.S. adults (40%) – a proportion that has held roughly steady since 2007 – say they have a budget and keep close track of their spending. The report further adds that the proportion of American saving for non-retirement was 69%, but what was surprising is that 12% keep the money at their homes (under the mattress or in a home safe). In addition, 35% said that they had credit card debt from month to month.

Australia has been conducting national financial literacy surveys since 2003 (ANZ Banking Group, 2003). In 2014, the ANZ Banking Group conducted the fifth ANZ Survey of Adult Financial Literacy in Australia, which assessed among other things women's financial attitudes, knowledge and financial literacy (ANZ Banking Group, 2015). The survey established that women had lower scores on average than men on financial knowledge and numeracy from 28 years of age on. These lower scores were associated with less exposure to financial products (for example, holding fewer different types of loans) and less use of financial education/information materials. The report also found that women had a higher propensity than men to give 'don't know' responses to questions about financial topics (ANZ Banking Group, 2015).

In the Asia-Pacific, MasterCard (2015) conducted its fourth survey of financial literacy skills of adults aged 18-64 in 16 countries across Asia-Pacific. The index measures respondents' knowledge of basic money management, financial planning and investment matters. Singapore had the highest financial literacy index (MasterCard, 2015). The report adds that developed countries, for example Taiwan and New Zealand, scored higher indices than emerging markets, for example Vietnam, Myanmar and the Philippines. The gender gap in all countries widened, with more men than women having better financial literacy skills (MasterCard, 2015).

Such studies would be of benefit the country as the government and the general population would become aware of the need for these skills. The government would be in a position of designing financial literacy education programmes and making them available to the public through face to face training or through online portals.

2.10. Financial literacy education programmes

A summary by WIRE (2007) on the financial literacy education programmes revealed a wide array of programmes intended to create more prosperous communities, to counteract scams and fraud, and to acknowledge the growing complexity of the market and the shift in responsibility from the government to individuals to support themselves in retirement. The report identifies the United Kingdom and the United States of America as countries with well-developed financial literacy policies and programmes.

In Australia, the National Financial Literacy Strategy 2014 - 2017 is aimed at improving the financial wellbeing of Australians by advancing their financial literacy through a multi-faceted and nationally coordinated approach (Australian Securities and Investments Commission, 2014). Part of its strategy includes equipping young people with the basic knowledge, skills and behaviour that are necessary to make sound financial decisions, giving them essential skills to use and build on throughout their lives. For adults, part of the strategy is promoting financial literacy education as part of interest-free or low-interest loans and other microfinance programmes to meet the needs of those with low incomes.

There is also the International Labour Organization of Women's Entrepreneurship Development (ILO-WED) programme that has been empowering women entrepreneurs in Kenya and helping them start and grow their businesses since the mid-2000s (ILO, 2015). The programme works with service providers that promote entrepreneurship development (financial, non-financial, public, private, associative, freelance, etc.) and builds their capacity to better support women entrepreneurs in starting and growing their businesses. It offers gender sensitive business management training modules for semiliterate entrepreneurs ("GET Ahead") and financial literacy to increase women entrepreneurs' capacity to manage their finances and enable them to select the financial products that are best suited to their needs.

2.11. Financial education providers

The term 'financial education provider' is used loosely in this study. The actual involvement of the government or other organisations in the provision of financial education may be limited to a certain component of an overall programme. According to a survey done in South Africa by the Department of Trade and Industry (DTI) (2008), both the government and various non-profit organisations are involved in the provision of financial literacy programmes. The government tends to focus on broad-based programmes (often as part of a larger life-skills initiative), with the objective of providing basic financial literacy to as wide an audience as possible, primarily in the spheres of secondary and tertiary education. On the other hand, non-profit organisations tend to have a narrow focus, primarily on poverty alleviation. The latter programmes are mostly focused on specific target groups (vulnerable communities such as the elderly, women's groups, and highly-indebted individuals), and their financial education initiatives are tailor-made to suit a specific audience. The DTI (2008) concludes that the motivation and purpose of the provision of financial education differs widely among the stakeholders consulted, ranging from poverty alleviation to consumer protection, improved functioning of financial markets, reducing the risk of individual institutions, and market penetration.

2.12. Achieving financial literacy

From the above, it is obvious that while some financial skills are acquired through life experience, most of them can be learnt. According to the NSFL (2006), financial education can only be made possible through collaboration between the government, the private sector, and the individual. The NSFL (2006) elaborates on the roles of the three different sectors, stating that the government's role would be to regulate the financial marketplace and provide information for consumers; the private sector, including for-profit and non-profit organisations, would use their expertise, resources, and positioning to provide financial literacy programmes; and the individual would take an interest in managing his or her finances and use the information and programmes provided by the government and private sector to improve his or her life and the lives of their loved-ones.

2.13. Appraisal

As countries continue to discuss women's economic empowerment under the SDGs, the need to track a set of indicators becomes necessary, as women's economic empowerment is more of a process than a once-off event. Society's gendered roles play a major part in empowering women economically. For example, a woman may have access to finances but may not be in control of them, or a woman may be the ultimate decision-maker but may struggle to access finances. Therefore, any discussion on women's economic empowerment must be done within the context of where the women entrepreneurs are conducting the business.

Women’s economic empowerment does not happen in isolation. There are other factors that need to be considered, for example equality in education in terms of access and the provision of quality education, strengthening women's empowerment programmes by both the government and the private sector, increasing financial inclusion and establishing a financial literacy education programme. Above all, women's economic empowerment cannot happen without equality in the social and political spheres of the country.

Although entrepreneurship is seen as one of the ways of lifting millions of women out of poverty, it is only the innovative entrepreneurs that are most likely to gain from this. As a developing country Kenya has many replicative entrepreneurs whose income may actually be below the national minimum wage.

2.14. Application and implication to Library and Information services

One of the barriers to women economic empowerment is lack of information and knowledge which has the ability to transform their lives (Andretta, 2005). In order to access and utilize information, women entrepreneurs need information literacy a concept built upon and expanded by librarians in order to allow users to move beyond the boundaries of libraries and librarians and focus on self-learning rather than teaching (Shigwan, 2014). With these skills, users including women entrepreneurs would be able to transfer and apply this knowledge to new environment and to research tools that are new to them including financial literacy.

As a result, many argue that public libraries can help bolster their communities’ financial literacy (Smith, and Eschenfelder, 2013) thereby shifting the role of academic libraries more and more towards supporting a knowledge-driven economy instead of the delivery of ready-made answers (Kiviluonto, 2015). However, a major challenge in supporting financial literacy education in a library is lack of a common understanding of financial literacy by Librarians as it seems to encompass any information need that involves money (Kiviluonto, 2015). Training needs are therefore very many and it would be almost impossible for a single library to have librarians who have special skills to meet the needs of the users.

Despite libraries traditionally using reference librarians, another long-standing problem has been meeting the needs of adults at very different educational levels (Smith, and Eschenfelder, 2013). With their diverse financial needs and different educational attainment it would be a challenge for libraries to meet the needs of all the users due to prohibitive costs of purchasing various training resources to meet each of their needs.

A librarian needs to collect a lot of personal information in order to select the right resources, (Smith, and Eschenfelder, 2013). However, this contradicts library practice that traditionally holds that librarians should avoid collecting personal information of users and to respect their right to individual privacy, (IFLA, 2014). This tension prevents librarians from being able to select the right resources to meet the needs of their users.

The researcher appreciates the fact that the acquisition of financial literacy skills is not a once-off experience. These skills can be acquired through formal settings such as those found in libraries, educational institutions or workshops, and also through social interaction. Based on these findings, the study adopted the Human Capital Theory, Social Learning Theory, Network Affiliation Theory and Socio-Cultural Theories of Learning, discussed at length in Chapter 4.

2.15. Summary

This chapter defined some key concepts, such as entrepreneurs, entrepreneurship and the need for financial literacy skills. Based on these definitions, the researcher put forth a case for the selection of financial literacy concepts that are critical to women's economic empowerment. This chapter differentiates between survivalist or replicative entrepreneurs on the one hand and innovative entrepreneurs on the other.

There are various ways of classifying women entrepreneurs. It can be based on the level of ownership and control of the business, or the type of enterprise; whether it brings in new ideas or innovation or whether it simply replicates what exists. The former type of entrepreneur is the one who is driving the economy as profit and not the need to survive is the goal.

Literature identifies the following concepts as central to financial literacy skills: 1) Literacy, numeracy and problem-solving (Government of Canada (2003) through the International Adult Literacy Survey Series (IALSS); Roy Morgan Research, 2003; Canadian Ministry of Industry (CMoI), 2005); and 2) Financial competence, in particular, an understanding of basic financial services, spending and saving, investments (Lusardi and Mitchell, 2007; Worthington, 2006), numeric skills (SEDI, 2002), credit/financing and access to the government and/or private financial assistance programmes or wealth creation incentives (Vuotto, 2004). These concepts were used to assess the financial literacy competencies of the women entrepreneurs in this study (see Figure 1).

The Library has been identified as one of the channels for supporting women to acquire financial literacy skills. This is in line with the Cape Town Declaration of African Ministers (IFLA, 2015) that recognizes the role of Libraries in achieving SDGs.

The next chapter discusses several theories that include: Social Learning Theory by Bandura (1977); Network Affiliation Theory (Adrich and Zimmer, 1986); Human Capital Theory; Neo-liberal Theory; Minimalist Model of poverty alleviation and the integrated approach.

Chapter 3: Theoretical framework

3.1 Introduction

This chapter examines a brief historical background of the various economic theories that have been advocated by the world's leading financial institutions such as the World Bank and Breton Woods Institutions with a view to understanding the 'Microfinance Plus' Theories. This model has been singled out as this study focuses on the financial literacy of women entrepreneurs who it is assumed will need credit at some stage of their entrepreneurship. The other compelling factor is the fact that the majority of programmes designed by both the governments and the private sectors to help women entrepreneurs involve micro credit. The acquisition of financial literacy skills is not a one-off event, as various competencies are required at different times depending on the decisions that the entrepreneurs are to make. Various theories of learning that help explain how women acquire financial literacy skills were therefore selected. They include the Human Capital Theory, Social Learning Theory, Network Affiliation Theory and the Sociocultural Theory. The Human Capital Theory was used to explain the importance of education, both formal and informal, in the acquisition of financial literacy skills.

3.2 Theoretical frameworks in research

Research should be theory-based or grounded in theory because it is existing theories that help guide research (Abraham, 2008). In this study that uses mixed methods, using existing theories helps organise data, particularly pieces of information that otherwise might seem unconnected or irrelevant to one another or to the research questions (Maxwell, 2005), who further postulates that theoretical frameworks are able to draw the researcher's attention to particular events or phenomena and sheds light on relationships that might otherwise go unnoticed or misunderstood. According to Creswell (2003), the point is not to summarise what has already been done in the field, but to show how the research will fit into existing knowledge and how it will contribute to the topic.

3.3 Selected economic theories

3.3.1 Background information on the present world development agenda

Sabharwal (2000), while tracing the present world development agenda, says that in the 1950s, development was conceptualised in terms of economic growth models which were based on the notion of capital investment, which was seen as a necessary prerequisite for increasing incomes and growth. During this period, financial institutions committed to development and related government programmes gave loans only at the macro and micro level; the key assumption was that poor people were too poor to pay market interest rates and at the same time generate appreciable savings. Sabharwal (2000) maintains that by the 1960s and 1970s it was clear that the poor continued to be marginalised and there was very little trickle-down effect. This led to the idea of targeted poverty alleviation as a way of reaching the poorest and the most disadvantaged, which included women.

Due to continued economic marginalization of women in the 1970s, development policy began to be influenced by the Women in Development (WID) discourse, which advocated the mainstreaming and integration of women into the global processes of economic, political and social change (FAO, 2002b). The assumption during this time was that if subsidised credit was made available to the poor and more specifically to poor women, the widening economic inequality and persistent poverty would be reduced. This did not happen due to economic factors such as lack of access to financial services; political factors such as lack of legislation that supported women entrepreneurs; socio-cultural factors that allowed subjugation of women by men and natural environmental disasters like floods that tend to affect women more than men (FAO, 2002a). A neo-liberal empowerment ideology emerged to inform the development debate (FAO, 2002a).

3.3.2 Neo-liberal theory

The concept of Neo-liberalism is used by Martinez and Gracia (2000) to describe the political and economic transformations that took place in the international economy in the 70s and 80s. They describe this period as one in which waves of political and economic reforms focused on "privatization, dismantling of social welfare apparatus by eliminating the concept of the public good or community and by cutting public expenditure for social services, deregulation and retreat of the state from economic activities such that there was total freedom for capital, goods and services, tax cuts and opening of national boundaries to foreign markets." According to Sabharwal (2000) "[t]hese reforms under the Neo-liberal Model are largely blamed for economic disaster in many countries and were responsible for a lot of economic crises that led to the emergence of the more catastrophic International Monetary Fund (IMF)-led Structural Adjustment Programs (SAP) in mid 1980s". Since financial aid was hinged on the political processes of a country, many countries including Kenya did not receive all the financial aid they required. Many economies, of countries that depended on foreign aid from the World Bank, were destroyed.

According to Mayoux, as quoted by Grameen Bank, (2007), the only progress that was made during the decade was the success of South Asian countries that actually did not follow the structural adjustment measures to the letter. In other parts of the world, especially Latin America and Africa, checking information, balancing budgets, deregulating markets, opening economies, and privatising state corporations did not bring about the rapid economic growth projected by the World Bank (World Bank, 1996). According to Mayoux as quoted by Grameen Bank (2007), these failures forced the policy makers to come up with theoretical innovations that now focused on the poor and not on institutions and political process, and addressed issues of equity and women's economic empowerment.

Making credit available to women and the poor was seen as a means of creating employment through self-employment. This led to the growth of the micro finance programmes (MFPs) whose main objective was simply to make credit available to as many poor people as possible (FAO, 2002a). This in turn led to the emergence of small and medium enterprises (SMEs). According to McCormick, Alila and Omosa (2007: 145) ‘it is due to the perceived role of SMEs in combating poverty and unemployment that they have become the focus of development policies.’ MFPs were seen as the vehicle which would help realise one of the Millennium Development Goal (MDG) goals, by reducing the number of people living in extreme poverty by half by the year 2015. In the initial stages, the MFPs were run under the Minimalist Model or Theory.

3.3.3 Minimalist Model of poverty alleviation

When first rolled out, according to Mayoux, as quoted by Grameen Bank (2007), MFPs used the “Minimalist Model of poverty alleviation that emphasises, often exclusively, on credit access, which it saw as the ‘missing piece’ for poverty alleviation. It assumed that credit access could unlock new economic activity and lead to income growth and employment, resulting in women’s empowerment”. However, in time, people like Cheston and Khun, (2002) began to question whether access to credit did indeed automatically lead to empowerment. Their doubts were raised because, despite the fact that MFPs had become efficient credit institutions, poverty persisted and the primary goal of women's economic empowerment remained a distant dream.

Dunford (2002) identified three elements that diminished microfinance participants' chances of being successful in a programme: poor health, natural disasters, and lack of education. Because the poor live in a state where even the smallest misfortunes threaten their survival, these three elements are critical factors in determining the performance of their loans, their progress out of poverty or lack thereof, and ultimately the long-term sustainability and profitability of the micro finance institution (MFI). This understanding led to the credit plus approach or integrated approach

3.3.4 The integrated approach

The integrated approach, also referred to as the credit-plus approach in contrast to the Minimalist approach, is more comprehensive and is aimed at providing a long-term integrated support package, in which loans are combined with social mobilisation, participation, training and education, so as to maximise the income, opportunities and empowerment impacts (McKee, cited in Sabharwal 2000). One of the proponents of the Integrated Theory is Dunford (2002), who claims that soft services like education, literacy training and business training are often assumed to be costly and to lack clear, easily measurable outputs and outcomes. Yet, as he eloquently argues in his paper "Building Better Lives," there can be powerful synergies between the provision of financial services and some nonfinancial services like education. He therefore advocates the building of linkages between the organised poor and existing mainstream banks or other formal financial institutions, rather than setting up parallel systems for service delivery. This has led to the creation of the term 'Microfinance Plus', a term that has come to mean the concept of offering integrated services to clients. It combines microfinance services with health, nutrition, and business education into a single service for women in poor, rural areas of the developing world (Dunford, 2002).

Grameen Foundation (2017) also advocates 'Microfinance Plus' where programmes connect underserved non-literate rural women and their households to financial services and integrate educational, agricultural and health solutions, while also addressing gender issues. All this is done by leveraging technology.

3.4. Financial education model

For entrepreneurs, financial education is greatly valued as it is seen as a poverty reduction strategy (OECD, 2006). Educational and training programmes may be the most critical services offered to entrepreneurs as they will be equipped with knowledge to help them choose from the myriad of products and providers in the financial services industry, and also to support them in creating household budgets, initiating savings plans, and making strategic investment decisions (Counts, 2007).

Credit with Education as described by Grameen Bank (2007) is the best-known example of the credit-and-education model of integration. It combines microfinance services with health, nutrition, and business education into a single service for women in poor, rural areas of the developing world. This type of integration of group-based poverty lending and non-formal adult education has been reaching marginalised families and communities around the world for more than a decade. This study proposes that the critical skills that entrepreneurs need from business education represents financial literacy.

3.5. Theories of learning

Assimilated information or knowledge and, for this study financial literacy, is critical for women's economic empowerment. But how do people learn? The following theories have been selected by the researcher to inform this study.

3.5.1 Human Capital Theory

Human Capital Theory suggests that investment in people's education is the prime human capital investment for empirical analysis, as individuals and society derive economic benefits from education, (Sweetland, 1996). Education in this context includes both formal and informal education, including the kind of learning proposed by the Social Learning Theory by Bandura (1977). While agreeing on the type of education, Davidsson and Honig (2003) agree that human capital is not only the result of formal education, but includes experience and practical learning (tacit and explicit knowledge) that takes place on the job, as well as non-formal education, such as specific training courses that are not a part of traditional formal educational structures.

3.5.2 Social Learning Theory

The Social Learning Theory by Bandura (1977) emphasises the role of entrepreneurial socialisation as an explanation of entrepreneurial behaviour and career development. He stressed the importance of observation learning, where an individual learns through the socialisation process in which they observe the behaviours of others. Through continuous interactions with one another in social networks that include family, business and other social groups, a lot of imitation and modelling occurs which affects our perceptions and behaviours in both positive and negative ways. New patterns of behaviour can be also be acquired through prior experience where people come to expect that certain actions will gain them outcomes they value; some actions will have no appreciable effects, while others will produce undesirable results (Bandura, 1971). This theory is appropriate to this study as the women entrepreneurs selected to participate in the study are expected by the Uwezo Fund to be registered as groups with the Department of Social Services.

3.5.3 Network Affiliation Theory

This Social Learning Theory is further reinforced by the Network Affiliation Theory that views entrepreneurship as embedded in a complex network of social relationships that play a significant role in influencing the respondents' choices (Adrich and Zimmer 1986). Social capital is often operationalised through the identification of networks and network relationships, sometimes defined by the strength of ties, repetitive group activity such as the frequency of meetings and other formal interactions, as well as informal gatherings and other social activities, and social and family relationships (Davidsson and Honig, 2003). Networks of any kind therefore limit the reach and diversity of its members, influencing entrepreneurs' choices especially choices regarding particular sectors (Kyalo, 2013). The study will investigate the various factors considered by women entrepreneurs before making critical decisions like taking up financial products such as loans.

3.5.4 Sociocultural Theories

Vygotsky's Sociocultural Theory of human learning describes learning as a social process and the origination of human intelligence in society or culture (UNESCO 2003). The major theme of Vygotsky's theoretical framework is that learning is a collective process that is linked to specific contexts of action (Rhode, Klamma, Jarke, and Wulf, 2007). Vygotsky believed everything is learned on two levels: first, through interaction with others, and then integrated into the individual's mental structure (UNESCO, 2003). Vygotsky, Bandura, Adrich and

Zimmer and Rhode *et a*l. all believe that social interaction plays a fundamental role in the development of cognition or the learning process.

3.6 Appraisal

Many theories exist that focus on how development occurs; there are as many initiatives meant to pull millions of the world's poor, especially women, out of poverty. Whether discussing Women in Development Discourse, the Neo-liberal theory, Minimalist Model of poverty alleviation or the integration approach, the world has always seen the availability of funds to the poor as the ultimate solution to their poverty. Some of these solutions like the Neo-liberal theory and the Minimalist Model of poverty alleviation were total disasters and their effects are still being felt in countries like Kenya today. However, to their credit some women did manage to get out of poverty, but the majority continued to fall deeper into poverty due to unserviceable debts.

Lusardi and Mitchell (2007) view financial literacy as both an economic as well as a social issue. To them financial literacy is a measure of whether people understand the forces that significantly affect the quality of their lives, and it includes basic numeracy skills and the information and knowledge required to participate as an active and empowered consumer of financial services (bank accounts, mutual funds), government financial assistance programmes or wealth-creation incentives, etc. MFPs are not viewed as a panacea in themselves, as poverty is dependent on wider educational, environmental, economic, social, technological and political factors, which are well beyond the reach of financial intermediation. In the current Knowledge Economy, the assimilation of information or knowledge has been added to this long list. For the world to reduce the number of women living in poverty, it must come up with innovative women's economic empowerment programmes that not only make access to cheap funds possible but also provide women with knowledge on causes of common natural disasters for example; floods, drought etc. and how to mitigate against them, improve on women’s education levels and are backed by policies and programmes that support their empowerment. With higher education levels, women would be able to acquire financial literacy skills.

The need to address other underlying causes of poverty, like a lack of financial education, has led to the current discussion of Micro-finance Plus that integrates MFI with education and training. This why the integrated approach was selected to form part of the theoretical framework. The only challenge is how much can be integrated that would meaningfully support women's economic empowerment, especially when one bears in mind that the majority of the world’s poor women lack basic education.

3.7 Application

This study selected the Human Capital Theory, Social Learning Theory, Network Affiliation Theory and the Sociocultural Theories to explain how financial literacy skills are acquired in a setting where all the respondents are active members of social groups registered under the Department of Social Services. As with any theory, these have their strengths and weaknesses. The Human Capital Theory by Bandura (1977) recognises the role of formal and informal education in the acquisition of knowledge and skills. It examines the relationships between education, economic growth, and social well-being. Its strength lies in the fact that by using this theory governments are able to predict economic development based on the level of formal education. This theory will support the study by helping explain the relationship between the level of education and the acquisition of financial literacy skills. The main weakness of this theory is the lack of acknowledgement that man is a social being, which means that social interactions do play a great role in the acquisition of knowledge, skills and attitude. It is with this view that the study also adopted the Social Learning, Network Affiliation and Sociocultural Theories, which acknowledge the role of society in the acquisition of knowledge.

The Social Learning, Network Affiliation and Sociocultural Theories rightfully acknowledge that human beings learn within a cultural context. As people interact within a specific cultural context and with specific people, they continue to generate more knowledge and, as seen earlier in Chapter 1, this leapfrogs development. The main challenge concerning this theory is that it doesn’t take cognisance of the fact that members in a group retain their individuality and may decide what information to assimilate as knowledge and what not to include. It is practically impossible to accurately predict how someone will react based on association or membership of a group, as human beings have higher cognitive abilities that allow them to have self-directed learning.

The above Learning Theories have been used by Kyalo (2013) in the study “Factors That Influence Women Entrepreneurs in Kenya to Start Enterprises in Male Dominated Sectors of the Economy”. The study established that social networks play a great role in determining the types of businesses women start, especially in male-dominated sectors of the economy. This confirms the fact that human beings construct knowledge based on their association with others. Constructivism is discussed in the next chapter.

3.8 Implications

There are several theories that guided this research. They were selected to help in collecting both qualitative and quantitative data as the study used a mixed method approach. Selecting theories that were related to each other was a challenge, as the study straddles several disciplines, mainly entrepreneurship, economics; education and learning and Information Science. Economic theories included: the Neo-liberalism with its Structural Adjustment Program; the Minimalist Model of poverty alleviation that sought to increase access to finances through Micro-finance Plus that integrates MFI with education and training.

Various programmes have been established by both the government and the private sector to promote women's economic empowerment in the country. Most are focused on making credit available to women through micro finance institutions or supporting them through training. However, information literacy and more specifically financial literacy are critical for entrepreneurs if they are to participate in the current knowledge economy. Access to information, though important, is not enough. The ability to utilise the information received is what will ensure that the entrepreneurs continue growing their businesses. A certain level of education and continued (lifelong) learning is required if women are to continuously make the correct business decisions, thereby retaining their competitive edge.

Learning theories include: Social Learning Theory, Network Affiliation Theory and Sociocultural Theories. These three theories emphasise the role of socialisation within networks and family as one of the ways of acquiring information. By selecting these theories, the study acknowledges man's capacity to learn by the observation of other people's behaviours and the consequences of these behaviours. However, observation alone may not lead to the required learning as interactions among the members of the community is critical for learning. This is also true of learning between various communities as it is for members of one community.

However, while this is a good idea, it is unsuccessful in communities that are isolated like those found in rural areas. It normally takes a while before information generated in cities, which are hubs for information-sharing, travels to rural communities. Due to their conservative nature and lack of business opportunities, it still takes a long time before the new idea or knowledge becomes accepted and implemented within a rural community. The Human Capital Theory was used to emphasise the role of both formal and informal education in the acquisition of financial literacy skills.

3.9 Summary

This chapter started by first examining the importance of theories in guiding any research. This helps adapt the research to existing knowledge. The chapter then quickly moved into discussing a few economic theories that have helped to shape the current development agenda. These include: the Neo-liberal theory; the Minimalist Model of poverty alleviation and the Integrated Approach or Microfinance Plus.

The acquisition of FL skills is at the core of this study. This chapter examined various theories of learning with special focus on social learning theories considering that the study population comprises women entrepreneurs who are already organised in groups the main agenda of which is economic empowerment. The next chapter discusses the research design and methodology that was used to carry out the research in depth.

Chapter 4: Research design and methodology

4.1 Introduction

This chapter describes the approaches, methodologies and procedures that were used to carry out this research under: i) Research paradigm and approaches, ii) Research design and methodology, iii) Target population, iv) Sampling, v) Data collection instruments, vi) Pilot study, vii) Ethical considerations, viii) Data presentation and analysis, ix) Report writing and dissemination, and x) Conclusion.

4.2 Research paradigm and approaches

The term 'paradigm' may be defined as the overall conception and way of working shared by a group of researchers within a particular discipline or research area (Robson 2011). Some authors prefer to discuss the interpretive framework in terms of 'knowledge claims' (Creswell, 2003) or even ‘research methodologies’ (Neuman, 2006) rather than referring to paradigms. Babbie (2007:31) refers to paradigms as “the foundational models or frames of reference we use to organize our observation and reasoning”. On the other hand, Neuman (2006) defines a paradigm as “a general organizing framework for theory and research that includes basic assumptions, key issues, models of quality research, and methods of seeking answers”. Jonker and Pennink, as quoted by Wahyuni (2012), summarise the above views by defining research paradigms as a “set of fundamental assumptions and beliefs as to how the world is perceived which then serves as a thinking framework that guides the behaviour of the researcher”.

It is important from the start of any research to determine the research paradigm to be applied, because it will influence how the researcher undertakes a social study like this one in the stages from designing the research, to framing the research questions and methods of data analysis in order to understand the social phenomena under study. A number of theoretical paradigms are discussed in the literature but this chapter provides definitions of some of the research paradigms that are relevant to this study. These include: the positivist/postpositivist paradigm; social constructivist paradigm and pragmatic paradigm.

The use of various terms in different literatures and the lack of agreement on the number and types of research paradigms creates a great deal of confusion among social researchers. Positivism is described by Mugenda (2008) as the view that all true knowledge is and must be scientific and that all things are ultimately measurable. Neuman (2006:81), on the other hand, defines positivism as an "approach to social research that emphasizes discovering causal laws, careful empirical observations and value-free research." According to Creswell (2003), the postpositivist paradigm, like the positivist paradigm, also holds a deterministic philosophy in which causes probably determine effects or outcomes. The positivism paradigm was used in this study within the mixed research paradigm together with social constructionism.

According to Robson (2011), social constructionism indicates a view that social properties are constructed through interactions between people, rather than having a separate existence. The constructivist paradigm has been selected because the study sample largely consists of women entrepreneurs, who are already members of groups that meet regularly for discussions as part of the requirements instituted by many financial institutions in order to access funds. As such, the financial literacy skills of the study sample has been, to a great extent, acquired through interactions with other women entrepreneurs. The paradigm is also appropriate to the study as the research is based on Social Learning Theory, Network Affiliation Theory and Sociocultural Theories, all of which acknowledge the role of socialisation in the acquisition of knowledge, attitude and skills. As stated in Chapter 1, these three theories have been used by Wachira and Kihiu (2012) in the publication 'Impact of Financial literacy on Access to Financial Services in Kenya.'

To be 'pragmatic', in the general use of the word, indicates a concern for practical matters rather than theory (Robson, 2011). Robson further explains that in research this approach supports using whatever philosophical or methodological approach works best for the particular research problem at hand. The study will use the mixed method approach which is normally associated with the pragmatic paradigm. The study mixed both the positivist/postpositivist and constructivist approaches. The positivist/postpositivist paradigm is associated with quantitative data, as it assumes that each phenomenon or reality is singular and can be fragmented into different concepts or variables (Mugenda, 2008); while the constructivist paradigm, which emphasises the socially constructed nature of reality, is associated with qualitative data (Robson, 2011). The researcher selected this mixed method approach as it allows her the freedom to use the research methods, techniques and procedures that are most effective for collecting the correct data that will help answer the research questions (Neuman, 2006).

According to Creswell, Clark, Gutmann, and Hanson, (2005) and Ngulube (2010), a mixed methods study involves the "collection or analysis of both quantitative and/or qualitative data in a single study in which the data are collected concurrently or sequentially, are given a priority, and involve the integration of the data at one or more stages in the process of research". Babbie (2007) makes the distinction between quantitative and qualitative data in social research as essentially the distinction between numerical data (quantitative data) and non-numerical data (qualitative data). At the analysis level, integration was minimal to allow for detailed descriptive analysis from the qualitative data and to use quantitative data to classify responses, count them, and even construct more complex statistical models to answer the research questions.

The researcher agrees with Creswell *et al*. (2005) that despite individual limitations of qualitative research and quantitative research, used together they complement each other and are best suited to the particular research problem hence the decision to use this paradigm. By mixing the two approaches, triangulation was possible and therefore data integrity was achievable. Bryman, as quoted by Almekinders, Beukema and Tromp (2009:256), defines triangulation as "the principle of approaching a research question from different angles (theoretical triangulation), with various techniques (methodical triangulation), possibly using various sorts of findings (data triangulation)."

Table 2 is a summary of the research paradigm discussed above and corresponding methodologies.

Table 2: Research paradigms, research methodology and research methods

Philosophy/ Paradigm	Positivism/Post Positivism	Constructivist	Pragmatic
Inquiry aim	Establish relationships between measured variables	Understanding a social situation from respondent's perspective	• Establish relationships between measured variables • Understanding a social situation from respondent's perspective
Research approach	Quantitative	Qualitative	Mixed research approach
Research Methodology	Quantitative	Qualitative	Mixed research approach
Research method/design	Survey Research Design	Case study	Explanatory research design
Data collection tools	Questionnaire Interview	Questionnaire Interview	• Questionnaire • Interview • Literature review
Form of data collected	Numerical data	Theoretical concepts and ideas	Mixed method
Data analysis	Statistical analysis	Focus on meaning	Mixed method
Data interpretation and discussion of findings	Identifying statistical analysis	Identifying patterns themes and holistic features	Mixed method
Form of final report	Statistical report e.g. correlation and reporting of statistical significance	Narrative report with contextual description and direct quotation from research participants	Mixed method

4.3 Research design and methodology

A distinction needs to be made between research methods/techniques and research methodology. Kothari (2004:31) defines research design as the "conceptual structure within which the research is conducted: it constitutes the blueprint for the collection, measurement and analysis of data. As such the design includes an outline of what the researcher will do, from writing the hypothesis and its operational implications to the final analysis of data." The study was carried out using largely the survey research design because of its ability to capture the complexities of the issues under study using only a small sample of the population (Neuman, 2006).

Case study research design was employed to investigate the FL skills of women entrepreneurs in Chuka Constituency. Since the participants in this study are a discrete group (namely women entrepreneurs who had received Uwezo Funds in the financial year 2013/14), a case study design was found appropriate. The design also fits the definition of a case study which is an investigation into a specific instance or phenomenon in its real-life context (Cohen, Marion and Morrison, 2007). The main challenge posed by this research design is the fact that the case may not be representative or typical of the larger problem being investigated and the findings may not be generalised to represent all women entrepreneurs in Kenya.

The study sought to explain the association between the FL skills of women entrepreneurs and their economic empowerment. Subsequently, the explanatory research which is a correlational design in which the researcher is interested in the extent to which two variables (or more) co-vary, that is, where changes in one variable are reflected in changes in the other, was selected (Creswell, 2012). Simple association between the variables was therefore used to increase the researcher's understanding on the topic.

Research methodology on the other hand is a means to systematically solve the research problem (Kothari, 2004). This was achieved in this study by using the pragmatic paradigm which involves the mixed research approach.

4.4 Target population

A population is defined as a full set of cases from which a sample is taken (Saunders, Lewis and Thornhill, 2009). It can also be referred to as the total of items for which information is desired (Kothari, 2004). In this research, the study population was finite and consisted of women groups who had accessed the Uwezo Fund in the financial year 2013/2014: 105 women groups with an average of 10 members per group. Women groups were identified as the target group as Uwezo fund does not give funds to individual women but women who are already members of a group. The researcher chose to use purposive sampling as women entrepreneurs accessing government Uwezo funds were a specialised group. Uwezo Fund is also one of the government flagship programmes for women's economic empowerment. The choice of the target population was also informed by the fact that the beneficiaries were easily accessible as they were in a continuous and regular activity that had income or profit as its primary purpose, were licensed by the relevant local authorities making their businesses legal, had a physical location, and were not hawking items.

4.5 Sampling

Due to a relatively large number of women about 1,050 who had benefitted from the Uwezo Fund, sampling or selection of part of them was done and inferences made from this sample population. The study adopted a three-stage/multiple stage sampling strategy. Firstly, the sampling frame was established. A sampling frame is sometimes referred to as a source list which is a list of persons from which a sample is drawn (Babbie, 2007). The sample is a set of respondents or part of a population chosen according to some rule or plan selected from the sampling frame (Salant and Dillman, 1994 and KIM, 2009). The sampling frame consisted of the list of women entrepreneurs in Chuka Constituency in Tharaka Nithi County who had benefitted from the Uwezo Fund in the years 2013/2014. Chuka Constituency therefore became the sampling unit. The choice of the unit was done through convenience sampling. Chuka has a population of 128,107 with 105 women groups and during the years 2013/2014 it received a total of USD177,000 from the Uwezo Fund.

Secondly, due to the large numbers of beneficiaries it was impractical to survey the whole population. To ensure that the sample was representative, the study used probability sampling techniques to create a sampling frame. Saunders, Lewis and Thornhill (2009) state that probability sampling is commonly associated with survey-based research due to the need to draw inferences from the selected sample to answer the research questions. Neuman (2006) defines probability sampling as one in which each element in the population has a known and non-zero chance of being included. Possible sampling error was considered.

Sampling error is a fact of life for those who conduct sample surveys as opposed to a census because researchers draw different subjects from the same population but still, the subjects have individual differences (Salant and Dillman 1994). In order to reduce the error, Salant and Dillman (1994) suggest that the sample size should be big enough and uniform enough to be representative. Krejcies's model of sample size determination, as quoted by KIM (2009: 65-66), was used to determine the sample size.

The calculation is

$n = (x^2 Npq) / (d^2 (N-1) + x^2 pq)$

Where n = desired sample size

N = Target population

P = population proportion (take 0.5)

q = 1-p

d = degree of accuracy reflected by the amount of error that can be tolerated in fluctuation of a size about the population and corresponds to the significance level with a standard error of the proportion at the corresponding confidence level

x^2 = the table chi square for one degree of freedom relative to the desired level of confidence ($x^2 = 3.841$ at 95% confidence level)

Morgan, as quoted by KIM (2009), generated a table based on the Krejcie (1970) model and recommended the following sample sizes corresponding to shown population sizes:

Table 3: Sample sizes for given population size

Population size	Sample	Population Size	Sample size	Population size	Sample size
10	10	100	80	4000	351
20	19	150	108	5000	307
30	28	200	132	10000	370
40	35	250	162	20000	377
50	44	300	169	50000	381
60	52	400	196	10000	384
70	59	1500	306		
80	66	2000	322		
90	73	3000	341		

(Morgan, as quoted by KIM, 1990)

In the financial years 2013/2014, a total of 105 women's groups obtained loans from the Uwezo Fund in Chuka Constituency. Based on the above calculation, the sample size should be a total of 80 groups. Businesses are categorised into three (3) groups: trade; service; and agriculture. Both random and stratified sampling techniques were thereafter applied. The number of respondents from each stratum (trade, service and agriculture) was proportionate to the size of the different strata of enterprises funded. The number of women's groups involved in trade was 38, there were 17 in the service industry and 50 in agriculture. In order to calculate the sample proportionate to size, the following formula, as proposed by Kothari (2004), was used:

Sample size n = 80

Population N = 105

Trade population N**1** = 38. To calculate the sample, 80 (38/105) = 29

Service population N2 = 17. To calculate the sample 80 (17/105) = 13

Agriculture population N3 = 50. To calculate the sample 80 (50/105) = 38

Sample sizes for the different strata were 29 for women groups involved in trade, 13 in the service industry and 38 in agriculture, to make a total of 80 women groups. These were selected through random sampling. In order to give the various women groups equal chances of being selected, the names of the women groups in the various business categories were written on a chit and folded. Thereafter, the required numbers of women's groups per category were picked by one of the research assistants.

The third stage of sampling included the final selection of the women entrepreneurs who were to participate in the research. Each group had an average of 10 women entrepreneurs who met regularly. From each group, a total of 5 or 50% of the members participated in the survey. Further sampling at group level was necessitated by the fact that there was a level of homogeneity of the women in the same group as they were involved in running the same business. Collecting data from each member may after some time not yield any new information. It was therefore expected that the total number of women participating in the survey would be 400. The following table shows the total number of women's groups that benefitted from the Uwezo Fund in Chuka Constituency in the years 2013/2014.

Table 4: Women's Groups in Chuka Constituency that benefitted from the Uwezo Fund during the fiscal years 2013/2014

No.	**Group/ Institution**	**Activity**	**Status**	***No.***	**Group/ Institution**	**Activity**	**Status**
1	Bidii women group	Trade	Expansion	***56***	Mungano Food Security	Agriculture	Expansion
2	Kaweru self help	Trade	Expansion	***57***	Bidii SHG	Agriculture	Expansion
3	Kathangani Tumaini	Trade	Expansion	***58***	Kithae PLWHAS W. G.	Agriculture	Expansion
4	St. Joseph mwendani Y. G.	Trade	Expansion	***58***	Imani Y. G.	Agriculture	Expansion
5	Joy SHG	Trade	Expansion	***60***	Kagii SHG	Agriculture	Expansion
6	Karwithia Women Group	Trade	Expansion	***61***	Mbuti W. G.	Agriculture	Expansion
7	Riziki SHG	Trade	Expansion	***62***	Kanwa Digital Y. G.	Agriculture	Expansion
8	Kibumbu joy Y. G.	Trade	Expansion	***63***	Wendani W. G.	Agriculture	Expansion
9	Ten Chuka traders W. G.	Trade	Expansion	***64***	Gitogoto	Agriculture	Expansion

10	TAPWHA W. G.	Trade	Expansion	***65***	Kirwire	Agriculture	Expansion
11	kibumbu Care givers W. G.	Trade	Expansion	***66***	Gicima W. G.	Agriculture	Expansion
12	Gaceria Bidii W. G.	Trade	Expansion	***67***	Kawira S. H. G.	Agriculture	Expansion
13	Chuma Welfare Y. G.	Trade	Expansion	***68***	Neema Y. G.	Agriculture	Expansion
14	Itugururu Mjengo S.HG	Trade	Expansion	***68***	Christian Upendo W.G	Agriculture	Expansion
15	Igambanombe Y.G	Trade	Expansion	***70***	Kathutwa Faith Y. G.	Agriculture	Expansion
16	Igakuya W.G	Trade	Start-up	***71***	Kigwambura Y. G.	Agriculture	Start-up
17	St. Alex W.G	Trade	Start-up	***72***	Chararuku Y.G	Agriculture	Expansion
18	Mugwe CBO W.G	Trade	Expansion	***73***	Hope Y.G	Agriculture	Expansion
19	Mercy W.G	Trade	Start-up	***74***	Kathagara Umoja Y.G	Agriculture	Expansion
20	Venus Investment Y.G	Trade	Expansion	***75***	Mariani Simlesa W.G	Agriculture	Start-up
21	Imani W.G	Trade	Expansion	***76***	Mwicereria W.G	Agriculture	Expansion
22	Mutethia SHG	Trade	Expansion	***77***	Kaugi Igamatundu W.G	Agriculture	Expansion
23	Kanyamuga W.G	Trade	Expansion	***78***	Munyaka W.G	Agriculture	Expansion
24	Wapendwa W.G	Trade	Expansion	***79***	Weru SHG	Agriculture	Expansion
25	Chuka Youth Hawkers	Trade	Start-up	***80***	Mother to Mother Support	Agriculture	Start-up
26	Upendo W.G	Trade	Start-up	***81***	Blessed Y.G	Agriculture	Expansion
27	Kamunko Y.G	Trade	Expansion	***82***	Mugwe Young Farmers	Agriculture	Expansion
28	Kajiampau Y.G	Trade	Expansion	***83***	Ntuntuni Light Y.G	Agriculture	Expansion
29	Valley Wood Y.G	Trade	Expansion	***84***	Kamiramba Adult	Agriculture	Expansion
30	Kathomi W.G	Trade	Expansion	***85***	Kathua SHG	Agriculture	Start-up
31	Kabeca SHG	Trade	Expansion	***86***	Jiinue Y.G	Agriculture	Expansion
32	Wendani Somucondi W.G	Trade	Expansion	***87***	Kamachani	Agriculture	Expansion
33	Jitahidi SHG	Trade	Expansion	***88***	Juhudi Y.G	Agriculture	Expansion
34	Kiamwithiga Sping Y.G	Trade	Expansion	***89***	Arise and Shine Y.G	Agriculture	Expansion
35	Igamatundu W.G	Trade	Expansion	***90***	Baraka W.G	Agriculture	Expansion
36	Gitareni W.G	Trade	Expansion	***91***	Nairobi Ndogo Y.G	Agriculture	Expansion
37	Wangwana SHG	Trade	Expansion	***92***	Wendo SHG	Agriculture	Start-up
38	Ciamarigu Water Users W.G	Trade	Expansion	***93***	Mwetemania	Agriculture	Expansion
39	Mukungungu Mothers	Service	Expansion	***94***	Chuka Town Tabia Y. G change	Agriculture	Expansion
40	Visionary Arts Entertainment	Service	Expansion	***95***	Iruma PWD SHG	Agriculture	Expansion
41	Ikuu Boda Boda	Service	Expansion	***96***	Utugi SHG	Agriculture	Expansion
42	Kandigi United Y. G.	Service	Start-up	***97***	Twamikua Junior W.G	Agriculture	Start-up
43	Good Hope SHG	Service	Expansion	***98***	Kanini W.G	Agriculture	Expansion
44	Umoja Ciambaraga W.G	Service	Expansion Start up	***99***	Maji Safi W.G	Agriculture	Expansion
45	Kanoro Muragoni SHG	Service	Start-up	***100***	Rianthiga Tumaini Y.G	Agriculture	Start-up
46	Mlimani Twamikua W.G	Service	Start-up	***101***	Modern Sikaze W.G	Agriculture	Expansion
47	Marugu Panner Y.G	Service	Expansion	***102***	Umoja Y.G	Agriculture	Expansion
48	St. Mary Women Group	Service	Expansion	***103***	Ndogo Nthungu W.G	Agriculture	Start-up
49	Kajuki Traders SHG	Service	Expansion	***104***	Chera Youth Boda Boda	Agriculture	Expansion
50	Grace W.G	Service	Expansion	***105***	Mwedantu Kigogo Support	Agriculture	Expansion
51	Mukuuni Youth For Integrity	Service	Expansion				
52	Mwiaki Microfinance W.G	Service	Expansion				

53	Baruo W.G	Service	Expansion				
54	Women In Power	Service	Start-up				
55	Together Development Support Program Y.G	Service	Expansion				

Source: Uwezo Fund 2014

In addition to the 398 women entrepreneurs, 8 officers working for the Uwezo Fund were also interviewed (Appendix B). These were not sampled as they were only 8. All the officers were interviewed.

4.6 Data collection

The main instrument for data collection was a questionnaire for the women entrepreneurs. A questionnaire is a list of questions printed or typed in a definite order on a form or set of forms (Kothari, 2004). During data collection, measurement errors can occur when a "respondent's answer to a given question is inaccurate, imprecise or cannot be compared in any useful ways to other respondents' answers" (Salant and Dillman 1994:17). In order to reduce measurement errors, the primary data collection method was mainly used through questionnaires carefully designed by the researcher. To ensure content validity, information from the literature review was used to construct the questionnaires.

The detailed questionnaires had both structured and open-ended questions (Appendix 1). The numbers of open-ended questions were minimised to reduce the time taken by respondents to fill in the questionnaire and for the researcher to code, enter and analyse data. Care was taken to have the open-ended questions follow close-ended related questions. Most of the close-ended questions had ordered choices for ease of coding and analysis. In order to accommodate answers that the respondents may have had that were overlooked by the researchers, a choice of 'other' was included where respondents were required to fill in their answers. Finally, in order to reduce chances of individual questions being misunderstood, proper question sequencing by making them clear and smooth flowing was adhered to, i.e. the relation of one question to the next was apparent and questions that were easy to answer came before the more difficult ones (Kothari, 2004).

A second interview guide (Appendix 2) was administered to officers working for the Uwezo Fund. The following table, Table 5, is a summary of the research mapping outline:

Table 5: Research mapping outline

Aim	Objective	Research Question	Theoretical and conceptual framework	Research approach	Data collection tool	Chapter
The study sought to establish financial literacy competences of women entrepreneurs accessing funds and determine its impact on their economic empowerment	To find out the financial Literacy skills of women entrepreneurs in Kenya	What are the financial literacy skills of women entrepreneurs in Kenya?	• Literacy • Information literacy. • Financial literacy,	Mixed method	• Research questionnaire • Interview guide • Document analysis • Literature review	Chapter 1 Introduction and research background Chapter 2 Conceptual framework Chapter 3 Theoretical framework
	To determine the level of economic empowerment of women entrepreneurs	What is the level of economic empowerment of women entrepreneurs?	• Neo-liberal theory • Minimalist model of poverty alleviation • Micro-finance Plus • Women's economic empowerment • Knowledge economy • Entrepreneurship • Women entrepreneurship	Mixed method	• Research questionnaire • Interview guide • Document analysis • Literature review	Chapter 2 Conceptual framework Chapter 3 Theoretical framework
	To determine the relationship between financial literacy and women's economic empowerment	What is the relationship between women's financial literacy and women economic empowerment?	• Human Capital theory • Social Learning theory • Network Affiliation theory • Vygotsky Sociocultural theory	Mixed method	• Research questionnaire • Interview guide • Document analysis • Literature review	Chapter 2 Conceptual framework Chapter 3 Theoretical framework
	To suggest a model for the improvement of the financial literacy skills of women entrepreneurs in Kenya	Which is the best model to use to improve the financial literacy skills of women entrepreneurs in Kenya?	• Credit and Education model of integration • Micro-finance Plus	Mixed method	• Research questionnaire • Interview guide • Document analysis • Literature review	Chapter 2 Conceptual framework Chapter 3 Theoretical framework

Developing survey tools and piloting and training of research assistants closely followed one another. The draft survey tool was deliberately simple, short and took the form of a structured questionnaire. The construction of the questionnaire and the interview guide was informed by the findings of the literature review. The questionnaire was piloted among a small sample of 20 women entrepreneurs or 5% of the total respondents, revised and finalised based on the feedback received. The interview guide was piloted on one officer and since the total number of officers was 8, the responses from the pilot were included in the final report.

4.7 Data collection procedure

The research instruments were first reviewed by the University of Zululand Research Ethics Committee. Prior to data collection, legal requirements by the Kenyan government and the University of Zululand were obtained. Thereafter, 10 research assistants were recruited and trained during the pilot phase. The research assistants were identified and selected based on academic qualifications, relevant past experience, knowledge of English and the language of the catchment area and being domiciled in Chuka. Successful candidates were trained by the researcher. They were exposed to the study framework and objectives; study instruments and data collection methods. They were all taken through interviewing techniques and the proper recording procedure of the responses.

Data collection took a total of 3 weeks, Each Research Assistant was expected to interview 5 members of an individual group that was part of the sample. The initial challenge was gathering the women entrepreneurs of one group in one place so as to randomly sample 5 per group. It took much persuading for them to agree to participate in the research as they were not sure if their responses could be used against them, considering that they had loans from the Uwezo Fund. However, once the 5 respondents were identified and taken through their rights during the entire data collection exercise, they became agreeable and data collection started. The respondents who had low literacy levels were taken through the questionnaire with the Research Assistant filling in the responses while those who were literate were given the questionnaires to fill for themselves. To ensure that no information was lost during data collection, only Research Assistants who spoke the local language were selected. There were questions that the respondents didn’t respond to and these were left blank. Despite these challenges, the fact that the Research Assistants came from the area and were known to them helped to ease their anxiety. The researcher joined various Research Assistants during data collection to ensure that sampling at group level was done well and that administration of the questionnaires was done well especially where the Research Assistants had to read and interpret the questions. The researcher also interviewed officers working for the Uwezo Fund

4.8 Pilot study

A pilot study or pre-test of the questionnaires was conducted in order to test the validity and reliability of the research instruments, particularly the questionnaire (Appendix 1). The sample for the pilot consisted of 20 women entrepreneurs or 5% of the total sample of 400 women entrepreneurs. The pilot sample included women entrepreneurs who had similar characteristics to those of the sample. Neuman (2006) defines reliability as dependability or consistency, while Babbie (2007) defines it as a matter of whether a particular technique applied repeatedly to the same object will yield the same results each time. This means that reliability is involves the instrument or tool for data collection, which in this case is the questionnaire (Appendix 1). In order to test the reliability of the questionnaire (Appendix 1), it was first administered to the pilot sample and then their responses were reviewed to ensure that the answers were consistent. This is one of the measures of reliability proposed by Creswell (2012). Where questions were ambiguous or not clear, they were revised before the final data collection (Neuman, 2006).

With regard to validity, Neuman (2006) defines it as a measure of how well an idea fits with actual reality, while Babbie (2007) defines validity as the extent to which an empirical measure adequately reflects the real meaning of the concept under consideration. In order to test the validity of the questionnaire (Appendix 1), the responses were reviewed to ensure that the information captured had addressed all the research objectives and questions. Creswell (2012) and Neuman (2006) refer to this form of validity as content validity because it is more concerned with the responses, unlike reliability which is more concerned with the instrument.

The pilot was conducted in two phases: first with the research assistants to ensure that they understood how to administer the questionnaire and then with the respondents to answer the following questions as proposed by Salant and Dillman (1994):

a) Is each question getting the information it is intended to get?
b) Are all the words understood?
c) Are the questions interpreted the same by all respondents?
d) Do all close-ended questions have an answer that applies to each respondent?
e) Does the questionnaire create a positive impression that motivates people to respond?
f) Are the questions answered correctly and in a way that can be understood?
g) Are skip patterns followed correctly?
h) Does any part of the questionnaire suggest bias on the part of the researcher?

These questions helped to test the validity and reliability of the questionnaire (Appendix 1).

4.9 Ethical consideration

Before data collection, permission was obtained from the National Commission for Science, Technology and Innovation (Appendix 3) and from the University of Zululand Research Ethics Committee (Appendix 4). More information can be obtained from the University of Zululand website http://www.unizulu.ac.za and from NACOSTI http://www.nacosti.go.ke. According to Saunders, Lewis and Thornhills (2009), research ethics refers to the "appropriateness of researchers' behaviors in relation to the rights of those who are the subject of the research work or are affected by it". It also covers issues of the entire research process from the literature review to data analysis and presentation. Before undertaking the research, adequate consideration was given to existing literature on the subject under study, and appropriate acknowledgements were made. Criteria for the selection of participants of the research were fair and scientific. The overall aims and objectives of the study were explained to the participants in a language they understood. The consent form and the questionnaires were provided in English and research assistants who spoke the language of the catchment area were selected to ensure complete understanding of the procedures, expectations and questions. Since the research did have some level of intrusion in the respondent's personal life, participation of the individuals was based on their signed informed consent. It was made clear to them that participation was voluntary and they could withdraw from further participation without any dire consequences. Researchers respected the right of participants to refuse to participate in the research, refuse to respond to specific questions, to change their decision or withdraw their informed consent given earlier, at any stage of the research without giving any reason and without any penalty. If they decided to withdraw from the research, they were not coerced or pressurised with the promise of unrealistic benefits in order to continue. Out of the 400 respondents identified, 4 withdrew.

Respondents remained anonymous and only information that was relevant and necessary was collected. Confidentiality and anonymity were maintained throughout the exercise by not revealing the names of the respondents or linking particular responses with specific participants or respondents. This was to ensure that no harm came to the participants in the form of embarrassment, endangering of their homes or businesses, friendships, etc.

The conduct of research assistants was honest and transparent. They were trained prior to collecting data to ensure that they maintained the highest research ethics and more importantly treated research participants with dignity. Respondents were seen as indispensable and worthy partners in the research. The researchers respected and protected the rights and interests of the respondents at every stage and level of the research. The contribution of other researchers or members of the research team has been properly acknowledged.

All efforts will be made to make public, in an appropriate manner and form and at an appropriate time, information on the research undertaken, as well as the results and implications of the completed research.

4.10 Data analysis

Analysis is the computation of certain indices or measures along with searching for patterns of relationships that exist among the data groups (Kothari, 2004). The current review of literature, research objectives and questions determined the level of quantitative and qualitative data to be expected from the study. Keeping this in mind, an analysis of the indicators was used to guide the development of the tools that helped to determine the type of analysis.

Based on this, as the data collection processes continued, the researcher developed the ‘dummy tables’ (a schedule of analysis) to be conducted. However, it is worth noting that the analysis was not limited to the ‘dummy tables’ already developed, but additional analysis was done. Discrete data was analysed using the Statistics and Data (STATA) package to generate descriptive statistics such as frequencies (counts) and percentages to describe data of the various variables. Associations were simultaneously conducted to analyse the relationship between two or more variables in the study. Causal analysis, that is concerned with the study of how one variable affects changes in another variable (Kothari, 2004), was used to determine how financial literacy skills affect women's economic empowerment, which is one of the research questions. A chi-square test of independence was then carried out to assess the degree of association between these variables.

It is sometimes possible to transform qualitative data into quantitative data and vice versa, but this was not done. Analysis of qualitative data remained descriptive so as to describe the women entrepreneurs and their financial literacy skills adequately. For the qualitative data gathered through the open-ended questions, the data was coded into themes, general patterns and the findings were categorised into meaningful constructs that could then be generalised to the rest of the women entrepreneurs in Chuka Constituency who were receiving loans from the Uwezo Fund. Coding is the process of assigning numerals or other symbols to answers so that respondents can be sorted into a limited number of categories or classes (Kothari, 2004). Saldana (2013) defines a code as a word or short phrase that symbolically assigns a summative, salient, essence-capturing and/or evocative attribute for a portion of language-based or visual data. Charmaz (2001), as defined by Saldana (2013), describes coding as the critical link between data collection and the explanation of meaning. The portion of data to be coded included a word or phrase of the responses from the questionnaire or interview schedule. There was a class for every data item. As mentioned earlier, qualitative data was not converted into numerical form nor statistically analysed.

The data was presented in the form of tables, pie charts and graphs, but in some cases descriptive analyses like correlation were also included. For each question, calculations were based on responses and not the total sample. The more qualitative data was presented in form of discussion. It will also be published online while pullouts of the research will be presented at conferences, seminars and workshops.

4.11. Challenges encountered

As in most surveys, difficulties were encountered during the data collection period. One of the most common problems encountered by the research assistants was the limited time allocated. The questionnaires were quite long, taking about one hour and more to complete, and the women had low levels of education, so needed constant translation of the questions into their mother tongue.

Extreme difficulty was encountered while selecting an organisation to participate in the survey. Most cited client confidentiality. The researcher used personal contacts to select the sample population. In addition, all the research assistants encountered reluctance on the part of respondents to share information on whether they had an additional loan to the one from Uwezo Fund and their feelings on their current level of debt. This was even after the respondents were reassured that their responses would not in any way affect their financial position.

Costs of collecting data were high due to high transport costs as the number of respondents was large at 400. The research assistants had to travel long distances to meet with the various groups.

4.12 Summary

This chapter presented a detailed description of the research approaches, methodologies and procedures that were used to carry out this research. In particular, the chapter examined the research paradigms, mainly the positivist/postpositivist paradigm; social constructivist paradigm and pragmatic paradigm. Sampling was discussed and the sample outlined. Instruments for data collection were mainly two: questionnaire for the women entrepreneurs (Appendix 1) and an interview schedule for the staff who work for the Uwezo Fund (Appendix 2). The instruments were tested during the pilot to ensure their validity and reliability. After the pilot, the tools were reviewed and finalised for use in the final study.

Due to the mixing of the various approaches, the study used the mixed method approach or pragmatic research paradigm. Several research designs were used, namely: Survey research design due to its ability to use a small sample and generalise the findings to the entire population (Neuman, 2006); Case study research design since the participants in this study are a discrete group (namely women entrepreneurs who had received Uwezo Funds in the financial year 2013/14) and Explanatory research design which allowed for association between FL skills of women entrepreneurs and their economic empowerment.

A total of 398 respondents participated in the research but only responses for each question are analysed. Both qualitative and quantitative data was collected using a questionnaire for the women entrepreneurs and an interview schedule for the staff working with the Uwezo Fund. However, the main limitation of this sampling method was that the sample was not representative and therefore the findings could not be generalised to the entire population of women entrepreneurs in Kenya. Data collection and analysis was done and the following chapter, Chapter 5, presents the research findings.

Chapter 5: Presentation of findings

5.1 Introduction

The overall aim of the research was to identify the financial literacy skills of women entrepreneurs and to study their role in women economic empowerment. The study objectives were: 1) To find out the financial literacy skills of women entrepreneurs in Kenya; 2) To determine the level of economic empowerment of women entrepreneurs. 3) To determine the relationship between financial literacy and women economic empowerment and 4) To suggest a model for the enhancement of the financial literacy skills of the women entrepreneurs in Kenya.

This chapter presents the data obtained through questionnaires administered to 398 women entrepreneurs who in this section are referred to as respondents and responses from interviews with 8 Uwezo Fund officers. These officers are employees of the Uwezo Fund and were responsible for the selection of the women groups that were to receive funding. Once they selected the groups, they then went on to participate in their training and thereafter continue to support them in managing their businesses.

The chapter is divided into 2 major parts: Part A which presents the findings from the questionnaires that were administered to women entrepreneurs (Appendix 1) and then Part B which presents the findings from the interviews (Appendix 2) with the Uwezo Fund officers. Findings from Part A are presented from Section 5.2 to 5.6. Section 5.2 outlines the respondent's demographic information such as age, marital status, and highest academic qualifications. The chapter then quickly moves to Section 5.3 which presents in great detail the FL competencies of the respondents. Section 5.4 presents the level of economic empowerment of the respondents while Section 5.5 outlines the relationship between the respondents' FL competencies and their level of economic empowerment; 5.6 proposes the best model to use for enhancing financial literacy skills of women entrepreneurs in Kenya. Findings from Part B are presented under Section 5.7.

Part A: Data from the questionnaires (Appendix 1) for the women entrepreneurs

5.2 Demographic information

Although demographic information was not part of the study objectives, data on their ages, marital status, academic qualifications and areas of specialisation was collected in order to understand the background of the respondents. Understanding their academic qualifications was important because literature review shows that level of education to some extent influences financial literacy skills.

5.2.1 Age

Q1 (Appendix 1) asked the respondents to indicate their ages. Eight out of 398 respondents did not identify their age category. Based on the responses of 390 respondents, majority of the respondents, 71 (18.21%) were aged 35-39 years, while only 3 (0.77%) of the total respondents were aged 18-19 years. 17 (4.36%) of the total respondents were aged 20-24 years, 35 (8.97%) of the total respondents were aged 25-29 years, 53 (13.59%) of the total respondents were aged 30-34 years, 60 (15.38%) of the total respondents were aged 40-44 years, 55 (14.10%) of the total respondents were aged 45-49 years, 49 (12.56%) of the total respondents were aged 50-54 years, 26 (6.67%) of the total respondents were aged 55-59 years, 11 (2.82) of the total respondents were aged 60-64 years and 10 (2.56%) of the respondents were 65 years and above.

5.2.2 Marital status

Q2 (Appendix 1) asked the respondents to indicate their marital status. This question was important as one of the indicators of economic empowerment is the ability to make decision on money matters that affect the individual. The study sought to establish whether one's marital status had an influence on the final decision-maker when it comes to issues of money. Out of 398 respondents 7 of them didn't response to this question. Of the 391 responses, a significant number, 277 (70.84%), were married, a noticeable 89 (22.76%) were single, 7 (1.79%) were divorced, 7 (1.79%) were separated and 11 (2.81%) were widowed.

5.2.3 Highest academic qualification

Q3 (Appendix 1) sought to determine the respondents' highest academic qualification and area of specialisation. The level of academic qualification does have an influence on financial literacy level. The details of their highest level of education are found in Table 6. Out of 398 respondents 10 of them didn’t give a response to this question. Information on their area of specialisation was not reliable and hence is not included in the analysis.

Table 6: Highest academic qualification

Highest academic qualification	Freq.	Percent	Cum.
Never enrolled	24	6.19	6.19
Primary level	166	42.78	48.97
O level	99	25.52	74.48
A level	6	1.55	76.03
Certificate level	47	12.11	88.14
Diploma	20	5.15	93.30
Higher national diploma	4	1.03	94.33
Graduate	16	4.12	98.45
Masters	1	0.26	98.71
Other (specify)	5	1.29	100.00
Total	388	100.00	

From Table 6, the majority of the respondents were primary school leavers. Out of the total respondents, 166 (42.78%) had Primary level as the highest academic qualification, 99 (25.52%) had Ordinary Level[8] secondary education, 6 (1.55%) had Advanced level[9] secondary education, 47 (12.11%) had training at certificate level, 20 (5.15%) had a diploma, 4 (1.03%) had a higher national diploma, 16 (4.12%) were graduates and only 1 (0.26%) had attained masters level as their highest academic qualification. Twenty four (6.19%) have never enrolled for school, while 5 (1.26%) had other levels other than those listed but were unable to specify the specific level.

5.2.4 Characteristics of women entrepreneurs.

In order to determine whether respondents were high impact or survivalist entrepreneurs (see Section 2.4), the study sought to establish whether the respondents were running their

[8] Ordinary Level Secondary Level education is attained by completing 4 years of secondary education.
[9] Advanced Level Secondary Level education was attained by completing 2 years of secondary education after successfully completing 4 years of Ordinary Level Secondary Level education. This level was part of the previous education system that consisted of 7 years primary education, 4 years Ordinary Level Secondary Level education and 2 years of Advanced Level secondary education.

businesses on a full-time basis or part-time, and if part-time what else they were doing. Out of 398 respondents, 77 of them didn’t response to this question. The study found that 125 (38.94%) of the total respondents had formal employment against 196 (61.06%) who were not. Of those who were employed, 45 (36%) were in full-time employment, 36 (28.80%) were in part-time employment, while 44 (35.20%) of them were in casual employment.

5.3 What are the financial literacy competencies of women entrepreneurs in Kenya?

Section 5.3 presents data on the financial literacy skills of the respondents which is at the core of this study. See Chapter 1 section 1.3 for the definition of financial literacy. Question 15-40 on the women entrepreneurs questionnaire (Appendix 1) and Question 9 on the Uwezo staff interview guide (Appendix 2) sought to establish the financial literacy competencies of the respondents.

5.3.1 Business ventures

The study sought to gauge the respondents' understanding of business ventures as investing is part of economic empowerment. The study did establish that the respondents have a fairly good understanding of business ventures but the knowledge may not help them much as some were willing to invest in risky business ventures. The following is a summary of their responses

5.3.1.1 Understanding of business ventures

The respondents were asked whether they agreed with the statement that a business with a high return is likely to have higher than average risks. Out of 398 respondents 10 of them didn’t give a response to this question. The responses are presented in Table 7.

Table 7: Responses on business ventures

Business with a high return is likely to have higher than average risk	**Frequency**	**Per cent**
Strongly agree	235	60.57
Agree	123	31.70
Disagree	12	3.09
Can’t say	10	2.58
Strongly disagree	8	2.06
Total	388	100

Of the total respondents, 235 (60.57%) said that they strongly agree with the statement that a business with a high return is likely to have higher than average risks, 123 (31.70%) said that they agree with the statement, 12 (3.09%) said that they disagree with the statement, 8 (2.06%) said that they strongly disagree with the statement, while 10 (2.58%) were not sure about the statement, therefore were unable to agree or disagree with it.

5.3.1.2 Views on starting new business ventures

Another question posed to the respondents in order to have more clarity on their understanding of starting a new venture was, “Which ONE of the following would you recommend for an investment advertised as having a return well above market rates and has no risk at all?” Out of 398 respondents 16 of them didn’t response to this question. The responses to this question are summarised in Table 8.

Table 8: Recommendation of an advertised investment

Recommendation from an advertised investment	Frequency	Percentage
Invest lightly and see how it goes before investing more heavily	200	52.36
Consider the investment "too good to be true" and not invest	132	34.55
Invest heavily to maximise the return	39	10.21
Can’t say	11	2.88
Total	382	100

From Table 8, 200 (52.36%) of the respondents said that they would invest lightly to see how it goes before investing more heavily, 132 (34.55%) of the respondents said they would consider the investment "too good to be true" and not invest, 39 (10.21%) of the respondents said they would invest heavily to maximise their return and 11 (2.88%) of the respondents couldn’t say what they would do with such an investment.

5.3.2 Diversification of businesses

Literature review (Section 2.4) differentiates between innovative and replicative entrepreneurs. The study sought to establish the respondents’ knowledge of the need for diversification, as this is one of the ways of determining whether a respondent is an innovative or replicative entrepreneur.

5.3.2.1 Importance of diversification in business

The information on how important it is for the respondent to diversify business over the next five years or more is presented in Table 9 below. Out of 398 respondents 13 of them didn't give a response to this question.

Table 9: Importance of diversification of one's business

Importance of diversification of business	Freq.	Percent	Cum.
Very important	282	73.25	73.25
Quite important	65	16.88	90.13
Of some importance	17	4.42	94.55
Not at all important	11	2.86	97.40
Can't say	10	2.60	100.00
Total	385	100.00	

From Table 9, 282 (73.25%) of the total respondents thought it is very important to diversify their businesses, 65 (16.88%) of the total respondents thought it is quite important to diversify their businesses, 17 (4.42%) of the total respondents thought it is of some important to diversify their businesses, 11 (2.86%) of the total respondents thought it is not at all important to diversify their businesses, 10 (2.60%) of the total respondents couldn't say whether or not it is important to diversify their businesses.

5.3.2.2 Reasons for diversification

The reasons given by the respondents on the need to diversify their businesses are given in Table 10. Out of 398 respondents, 40 of them didn't response to this question.

Table 10: Reasons for opinion on diversification

Reasons for opinion on diversification	Freq.	Percent	Cum.
To maximise profits	292	81.56	81.56
Maximise resource use/ increase output	51	14.25	95.81
Secure my/ family's future	9	2.51	98.32
Other (specify)	6	1.68	100.00
Total	358	100.00	

Of the total respondents, 292 (81.56%) said they would diversify their businesses to maximise profits, 51 (14.25%) said they would diversify their businesses to maximise resource use and/or increase output, 9 (2.51%) said they would diversify their businesses to secure their own future and/or their family's future while 6 (1.68%) said they would diversify or not diversify their businesses for reasons other than those listed above.

5.3.3 Information seeking behaviour when taking a loan

As mentioned earlier (see Section 2.9), for a person to be said to be financially literate, they need among other skills the ability to know when information is needed, where to get the information and once they access it, to use it, evaluate it and then use it to meet their needs (Rosenberg, 2002). The Social Learning Theory (Bandura, 1977), Network Affiliation Theory (Adrich and Zimmer 1986) and Vygotsky Sociocultural Theories (UNESCO, 2003), acknowledge the role of socialisation in the acquisition of knowledge, attitudes and skills guided this research (see Chapter 3).The study therefore sought to find the source of information for the respondents. Each source was treated as an independent variable as they were to identify multiple sources.

5.3.3.1 Learning about the Uwezo Fund

Respondents were asked how they had learned about the Uwezo Fund prior to getting the loans. Their responses are provided in Figure 2 below.

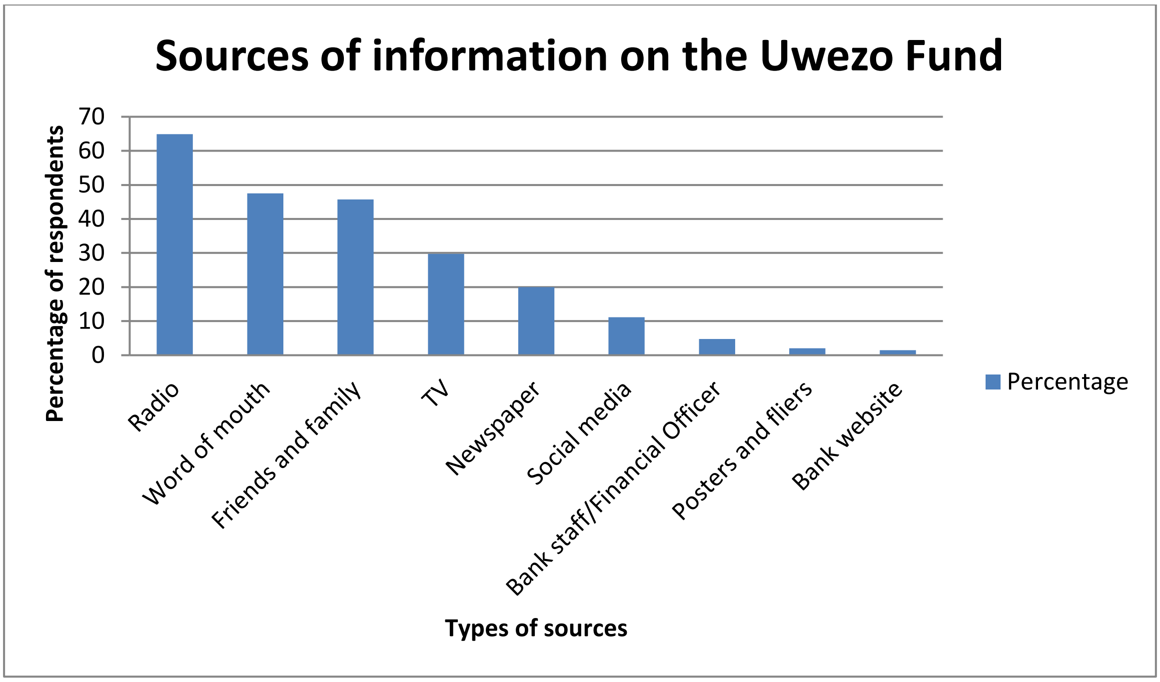


Figure 2: Sources of information on the Uwezo Fund

The radio was the most common source of information on Uwezo fund for 257 (64.90%) of the respondents. Word of mouth was second, for 188 (47.47%) of the respondents, family and friends came third, for 181 (45.71%) of the respondents. Social media, newspapers and TV accounted for 44 (11.11%), 79 (19.95%) and 118 (29.80%) respectively of the respondents. The least useful source of information on the Uwezo Fund were; bank staff/financial officer with 19 (4.80%) of respondents, posters and financial literacy fliers 8 (2.02%) of respondents and bank website 6 (1.52%) of respondents.

5.3.3.2 Shopping around for the loan from Uwezo Fund

Knowing about a product should not be the only reason for making a decision on whether to take it or not. Financial literacy skills includes the ability to source for products and services, evaluating them for suitability and finally comparing the costs before the final selection. For this study, this is referred to as shopping around. This ensures that one receives products that suit their needs but are also competitive financially. The term was selected because not only is it familiar but it captures this aspect of financial literacy. Information on whether or not the respondent shopped around when arranging for the current Uwezo Fund loan was sought and is presented in Figure 3. Out of 398 respondents, 4 of them didn’t response to this question.

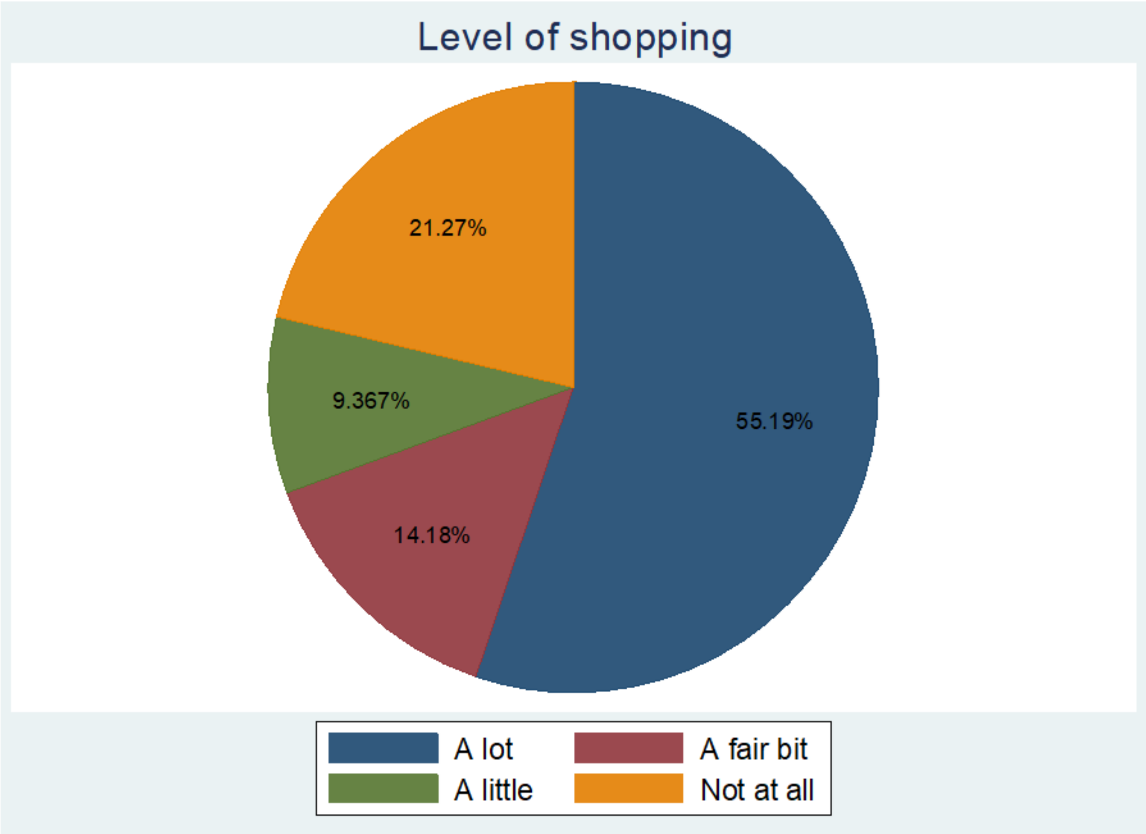


Figure 3: Shopping around when considering taking the Uwezo Fund loan

From Figure 3, respondents were asked whether they shop around to compare financial products from different financial providers, 217 (55.19%) of the total respondents admitted that they shop around a lot, 84 (21.27%) of the total respondents admitted that they did not shop around at all, 37 (9.37%) of the total respondents admitted that they shop around a fair bit, 56 (14.18%) of the total respondents admitted that they shop around a little.

Of the 84 (21.27%) respondents who indicated that they did not shop around, 53 (63.10%) of them said they did not see the need to shop around, 10 (11.90%) said they did not get time to shop around, while 4 (4.76%) thought there were no huge differences in terms of cost between other loans and the Uwezo Fund loan. Seventeen (20.24%) of those who did not shop around at all did replied that they couldn't say what their main reason was (see Table 11).

Table 11: Main reason for not shopping around after learning about Uwezo Fund

Main reason for not shoping around	Freq.	Percent	Cum.
No need to	53	63.10	63.10
No enough time	10	11.90	75.00
Don't think there are huge differences	4	4.76	79.76
Can't say	17	20.24	100.00
Total	84	100.00	

5.3.3.3 Respondents with an additional loan to the one from Uwezo Fund

Since the Uwezo Fund was a pledge by the incumbent Jubilee Government after the 2013 general election, many Kenyans are aware of the Fund. It was therefore important to validate the respondents' information-seeking behaviour by first establishing those that had an additional loan to the one from Uwezo Fund and finding how they had learned of it. Figure 4 below shows the percentage of respondents with an additional loan to the one from Uwezo Fund. Out of 398 respondents, 10 didn't respond to this question. One hundred and thirty one (33.76%) respondents indicated that they had an additional loan other than the Uwezo Fund loan, while 257 (66.24%) of the respondents did not.

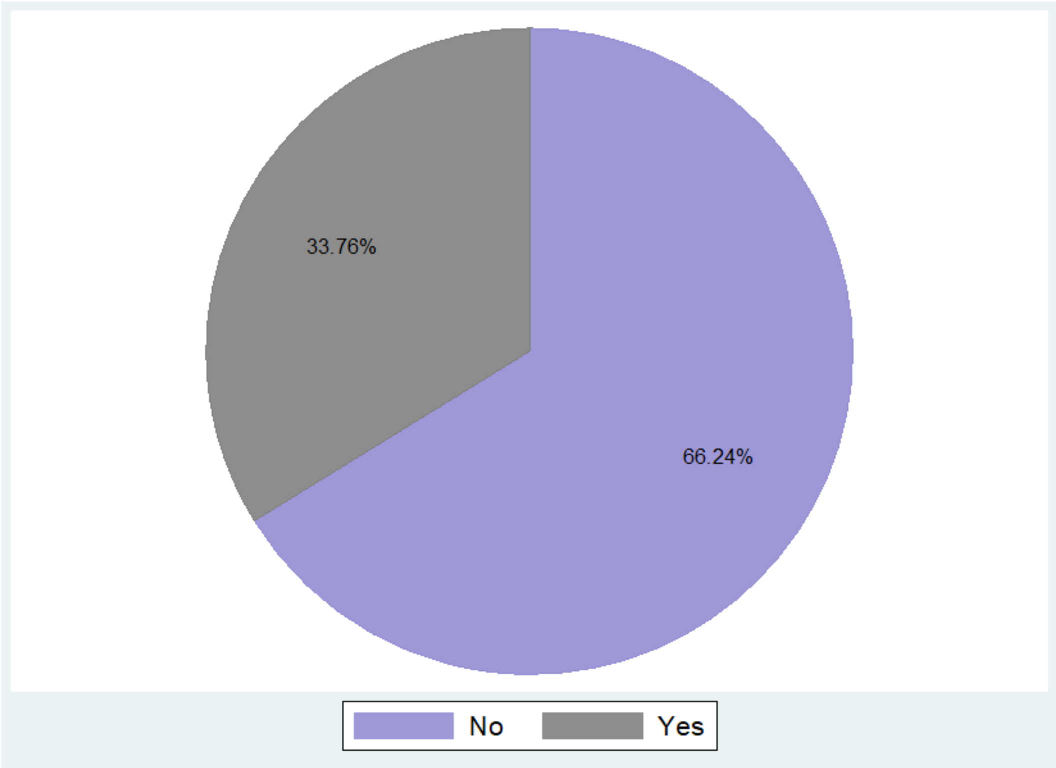


Figure 4: Possession of a loan additional to the one from the Uwezo Fund

Information was sought on how the 131 (33.76%) of the total respondents with an additional loan to the Uwezo Fund loan had learned about the second loan provider. This information is presented in Figure 5 below

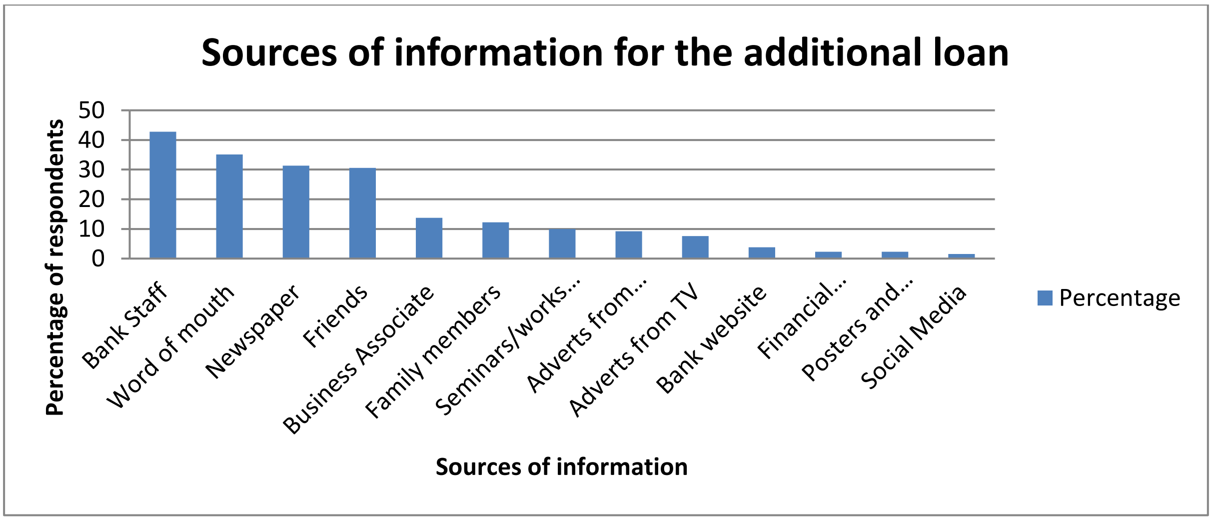


Figure 5: Learning about the second loan provider

The most common source of information about the second loan provider was bank staff/officers. Of the 131 (33.76%) respondents, 56 (42.75%) had learned about the second loan provider from bank staff/officers, 46 (35.11%) by word of mouth, 41 (31.30%) through newspapers, 40 (30.53%) through friends, business associates 18 (13.74%), 16 (12.21%) through financial magazines, 13 (9.92%) through seminars and workshops, 12 (9.16%) through adverts by radio, and 10 (7.63%) through adverts by TV. The least common source of information about the second loan provider was bank websites, with 5 (3.82%) of the respondents, financial magazines with 3% (2.29) of the respondents, posters and fliers with 3 (2.29%) of the respondents and finally social media with 2 (1.53%) of the respondents with an additional loan other than the Uwezo Fund loan. None of the respondnets identified Libraries as one of their sources of information.

5.3.4 Shopping/looking for financial service provider

Information-seeking behaviour of the respondents when sourcing financial services or products like loans, accounts and services from different financial providers was sought. Out of 398 respondents, 14 didn't respond to this question. Figure 6 below summarises their responses.

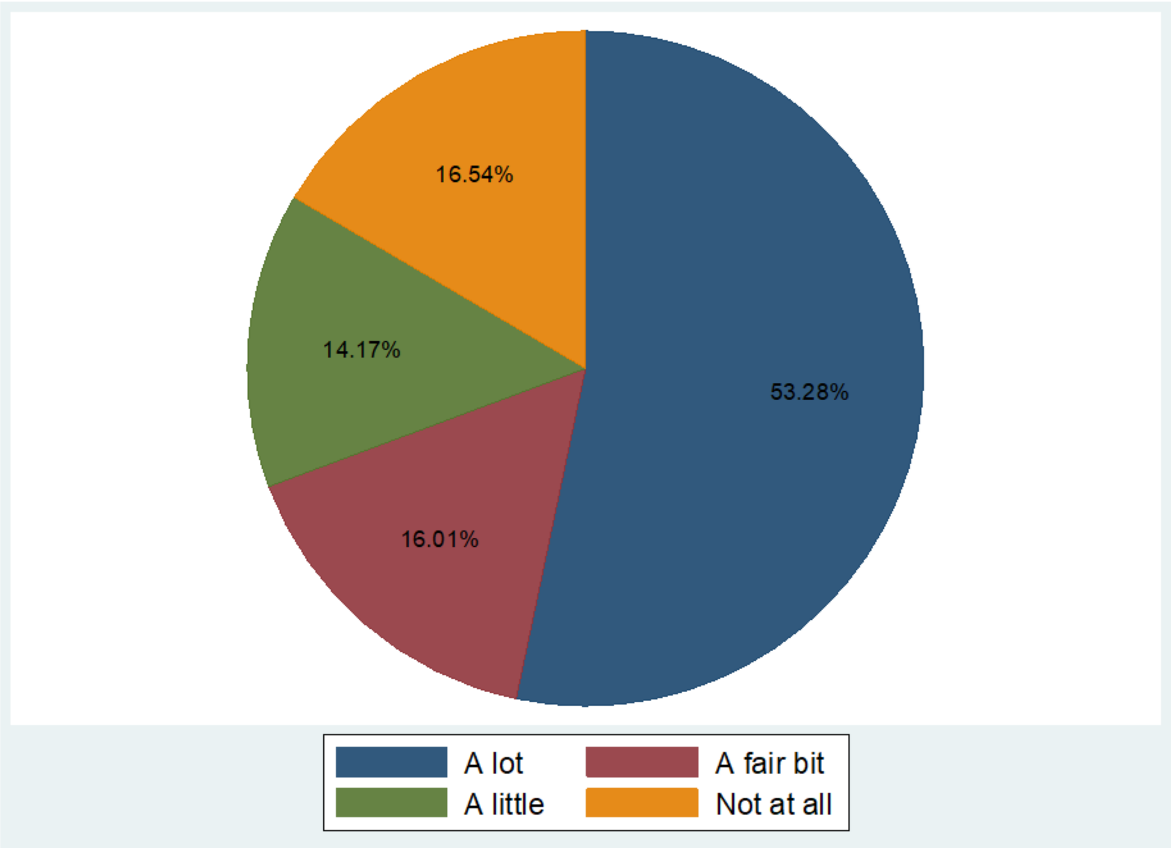


Figure 6: Shopping for financial service provider

When respondents were asked whether they shop around to compare financial products from different financial providers, 204 (53.28%) of the respondents said that they shop around a lot, while 63 (16.54%) of the respondents admitted that they did not shop around at all. Sixty one (16.01%) of the respondent said that they shopped around a fair bit, 54 (14.17%) of the respondents shopped around a little.

Respondents who did not shop around were then asked for their reasons. As seen in Table 12 below, of the 63 (16.54%) respondents who admitted that they did not shop around at all, 37 (58.73%) said they did not do so because they did not see the need for shopping around. Ten (15.87%) of them said they lacked time to shop around to compare financial products from different financial providers while 7 (11.11%) thought that there were no huge differences among financial providers. Nine of them, representing 14.29%, couldn't say why they did not shop around at all.

Table 12: Reasons for not shopping around to compare financial products

Main reason for not shoping around for a financial provider	Freq.	Percent	Cum.
No need to	37	58.73	58.73
No enough time	10	15.87	74.60
Don't think there are huge differences	7	11.11	85.71
No response	9	14.29	100.00
Total	63	100.00	

5.3.5 Sources of information for financial decision making

Information on the sources of information that a respondent has used over the last 12 months to assist them in financial decision making is summarised in Table 13. Out of 398 respondents, 14 didn't respond to this question.

Table 13: Sources of information

Sources of information used for the last 12 months in your financial decisions	Frequency	Percentage
Friends	135	35.16
Seminars	122	31.77
Business associates	47	12.24
Family members	35	9.11
Bank officials	20	5.21
Financial sections-newspapers/magazines	12	3.13
Publications from government	5	1.30
Financial counsellor	3	0.78
Financial related internet sites	3	0.78
Publications from government	2	0.52
Total	384	100

From Table 13, it is clear that friends were the main sources of information, with 135 (35.16%) of the respondents stating this. Seminars came second with 122 (31.77%) respondents, third was business associates with 47 (12.24%) respondents. Family members were also important in providing financial knowledge, with 35 (9.11%) respondents. Bank officials accounted for 20 (5.21%) of the respondents as a source of financial knowledge. Financial sections of newspapers/magazines accounted for 12 (3.13%) of the total respondents. Government publications accounted for 5 (1.30%) of the total respondents, while financial-related internet sites and financial counsellors accounted for 3 (0.78%) each of the respondents. The least common sources of financial knowledge were publications from the finance industry, with 2 (0.52%) of the respondents. As with Figure 5 none of the respondents identified the Library as one of the sources of information.

5.3.6 Uwezo loan repayment method

One of the measures of financial literacy skills is the knowledge and use of various financial products and services. Since all the respondents had accessed loans from the government, the study sought to determine their repayment methods and reasons for choosing a particular mode of payment. According to the fund managers working for Uwezo Fund, the repayment rate was about 99%

5.3.6.1 Methods of Uwezo Fund loan repayment

The information on loan repayment methods for the Uwezo loan and the reason for the choice of the mode of payment is presented in Figure 7. Each mode of payment has been treated as an independent variable, as respondents were to select all the repayments methods that they use.

Despite the option of 'ticking all that apply' respondents only ticked one. Either they didn't understand the question or they only use one method of loan repayment. Out of 398 respondents, 19 didn't respond to this question.

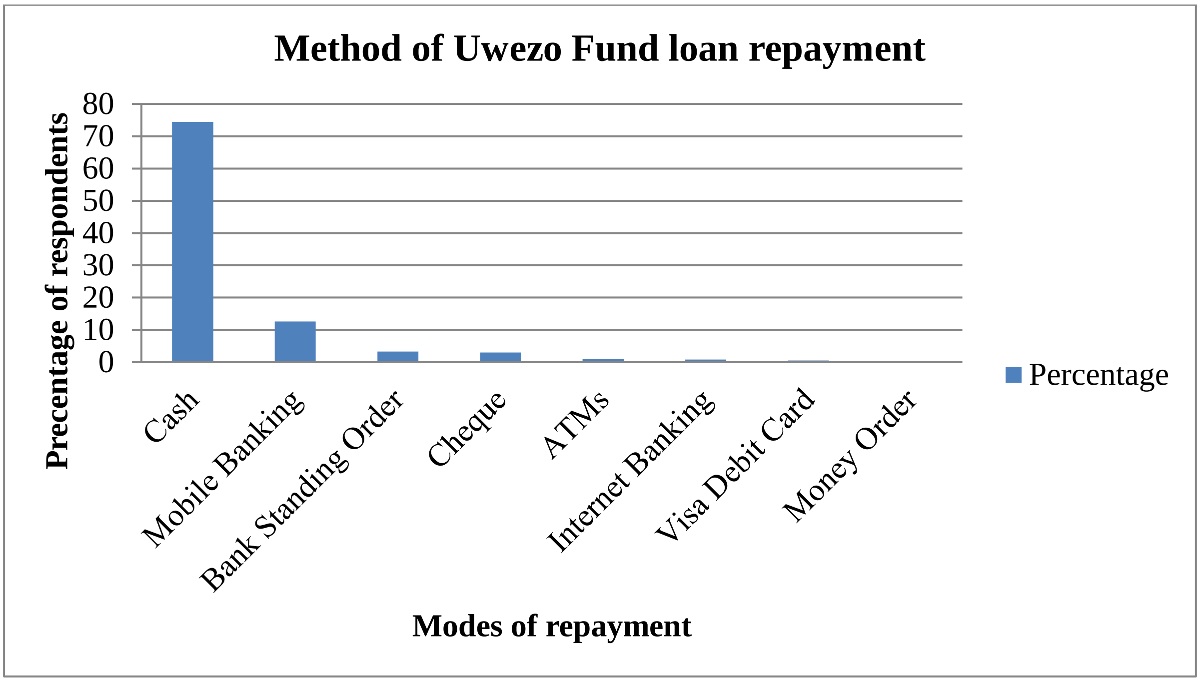


Figure 7: Mode of repayment

The most preferred mode of payment was cash, with 295 (77.84%) of the respondents repaying the Uwezo loan using this mode. The second most preferred mode of loan repayment was mobile banking 50 (13.19%). 13 (3.43%) of the respondents used bank standing orders with an almost equal number of respondents, 12 (3.17%), using cheques to repay the loan.

ATMs, Internet banking and Visa debit cards, were the least preferred modes of payment of the Uwezo loan, with only 4 (1.06%), 3 (0.79%) and 2 (0.53%), of the total respondents respectively using them. None of the respondents used money orders to repay the Uwezo loan.

5.3.6.2 Reasons for choosing the particular mode of payment of the Uwezo Fund loan

One of the major indicators of financial literacy is the ability to access information, critically evaluate it and use it for one's financial gain. In order to assess the capacity of the respondents to do this, the study sought to establish the reasons for the choice of method of repayment of the loan. Table 14 below shows the distribution of the reasons for the choice of a particular mode of payment. Out of 398 respondents, 29 didn't respond to this question.

Table 14: Reasons for the choice of a particular mode of payment

Reasons for choice of mode of payment	Freq.	Percent	Cum.
Easy and/or convinient	198	53.66	53.66
It is cheap	140	37.94	91.60
Easy and cheap	29	7.86	99.46
It is transparent	2	0.54	100.00
Total	369	100.00	

Ease and convenience were the main reasons considered by 198 (53.66%) of the respondents as the reason for choosing the particular mode of repayments on loans sourced from the Uwezo Fund. The second factor considered was cost, cited by 140 (37.94%) of the total respondents. 29 (7.86%) made the choice because the mode of payment was both easy and cheap, 2 (0.54%) found that it is transparent or clear.

5.3.7 Transaction fees

To further ascertain whether the respondents were empowered consumers of financial services, the study sought to determine the transaction fees that the respondents incurred when using specific banking services. The information is presented in Figure 8 and Table 15.

Table 15: The average transaction fees incurred when using specific bank services

stats	teleph~_	counter_	atm_	deposits
mean	54.74251	86.916	33.71144	.3918919
variance	1322.963	1865.073	72.35632	6.433358

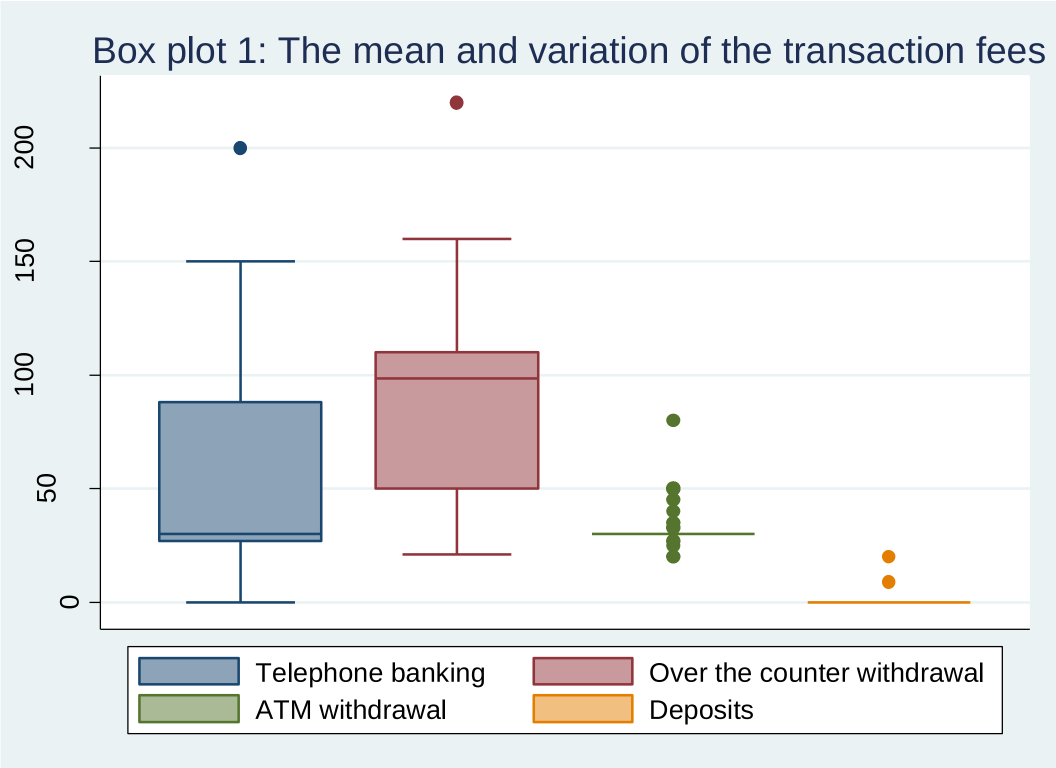


Figure 8: The meaning and variation of transaction fees

As seen in Table 15 and Figure 8, the most expensive banking service is over the counter withdrawal. This service attracted a transaction fee of KES.86.92 or USD0.84 on average. Telephone (mobile) banking is the second most expensive banking service, with a transaction fee of KES54.72 or USD0.53 on average. ATM withdrawal attracted a transaction fee of KES 33.71 or USD0.33 on average, while deposits were the least expensive. In most cases making deposits did not attract any fee. The variability of transaction fees within the banking services is higher in the over the counter withdrawal service (variance =1865.07) as indicated by the height of the box in the box plot. The variability in transaction fees within telephone banking is relatively high (variance = 1322.96) as indicated by the height of the box plot. Variability in transaction fees is lower in ATM withdrawals (variance =72.36) and lowest in deposits (variance = 6.43), implying that different financial providers charge more or less the same transaction fees for ATM withdrawals and deposits but differ quite significantly for telephone banking and over the counter withdrawal.

5.3.8 Factors considered when deciding to take a second additional loan

Economic empowerment is about one’s ability to manage their financial affairs, including the amount of debt they have. Respondents were asked about their considerations when taking an additional loan. Out of 398 respondents, 12 didn’t respond to this question. Their responses are summarised in Table 16 below.

Table 16: Considerations when taking a loan

Things that you considered when you decided to take the second loan	Freq.	Percent	Cum.
Transparency	73	61.34	61.34
Affordability	34	28.57	89.92
Availabilty	7	5.88	95.80
Financial need	5	4.20	100.00
Total	119	100.00	

Transparency or clarity of the entire process was the most cited issue 73 (61.34%); 34 (28.57%) of the respondents considered the affordability of the loan; 7 (5.88%) considered the availability of the loan; 5 (4.20%) of the respondents considered their current financial needs.

5.3.9 Loan repayment method for the second additional loan

Information on the choice of the mode of repaying the second loan is presented in Figure 9 below. Each mode of payment has been treated as an independent variable, as respondents were to select all the repayments methods that they use.

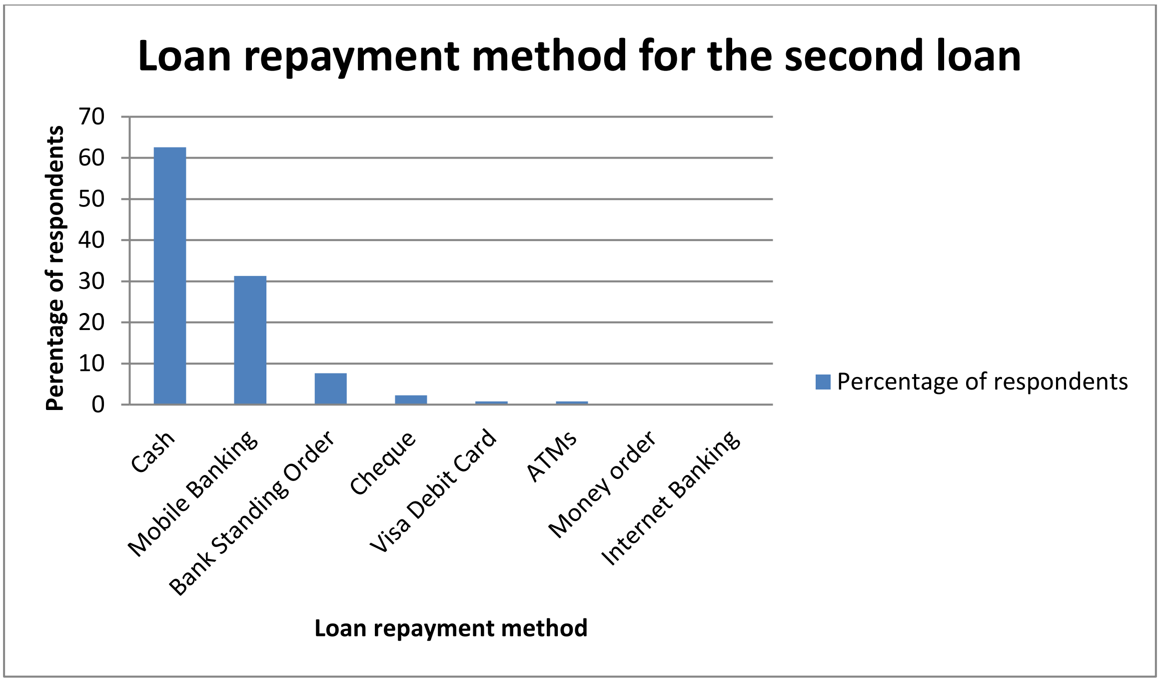


Figure 9: Mode of repaying second loan

Each method was analysed as an independent variable. Of 131 (33.76%) respondents, 82 (62.60%) chose repayment by cash as one of the methods of repaying the second loan. This method is popular for reapying the Uwezo loan and for repaying the second loan. The second was mobile banking, with 41 (31.3%), bank standing, 10 (7.63%), 3 (2.29%) prefer cheques, 1 (0.76%) prefer using Visa debit cards and ATMs. None of the respondents indicated that they preferred money order and internet banking to repay their second loan. Reasons given for the preference of a particular mode of payment when repaying the second loan are presented in Table 17. Out of 131 respondents, 8 didn't respond to this question.

Table 17: Reasons for the choice of mode of payment of second loan

Reasons for the choice of mode of payment	Freq.	Percent	Cum.
Easy and/or convinient	63	51.22	51.22
It is cheap	45	36.59	87.80
Easy and cheap	7	5.69	93.50
It is transparent	8	6.50	100.00
Total	123	100.00	

From Table 17, it is evident that respondents mostly preferred a given mode of payment because of its ease in repaying the second loan. Out of 123 respondents, 63 (51.22%) chose a particular mode of payment for this reason, while 45 (36.59%) of the respondents preferred a method of payment because of its low cost. Seven (5.69%) of the 131 respondents chose a particular mode of payment because it was not only easy to use but was also cheap. Eight (6.50%) did so because the mode of payment is easily understood.

5.3.10 Calculating the cost of a loan

Information was sought on the participants' ability to calculate a loan. A question regarding the repayment period of a loan of KES500,000 that attracts an interest rate of 12% per annum with a repayment of KES5,000 per month was posed to the respondents. The respondents answered the questions without any help from the research assistants or from each other. Out of 398 respondents, 8 didn't respond to this question. The responses are plotted on Figure 10 below.

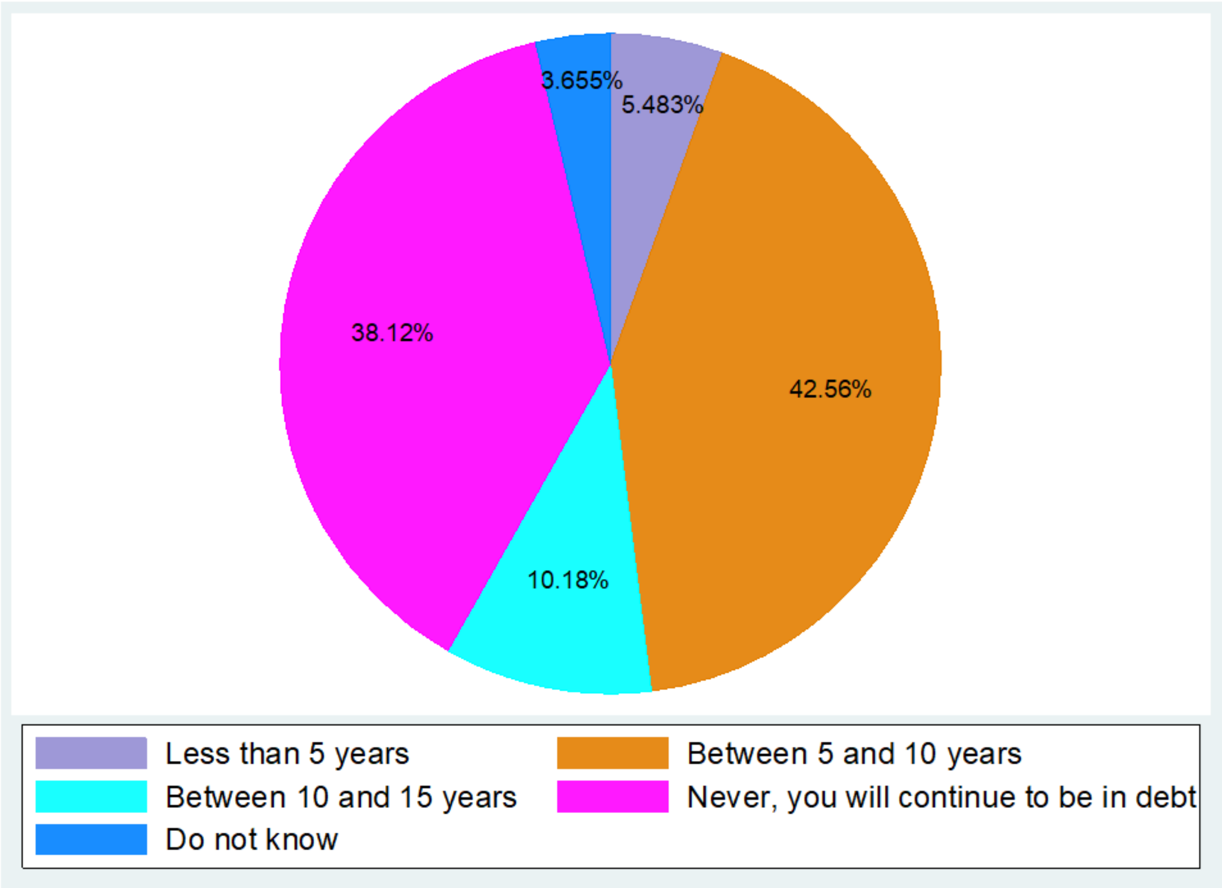


Figure 10: KES 500,000 loan repayment method

One hundred and sixty three (42.56%) of the total respondents thought one would take a period of between 5 and 10 years to fully repay the loan, 146 (38.12%) of the total respondents thought one would never be able to repay the loan and that they would continue to be in debt, 39 (10.18%) of the total respondents thought one would take a period of between 10 and 15 years, 21 (5.48%) of the total respondents thought one would take less than 5 years to clear the loan, 14 (3.66%) of the total respondents admitted that they didn't know how long one would take to fully repay the loan. The correct answer was that one would continue to be in debt. The explanation for this is that if the interest is 1% per month and the contribution is only 5,000, then one would only be able to pay the interest only and never start on the principal amount.

Another question on the most advantageous offer regarding the financing options for a machine that costs KES1,000,000 was posed to the respondents, who were to choose between options as follows:

a) Pay 12 monthly fixed instalments of KES100,000 each, or,
b) Borrow KES1,000,000 from the seller for a period of 12 months at a 15% interest rate per annum.

Out of 398 respondents, 17 didn't respond to this question.The responses are summarised in Table 18 below

Table 18: The most advantageous offer

More advantageous offer	Frequency	Per cent
Option (a)	248	65.09
Option (b)	116	30.45
Do not know	9	2.36
They are the same	8	2.10
Total	381	100

In this case, the majority, 248 (65.09%), of the respondents chose option (a) as the most advantageous offer. One hundred and sixteen (30.45%) of the respondents chose option (b), while 9 (2.36%) of the respondents admitted that they did not know which of the two options represented the most advantageous offer. Eight (2.10%) of the respondents thought the two options are the same. The correct response was option (b) as the respondent would end up paying KES1,150,000 for the machine compared to option (a) where the respondent would end up paying KES1,200,000.

5.3.11 Checking account transactions/statements.

Information on whether or not a respondent checks her financial statements is presented in Table 19. Out of 398 respondents, 8 didn't respond to this question.

Table 19: Do you check your financial statements?

Do you check financial statements	Frequency	Percentage
Yes	305	78.21
No	85	21.79
Total	390	100

From Table 19, it is clear that majority of the respondents do check their financial statements. Of the total respondents, 305 (78.21%) said they do check their financial statements, as against 85 (21.78%) of the total respondents who said they do not.

Of the 305 (78.21) respondents who check their financial statements, 178 (58.36%) said they check for charges and other deductions, 93 (30.49%) said they check for the account balances, 14 (4.59%) said they check for errors on the statements while 20 (6.65%) of them couldn't say what they check for in their financial statements. This information is presented in Table 20 below.

Table 20: What do you generally look for in your financial statements?

If Yes, what do you generally look for in the statements?	Freq.	Percent	Cum.
Charges and deductions	178	58.36	58.36
Account balances	93	30.49	88.85
Errors	14	4.59	93.44
Can't say	20	6.56	100.00
Total	305	100.00	

Of the 85 respondents who said they do not check their financial statements, 50 (58.82%) of them cited their lack of financial knowledge as the main reason they do not check their account statements, 15 (17.65%) said that it is a waste of time to check their account statements, 9 (10.59%) saw no need to check their account statements, while 11 (12.94%) couldn't say why they do not check their account statements. This information is presented in Table 21 below.

Table 21: Why women entrepreneurs don't check their financial statements

If No, why don't you check your statements?	Freq.	Percent	Cum.
Lack of financial knowledge	50	58.82	58.82
It is a waste of time	15	17.65	76.47
I don't see the need to	9	10.59	87.06
Can't say	11	12.94	100.00
Total	85	100.00	

Information on a repondent's rating of their own understanding of a bank statement is plotted in Figure 11 below.

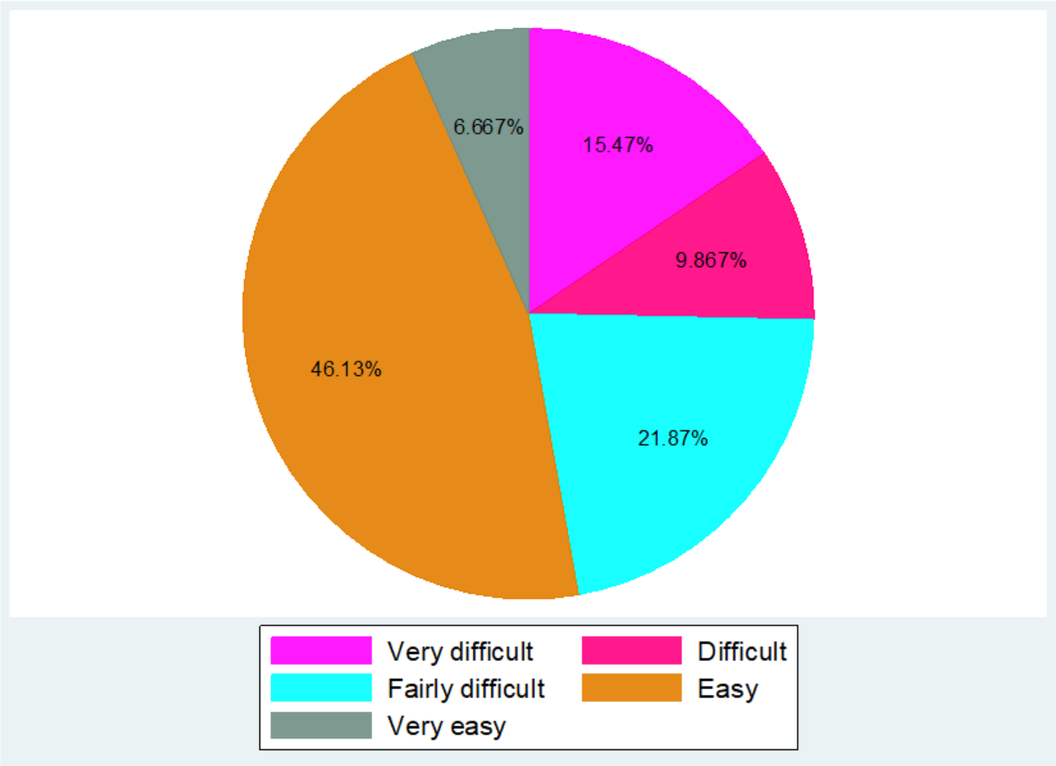


Figure 11: Ratings of respondent's understanding of a bank statement

Out of 305 (78.21%) respondents who check their statements, 16 of them didn't respond to this question. Out of 289 respondents, 19 (6.67%) respondents find it very easy to understand a bank statement; 133 (46.13%) easy; 63 (21.87%) fairly difficult; 29 (9.87%) find it difficult and 45 (15.47%) very difficult to understand a bank statement.

5.4 *What is the level of economic empowerment of women entrepreneurs?*

The more the entrepreneurs interact with each other and the stronger the networks, the more they influence each other's decisions. The study therefore sought to determine some characteristics of the women entrepreneurs. Q5-Q10 (Appendix 1) asked whether the respondents had other businesses apart from what was funded by Uwezo Fund, whether they were employed elsewhere, their type of business, choice of current business and for how long they had been doing the business. Section 5.4.1 discusses the characteristics of the women entrepreneurs.

5.4.1 Employment status

The research sought to establish the respondents' commitment to the businesses that they were managing. Out of 398 respondent, 77 didn't respond to this question. Information on whether or not the respondents have other forms of employment is presented in Figure 12.

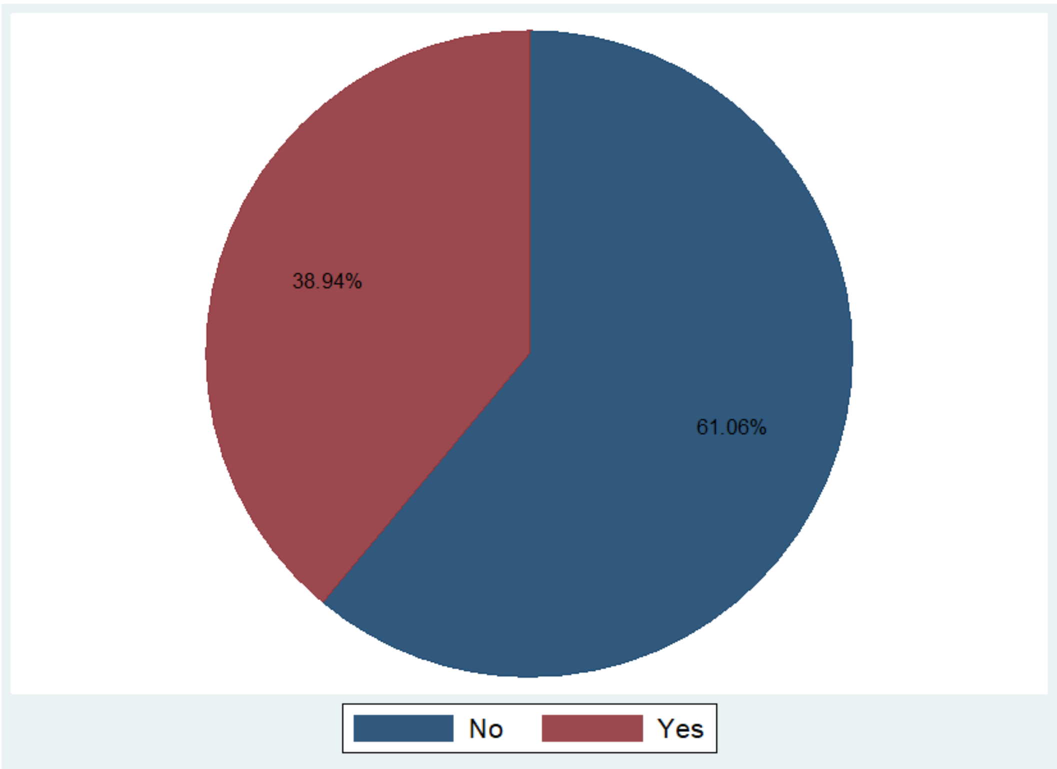


Figure 12: Employment status

When asked whether they did any kind of paid work apart from their business, 125 (38.94%) of the respondents said they were employed, as against 196 (61.06%) who were not. Of those who answered yes, 45 (36%) were in full-time employment, 36 (28.80%) were in part-time employment while 44 (35.20%) were in casual employment. This information is presented in Table 22.

Table 22: Type of employment

If YES, type of employment	Frequency	Percentage
Full-time (40 hours or more per week)	45	36
Casual	44	35
Part-time (Less than 40 hours per week)	36	28
Total	125	100

5.4.2 Ownership of businesses other than those funded by Uwezo

The respondents were required to state whether they owned other businesses or not. As mentioned above, this information was needed to determine how committed they were to the business funded by the Uwezo Fund. If they are to become successful entrepreneurs then they need to be committed to their businesses. If not, they will remain survivalist entrepreneurs. Out of 398 respondents, 8 didn’t respond to this question. Information on whether or not the respondents had other businesses apart from the one funded by Uwezo fund is presented in figure 13 below.

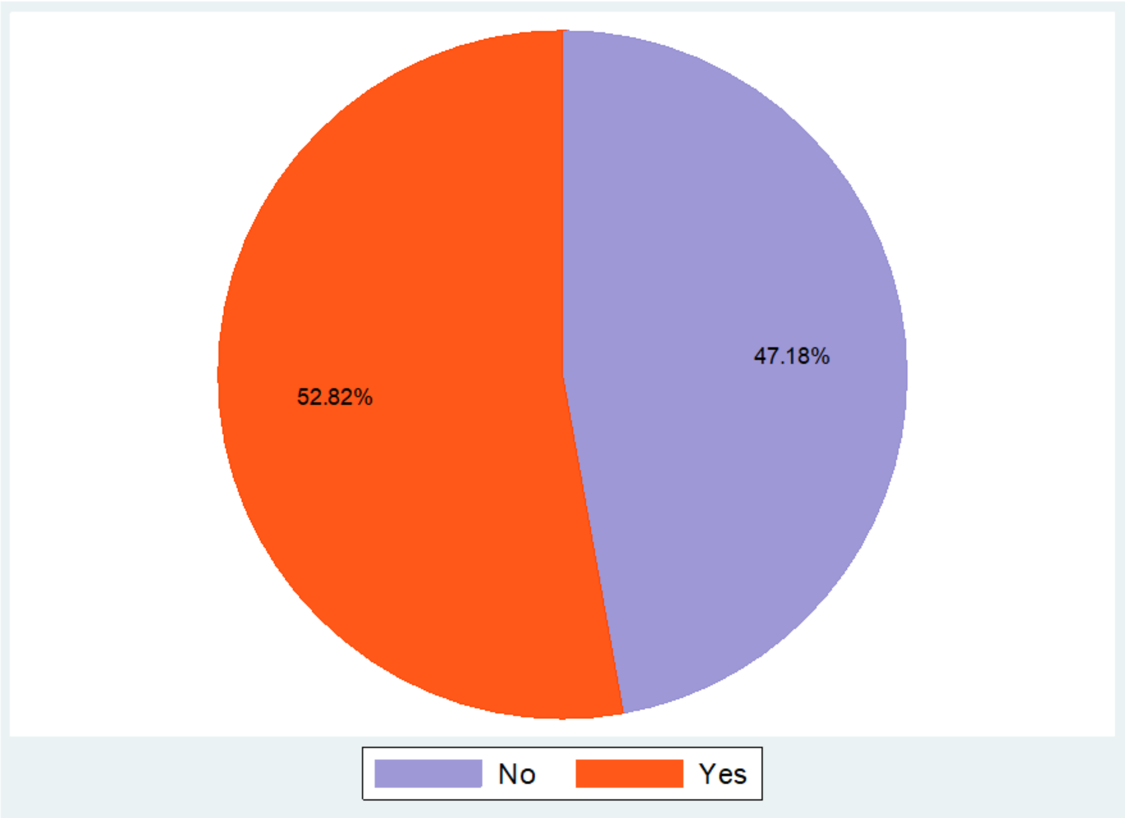


Figure 13: Ownership of business other than Uwezo-funded

As indicated in Figure 13, the majority of the respondents 206 (52.82%) had other businesses than the one funded by Uwezo Fund, as against 184 (47.18%) who did not.

5.4.3 Type of main business

Respondents were asked to describe what they considered to be their main type of business considering that some had more than one business. They could refer to either the business funded by Uwezo Fund or any other. Out of 398 respondents, 46 didn't respond to this question. The information is found in Figure 14.

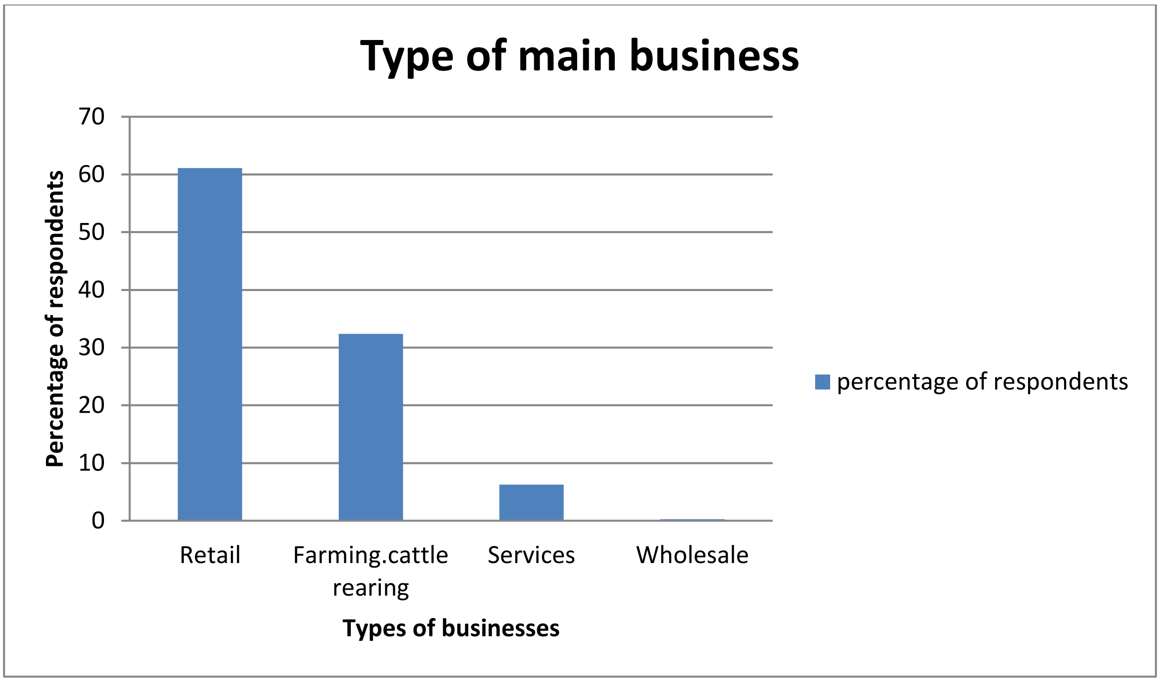


Figure 14: Type of main business

From Figure 14, 215 (61.08%) of the respondents were engaged in retail related business, 114 (32.39%) were engaged in subsistence and commercial farming /cattle rearing, 22 (6.25%) of the respondents were engaged in the services sector, while 1 (0.28%) respondent was engaged in wholesale business.

5.4.4 Choice of current business

Regardless of the main reason for starting their businesses, decisions on the type of business to run are varied. The study sought to identify some of the factors the respondents considered before settling on their current type of business. Out of 398 respondents, 50 didn't respond to this question. Despite such a high level of 'No response' the researcher could not force the respondents to answer this question, so as to respect their consent to skip any question they wished. The reasons r choosing the current business are presented in Table 23.

Table 23: Reason for the choice of the current business

Reason for the choice of the current business	Frequency	Percentage
Simple to start and/or manage	203	58.33
Perceived high returns/ready market	78	22.41
My interest	61	17.53
Inheritance	6	1.72
Total	348	100

From Table 23, it is evident that the majority of the respondents chose their current business because they found it simple to start and/or manage. In this case 203 (58.33%) of the respondents had chosen the current business for this reason. Of the total respondents, 78 (22.41%) chose the current business because of the perceived high returns and/or ready market, 61 (17.53%) of them chose the current business because it was their area of interest and 6 (1.72%) of the respondents had inherited the current business.

5.4.5 Length of time in the business

One of the major themes of Vygotsky's theory is that learning is a collective process (Rhode, Klamma, Jarke and Wulf, 2007) which means that the length of time the respondents have been in business should have a significant impact on the amount of knowledge they have acquired about business and finances, which in turn will affect their financial literacy skills. The study therefore sought to establish the length of time the respondents had been doing the current business. Out of 398 respondents, 48 didn't respond to this question. This information is presented in Table 24.

Table 24: Period in the current business

Length of time carrying out current business	Freq.	Percent	Cum.
Less than one year	44	12.57	12.57
1-2 years	69	19.71	32.29
2-3 years	51	14.57	46.86
3-4 years	34	9.71	56.57
4-5 years	36	10.29	66.86
5-7 years	28	8.00	74.86
7-10 years	24	6.86	81.71
More than 10 years	64	18.29	100.00
Total	350	100.00	

The length of time running the current business varies greatly. Of the total respondents, 69 (19.71%) have been in the current business for 1-2 years. However, an almost equal number, 64 (18.29%) have been in the current business for more than 10 years. It appears there were an equal number of women venturing into new businesses to those who had been managing the same business for a long time.

5.4.6 Access to financial services

Respondents were asked about the different types of financial services that they are currently accessing, either on their own or jointly with someone else. Their responses are provided below in Figure 15.

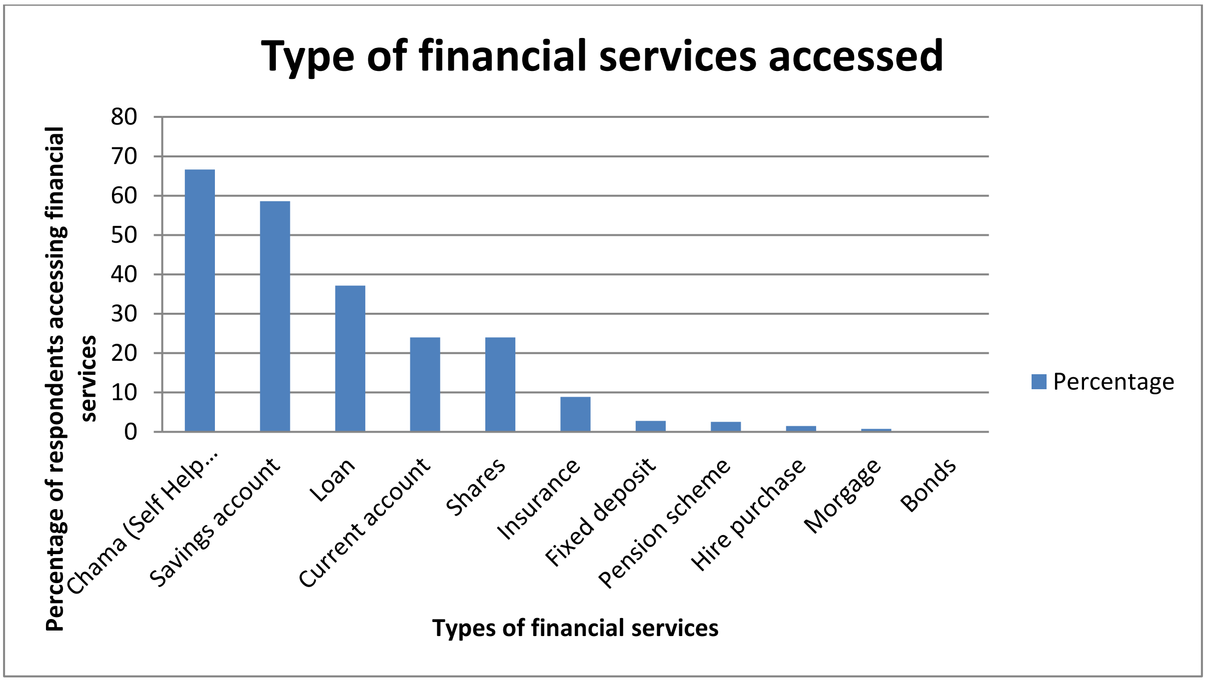


Figure 15: Type of financial service accessed

Considering each type of financial service independently, the most common financial service among the respondents was a '*chama'* (Self Help Revolving Fund). This is not surprising, as the women had to be in a '*chama'* for them to access the Uwezo Fund. Consequently, 264 (66.67%) of the respondents to this question belonged to a '*chama*'. The second most common financial service among the respondents was a savings account. Of the respondents 232 (58.59%) had a savings account either individually or jointly with someone else. Respondents who were servicing a loan either individually or jointly with someone else were 147 (37.12%). Ninety five (23.99%) of the respondents had a current account either individually or jointly with someone else, while a similar number of respondents, 95 (23.99), owned shares either individually or jointly with someone else. The least common financial services accessed by the respondents were insurance (35; 8.84%), fixed deposit account (11; 2.78%), pension scheme (10; 2.53%), hire purchase (6; 1.52%), mortgage (3; 0.76%) and bonds (0; 0%).

5.4.7 Financial management.

Information on the person who is mainly responsible for money management in the respondent's household was sought. Out of 398 respondents, 11 didn't respond to this question. The responses are summarised in Figure 16

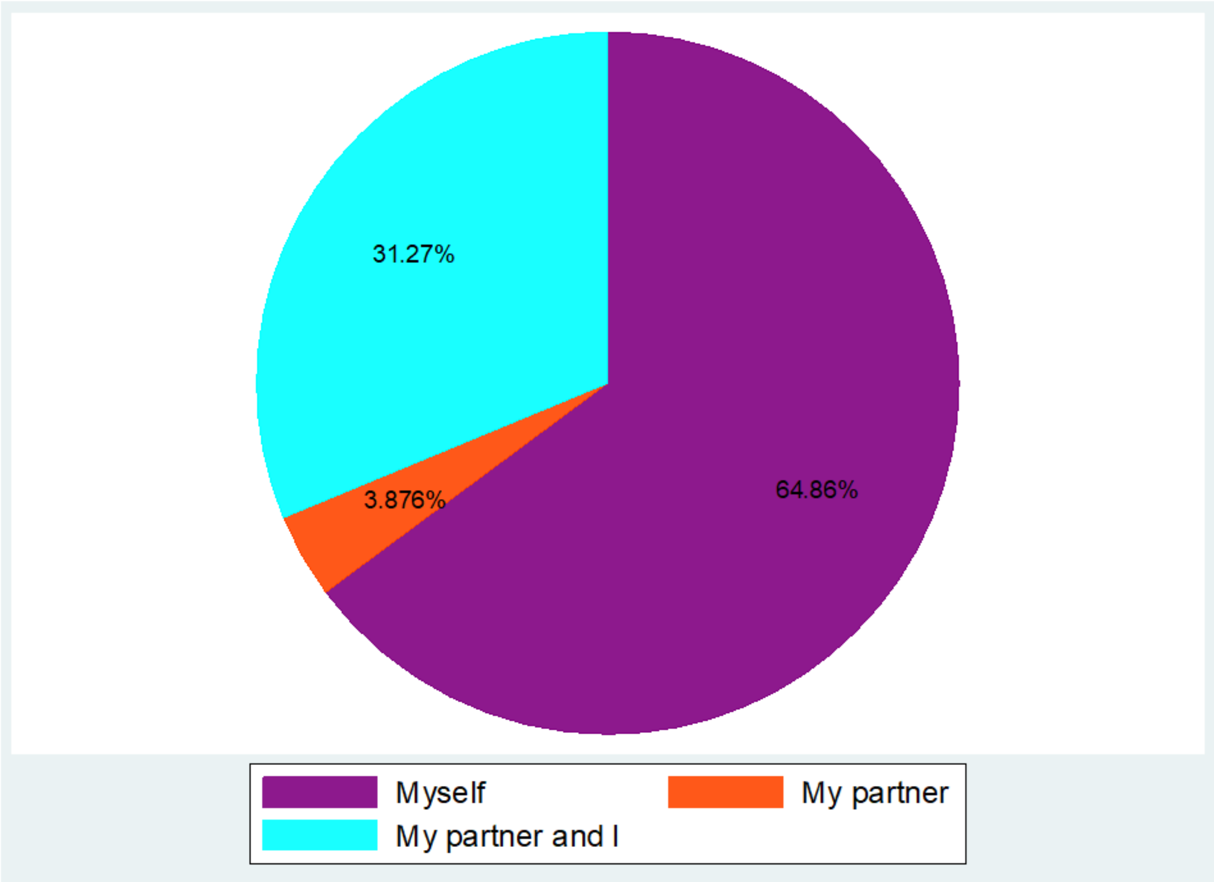


Figure 16: Person responsible for money management in households

From Figure 16, 251 (64.86%) of the total respondents said that they were solely responsible for money management in their households. Of the total respondents, 121 (31.27%) were responsible for money management in their households jointly with their partners, while 15 (3.88%) of the total respondents said that it is their partners who are mainly responsible for money management in their households.

5.5 *What is the relationship between women's financial literacy and women's economic empowerment?*

5.5.1 Financial service providers

One of the objectives of the study was to determine the relationship between financial literacy and women's economic empowerment. In order to establish this, data on the type of financial providers for respondents was first collected, followed by information on how the respondents had learned of the financial services. Out of 398 respondents, 8 didn't respond to this question. The types of financial service provider for the respondents are represented in Figure 17

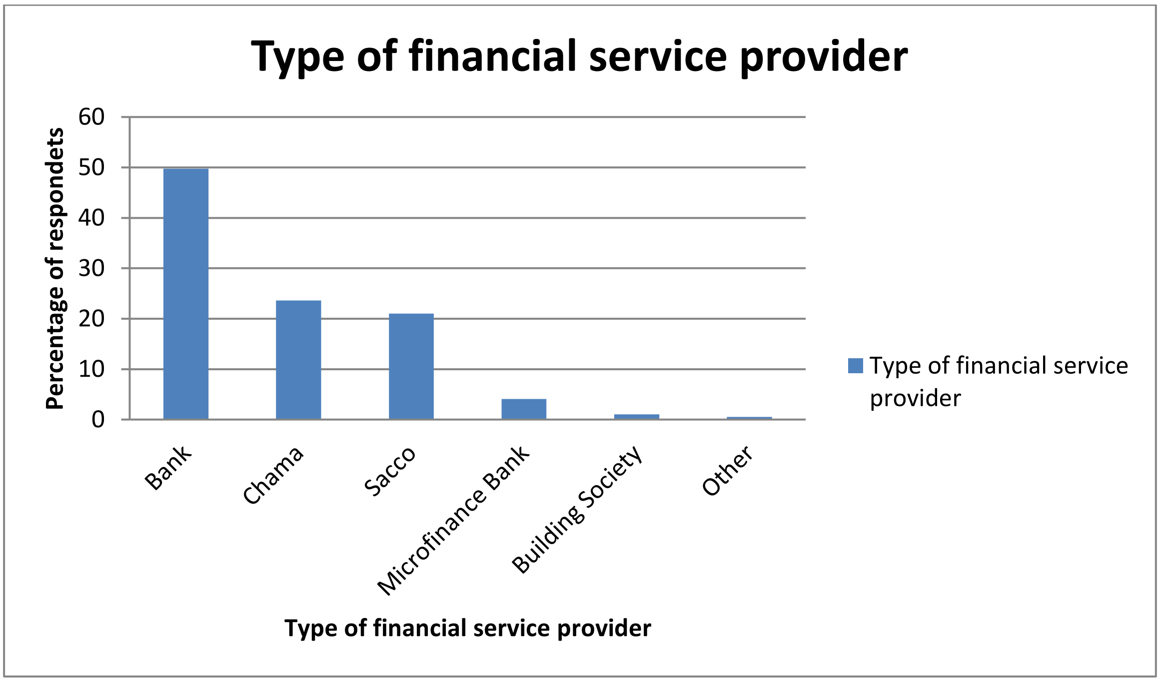


Figure 17: Type of financial service provider

The bank is the most common source of financial service, with 194 (49.74%) of the total respondents using bank services during the study period. Ninety two (23.59%) of the respondents received financial services from a '*chama*' and 82 (21.03%) of the respondents sourced financial services from a Sacco. The least chosen financial provider among the respondents during the study period were microfinance banks 16 (4.10%) and building societies 4 (1.03%) and others 2 (0.51%).

5.5.2 Borrowing money and the reasons for borrowing the money

The study sought to determine if the respondents had borrowed money for personal use other than business in the previous 12 months. The information is found in Figure 18

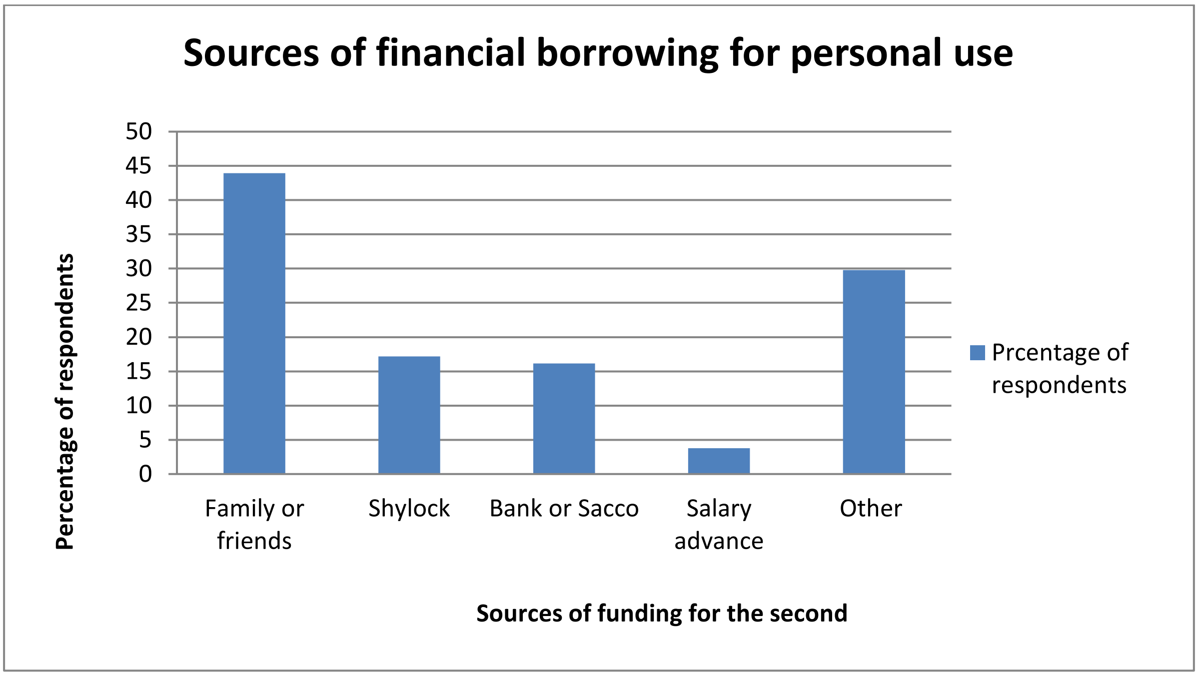


Figure 18: Source of financial borrowing for personal use

Considering each response independently, family and friends were the most common source of borrowing among the respondents. Of the total repondents 174 (43.94%) had borrowed money from friends and family in the last 12 months, as against 222 (56.06%) who had borrowed from all the other sources put together. Borrowing money from a shylock was the second most common source of borrowing, accounting for 68 (17.17%) of the respondents as against 328 (82.83%) who had borrowed from other sources. Sixty four (16.16%) of the respondents borrowed money from a financial insitution like a bank or SACCO, while 332 (83.84) sought financial aid elsewhere. Fifteen (3.79%) of the total respondents took a salary advance, as against 381 (96.21%) who did not. However, in each case, 104 (26.26%) of the respondents did not borrow money from any of these sources and 14 (3.54%) of the respondents borrowed money from sources other than those listed here.

Respondents were asked what factors they considered before borrowing money. This was probably one of the most sensitive and intrusive question in the entire survey. Out of 398 respondents 127 didn't respond to this question. The following Table 25, represents the factors that respondents considered before borrowing money.

Table 25: Factors considered before borrowing money

Factors considered before borrowing money	Freq.	Percent	Cum.
Cost and/or repayment period	202	74.54	74.54
Time and/or availability	46	16.97	91.51
Financial need	16	5.90	97.42
All of the above	7	2.58	100.00
Total	271	100.00	

Of the total respondents, 202 (74.54%) considered the cost and/or repayment period of the loan, 46 (16.97%) considered the time taken to process the loan and/or the loan's availability, 16 (5.90%) considered the current financial need, 7 (2.58%) considered all of the above factors at the same time.

5.5.3 Personal debt

The respondents were then requested to express their feelings on how confortable they feel with the total debts they had at the time of the study. Out of 398 respondents 18 didn't give a response to this question. Information on thoughts about personal debt is presented in Table 26.

Table 26: Thoughts on your current debt

Thoughts on current debt	Freq.	Percent	Cum.
Very uncomfortable	97	25.53	25.53
Somewhat uncomfortable	56	14.74	40.26
Neither comfortable nor uncomfortable	50	13.16	53.42
Fairly comfortable	105	27.63	81.05
Very comfortable	65	17.11	98.16
Can't say	7	1.84	100.00
Total	380	100.00	

From Table 26, 97 (25.53%) of the respondents were very uncomfortable, 56 (14.74%) were somewhat uncomfortable, 105 (27.63%) of the respondents were fairly comfortable with their current debt status, 50 (13.16%) of the total respondents were neither comfortable nor uncomfortable, 65 (17.11%) of the respondents were very comfortable, while 7 (1.84%) couldn't say whether they were comfortable or uncomfortable with their current debt status.

5.5.4 Savings

Saving regularly is a sign of both financial literacy and economic empowerment. Table 27 below gives information on the respondents' description of their own saving behaviour. Out of 398 respondents 12 didn't respond to the question,

Table 27: Best description of your savings behavior

Best description of yourself	**Frequency**	**Percentage**
I save on a regular basis	178	46.11
I try to save on a regular basis if I possibly can	159	41.19
I save only when I want to save up for something big or special	38	9.84
I am not able to save at all	5	1.30
There's no point in trying to save because there's never enough money	5	1.30
Saving is not something I need to do	1	0.26
Total	386	100

Out of the total respondents, 178 (46.11%) said that they save on a regular basis, 159 (41.19%) said that they try to save on a regular basis whenever they can, 38 (9.84%) said that they save only when they want to save up for something big or special, 5 (1.30%) said that they are not able to save at all and a similar number said that there is no point in trying to save because there is never enough money. One (0.26%) respondent said saving is not something she needs to do.

5.5.5 Feelings about current financial status

Information was also sought on the respondents's feelings about their current financial situation. Out of 398 respondents, 17 didn't respond to this question. The responses are summarised in Table 28.

Table 28: Feeling about your current financial status

Feeling about current financial situation	Frequency	Percentage
In control MOST of the time	127	31.33
In control ALL of the time	79	20.73
Feelings fluctuates between being in and out of control	73	19.16
Out of control MOST of the time	45	11.81
Out of control ALL of the time	33	8.66
Can't say	24	6.30
Total	381	100

From Table 28, 127 (31.33%) of the respondents feel in control of their current financial status MOST of the time. Seventy nine (20.73%) of the respondents feel in control of their current financial status ALL of the time,73 (19.16%) of the respondents feel in control of their financial status some of the time, while at other times they feel out of control. Forty five (11.81%) of the respondents feel that their current financial status is out of control MOST of the time, while 33 (8.66%) feel that their current financial status is out of control ALL of the time. Twenty four (6.30%) of the respondents couldn't tell whether their current financial status is in or out of control.

5.5.6 Control of household expenses

Information on the extent to which the respondent is in control of her regular household expenses/personal expenses is tabulated below in Table 29. Out of 398 respondents, 13 didn't respond to this question.

Table 29: Control of household expenditure

Control of household expenditure	Frequency	Percentage
Without keeping written records, I keep a fairly close eye on expenses	131	34.03
I use written records to keep a close eye on expenses	122	31.69
I keep an eye on expenses a bit	107	27.79
I don't keep an eye on expenses at all	25	6.49
Total	385	100

Of the total respondents, 131 (34.03 %) said that without keeping written records, they keep a fairly close eye on expenses, 122 (31.69%) said they use written records to keep a close eye on expenses, 107 (27.79%) of them said they keep an eye on expenses a bit, 25 (6.49%) of them said they don't keep an eye on expenses at all.

5.5.7 Ultimate decision-making

The study sought to identify the ultimate decision-maker on finances in the respondents' businesses. Out of 398 respondents, 14 didn’t respond to this question. This information is summarised in Figure 19 below.

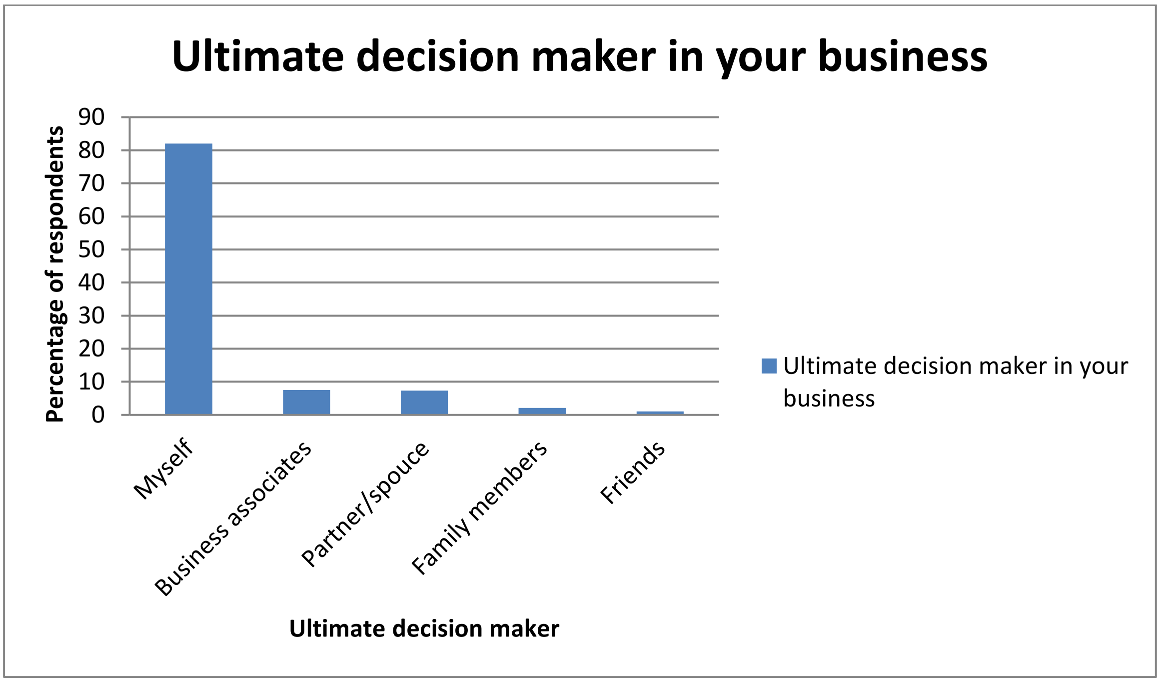


Figure 19: Ultimate decison-maker

When asked who is the ultimate decision-maker in their businesses, the majority, 315 (82.03%) of the respondents said they were the ultimate decision-maker, 29 (7.55%) said business associates were the ultimate decision-maker, 28 (7.29%) of the respondents said their partner/spouse was the ultimate decision-maker, 8 (2.08%) of the respondents said that family members were the ultimate decision-maker, 4 (1.04%) of the respondents said that their friends were the ultimate decision-maker.

5.6 What is the best model to use for enhancing the financial literacy skills of women entrepreneurs in Kenya?

The respondents were also asked whether they need further education or information in relation to finance. Out of 398 respondents, 7 didn't respond to this question. The responses are summarised in Figure 20.

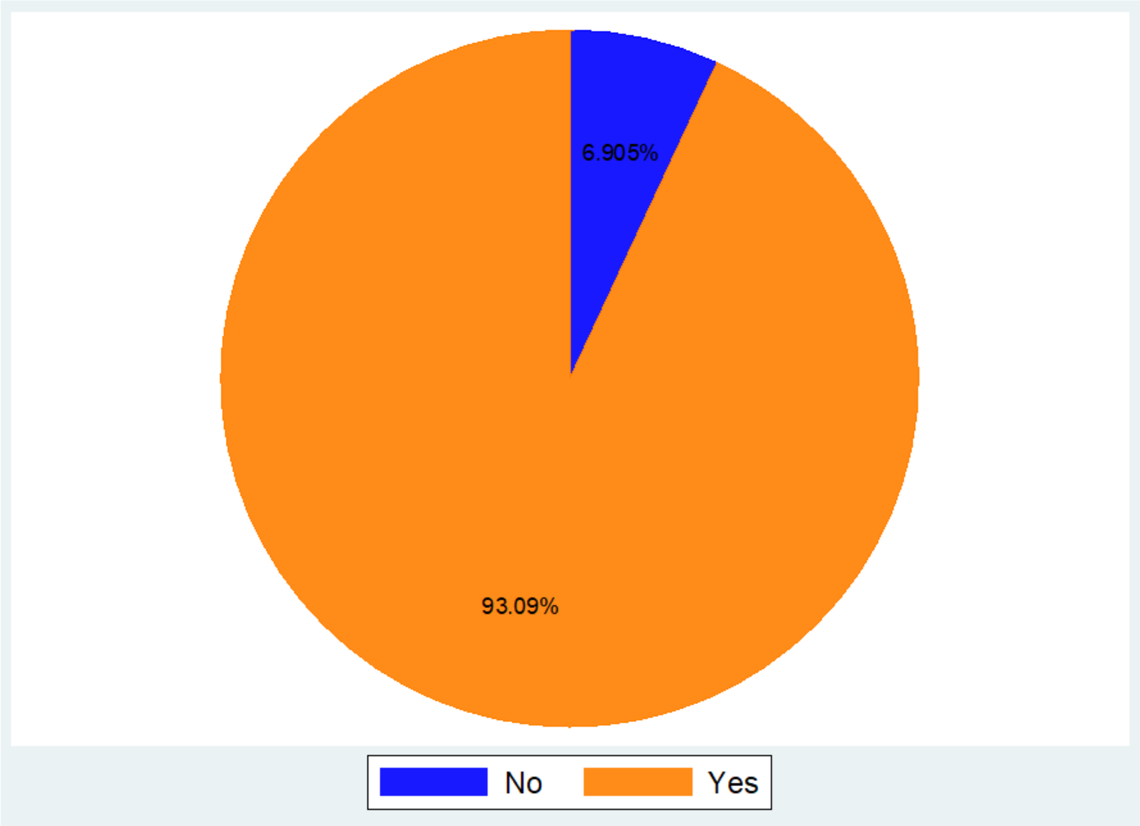


Figure 20: Need for further financial education or information in finance

From Figure 20 it is clear that the majority of the respondents, 364 (93.09%), feel that they need further education or information related to finance. Only 27 (6.91%) of the respondents said that they did not need further education or information related to finance.

When asked which financial topics they needed more information on, the respondents identified the following as shown in Figure 21 below.

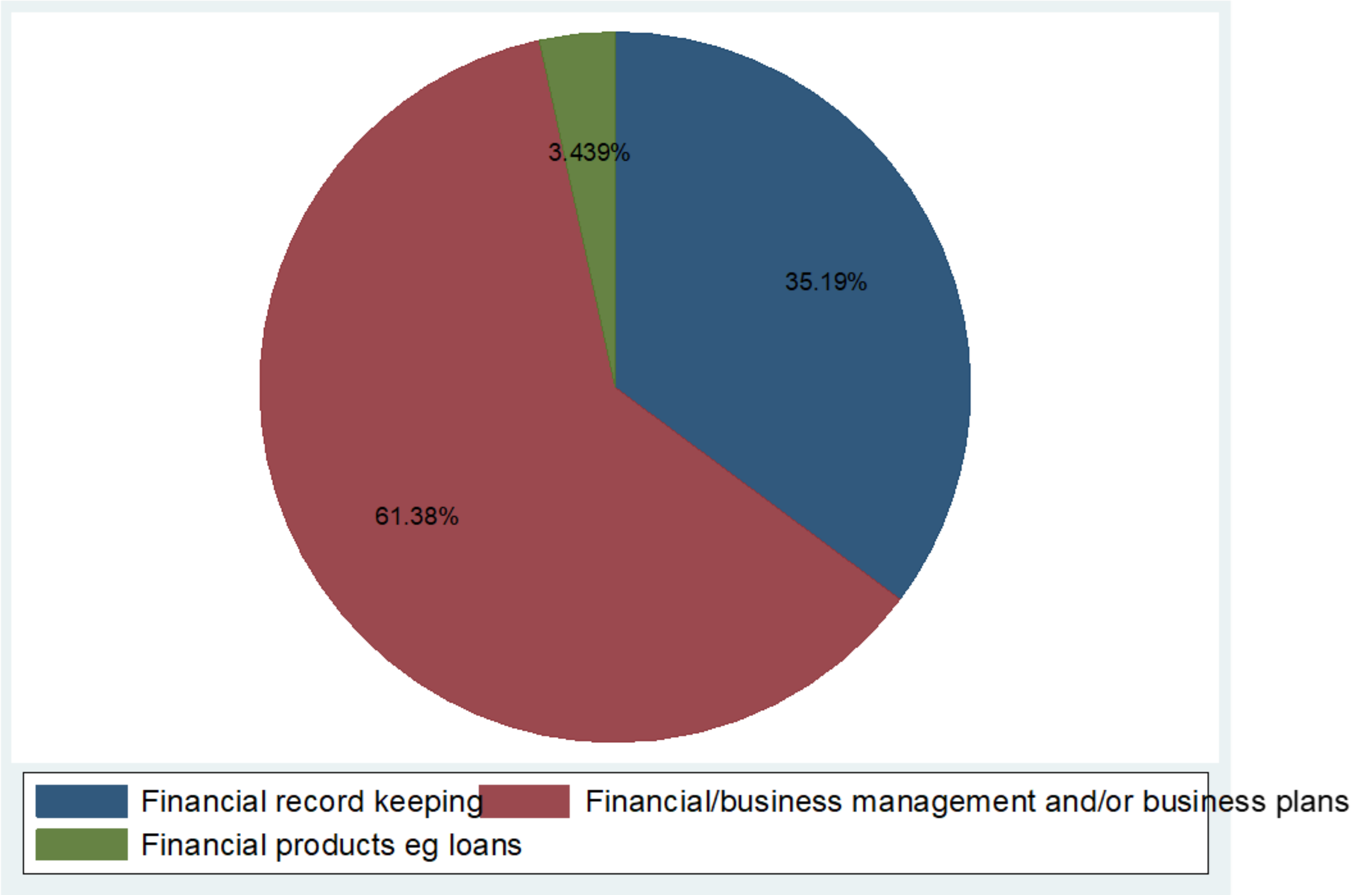


Figure 21: Topics of interest in financial education

Each variable was treated independently. Out of the 364 (93.09%) respondents, who indicated that they needed 232 (61.38%) said they would like more information on financial/business management and/or writing business plans, 133 (35.19%) of them said they would like more information on financial record-keeping, 13 (3.44%) of them said they would like more information on financial products like loans, insurance policies, shares, etc.

In relation to the above question, respondents were asked how they would like the information or education on finance delivered. Out of 398 respondents, 23 didn't respond to this question. Their responses are presented in Figure 22.

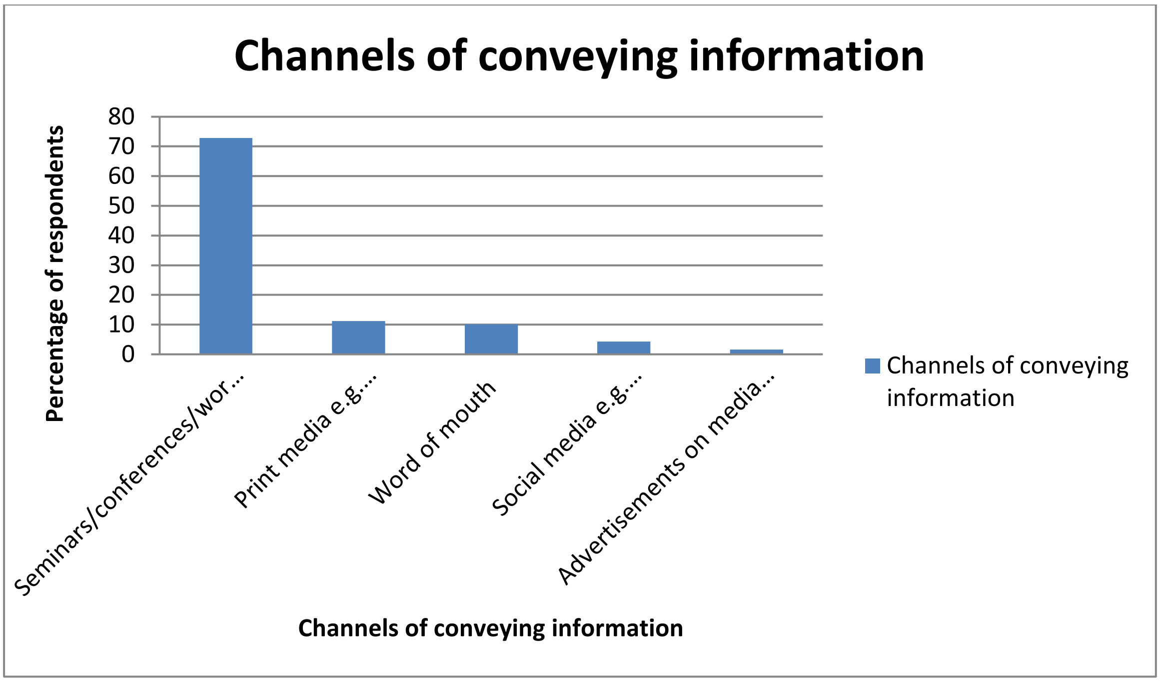


Figure 22: Channels of conveying information

Of the total respondents, 273 (72.80%) referred information related to finance to be made available through seminars/conferences/workshops. Forty two (11.20%) preferred the use of print media such as magazines, brochures, fliers and posters. Thirty eight (10.13%) of them preferred the information related to finance to be made available through word of mouth, 16 (4.27%) preferred the use of social media, e.g. Facebook, Twitter, Instagram, etc. Six (1.60%) preferred the use of adverts on electronic media such as radio and TV. As with Figure 5 and Table 13, none of the respondents identified the Library as a source of information

Part B: findings from the interviews (Appendix 2) with the Uwezo Fund officers

For a better understanding of the kinds of officers who are responsible for identifying and selecting organisations that qualify to receive loans from the Uwezo Fund and the criteria for selecting the women entrepreneurs, the researcher developed an interview guide (Appendix 2) that was sent to all the officers working for the Uwezo Fund in Chuka Constituency. The interviews specifically sought to establish, among other things:

1. Criteria for selecting the women groups that qualify for loans;
2. Profile of women entrepreneurs who are most likely to default on repayments;
3. Financial knowledge gaps of the women entrepreneurs

4. Type of training and support they offer the women entrepreneurs once they receive the loans.

Findings from the interviews were supposed to triangulate information from the research objectives, in particular:

1. What are the financial literacy skills of women entrepreneurs in Kenya?
2. What is the level of economic empowerment of women entrepreneurs?
3. What is the relationship between women's financial literacy and women's economic empowerment?
4. Which is the best model to use for enhancing financial literacy skills of women entrepreneurs in Kenya?

However, some of the information, especially information on women entrepreneurs' financial literacy skills, was not triangulated as the acquisition of these skills is not one of the factors that are considered when giving out loans from the Uwezo Fund. The following is a summary of the responses from interviews with the Uwezo Fund officers.

5.7 Summary of responses from interviews with the Uwezo Fund officers

A total of eight officers from the Uwezo Fund were interviewed (Appendix 2). Due to the similarity of their answers, their responses have been summarised and presented in Table 30

Table 30: Summary of responses from the Uwezo Fund officers

Questions	**Detailed notes on the responses**
Age bracket	With regard to age bracket, 25% per cent of the Uwezo Funds officers were aged below 29 years, 50% were aged between 30-34 years, 12.5% were aged 35-39 years and 12.5% were aged between 40-44 years
Highest academic qualification	With regard to academic qualifications, 60% of the Uwezo Fund officers had diplomas and 40% of them had a degree
Area of specialisation	All (100%) of the officers had done business-related courses. Those who had diplomas in business administration while those with a degree had a Bachelor of Commerce
When they had started working for Uwezo Fund	All (100%) of the officers had joined the Fund at its inception in 2013 and had therefore worked there for more than a year by the time the research was undertaken
Status of employment	All (100%) were full time employees
Roles of the Uwezo Fund officers	The officers' roles include:

	i. Receiving applications for funding from women's groups and institutions ii. Reviewing all applications based on the official guidelines iii. Recommending groups that qualify for funding iv. Forwarding the applications that qualify to the Constituency Uwezo Fund Management Committee v. For the groups that receive funding, monitoring of the group's activities to ensure that funds are utilised well. vi. Compiling field monitoring reports and forwarding to the Constituency Uwezo Fund Management Committee.
Final decision-maker on who is to receive funding	The Uwezo Fund officers first receive and review applications for funding from women entrepreneurs. They then forward these applications with recommendations for funding for women entrepreneurs who meet the criteria for funding to the Constituency Uwezo Fund Management Committee and the National Management Committee, who are the ultimate decision-makers with regard to approval for funding.
Main factors considered before a group is given funds	• Certificate of group registration • Existence of the group for at least 6 months • A business plan • Evidence of group cohesion, indicated by well-kept records of meetings for at least 6 months. This was regardless of whether during those meetings they did table banking or not. • Business registration certificate
Are financial literacy skills of women entrepreneurs considered when considering groups for loans?	All (100%) of the officers indicated that financial literacy skills of the women entrepreneurs are never taken into account when considering the group for funding.
Description of clients or women entrepreneurs who receive funds	The officers described the women entrepreneurs as mostly married and aged between 30 and 50 years.
Percentage of defaulters	All (100%) of the officers indicated that there were no defaulters
Women entrepreneurs who are most likely to default	Despite stating that there were no defaulters, when asked which of the women entrepreneurs would most likely default in loan repayment, all of them identified women entrepreneurs who were single and have primary level education.
Areas of financial education needed in order of priority	When Uwezo Fund officers were asked to list in order of priority the area of training that women entrepreneurs needed most, they identified the following areas i. Savings ii. Business planning iii. Profit management iv. Business expansion v. How to get other funds vi. Initiating profitable businesses

	vii. Group cohesion NB: The above list was compiled based on their responses; there were no major variations among their responses.
Areas of training covered by the Fund	All (100%) of the officers indicated that they were offering a five-day group training in drawing up business plans, savings and group dynamics.
Mode of training by Uwezo Fund	Group training was considered by all (100%) of the officers as the most viable model of training due to the large numbers.

5.8 Summary

This chapter began by describing the demographic characteristics of the respondents. The largest age category of the respondents, was 35-39 years with 71 (18.21%) respondents, with a significant number, 277 (70.84%), who were married. In addition to family responsibilities, 125 (38.94%) respondents were employed either on a full-time or part-time basis or as casuals. The significance of this finding is the fact that obtaining huge profits and growing their businesses to huge enterprises is not high on their agenda as demonstrated by the above characteristics.

When Uwezo Fund officers were asked about the women who are most likely to default in re-payment of loans, all of them identified women entrepreneurs with primary level education as the most likely. The majority of the respondents 166 (42.78%) had only primary level education. It may be high time that the government added education level to its criteria for selecting groups to give loans to avoid non-repayment of loans. Based on the Human Capital Theory, the low levels of education of the women entrepreneurs is affecting their ability to run successful businesses. This has limited them to being only replicative or survivalist entrepreneurs.

All respondents had access to funds, which is considered to be one of the indicators of economic empowerment. One surprising finding of this study is that despite the geographic location being rural, 315 (82.03%) of the respondents (see Figure 19) were the ultimate decision-makers in their businesses, which is an indicator of economic empowerment. Since 277 (70.84%) of the respondents were married women, it can be concluded that gender stereotypes, where married women in Africa are seen as having no rights (Bradshaw, Castellino and Diop, 2013) with the men having absolute control of the household, are changing. It may well be the fact that these women were given money as a group and as such had more say than men who may be heads of the households. Nevertheless, more research is needed to establish the drivers of such societal changes.

Loan repayment methods through conventional means like cash were chosen to repay the loan from Uwezo Fund. 295 (77.84%) of the respondents repaid their loans using cash. Convenience rather than cost is the main factor determining their decision to use cash to repay their Uwezo Fund loan. This is a clear indicator of a lack of an important financial literacy skills, as they will continue to pay more for financial products and services.

All the respondents have access to financial services, but '*chamas'* or Self Help Revolving Funds are the main source of funding with 264 (66.67%) of the respondents accessing money this way. These findings support the Social Learning Theory discussed in Chapter 3. As the women interact, they enhance and at the same time limit their knowledge, as they can only discuss what is within their experiences. It is no wonder that very few of the women were accessing diverse financial services like mortgages and insurance (see 6.4.6) as their knowledge is limited to only what the group knows.

The ability to shop around for financial services before making a decision on the best financial service to access is part of financial literacy skills. Of 63 (16.54%) respondents who do not shop around at all, their reasons are varied but the main reason is that they do not see the need for it. The assumption is that all the services are basically the same. There is currently considerable innovation in terms of financial products and services on offer, and if women are to settle for products that favour them and are cost effective, then, they must shop around. Over-reliance on word of mouth from their social networks as the basis for decision-making rather than critical thinking remains a barrier to their economic empowerment. Not much has changed since the collapse of the illegal 'Ponzi' schemes in 2007, whose growth had been through word of mouth. The ability to evaluate information critically must become a core skill if women are to grow economically and escape from the poverty cycle.

For the Uwezo Fund the most common source of information was the radio with 257 (64.90%) respondents, while for the second loan the most common source of information was the bank staff/officer 56 (42.75%). The objectivity of these two sources of information is questionable. The content on the radio would most likely be paid for by the government and as such it would actually be advertising the product and not giving objective information. The same applies to the officers working for banks. As employees, they would be required to push their products to unsuspecting customers in order to meet sales targets. Unfortunately, none of the respondents identified the Library as one of the sources of information despite the fact that a Library can host certain sources for example newspapers, magazines and other electronic resources. They can also access the internet at the Library. The next chapter discusses these findings in detail.

Reasons for taking a second loan were varied. Transparency or clarity of the entire process was the most cited, with 73 (61.34%) of the respondents indicating this while 34 (28.57%) of the respondents considered the affordability of the loan. Ease should never become a basis for decision-making when it comes to finances, but considering cost is essential. Women are taking specific loans simply because they are available and can be accessed easily. This is dangerous, as they may be unable to service the loans and so enter into a life of debts.

Calculating the loan repayment method was a challenge, with only 146 (38.12% of the respondents getting the calculations correct. Most 248 (65.09%) of the respondents were able to differentiate between the two options of acquiring a machine worth a million shillings. Despite access to financial services from banks, 305 (78.21%) of the respondents check their financial statements, with 15 (17.65%) of the respondents who don't check their bank statements, thinking it's a waste of time. When one combines these three findings, a picture of women who may not be managing their economic affairs well emerges.

Friends remain the main source of information used for financial decision-making, with 135 (35.16%) of respondents identifying them as such. In terms of money management at household level, 251 (64.86%) of the total respondents said that they were solely responsible for money management in their households. While responding to the question regarding their feelings about their debts/loans, 153 (40.26%) of the total respondents were uncomfortable. The ability to feel comfortable with the loans one has is one of the indicators of financial literacy. Only 178 (46.11%) of the respondents are saving on a regular basis and only 122 (31.69%) of respondents keep written records of their household expenditure. Budgeting, spending and saving are interrelated and are all indicators of economic empowerment.

The above summary creates a scenario where women are taking loans simply because they can despite the fact that they cannot calculate the cost of the loan and once they have them, they don't check their bank statements as they (17.65%) think it is a waste of time. No wonder that the women entrepreneurs feel uncomfortable about the level of debt they are in. As the debts pile up, it becomes more difficult to save, and without saving we cannot talk of economic empowerment. There is an urgent need to train the women on financial education to reverse this situation, as indicated by 364 (93.09%) of the respondents who expressed their desire to be trained. Two Hundred and Thirty Two (61.38%) of the respondents identified financial/business management and/or business plans as their area of greatest need. Both the Uwezo Fund managers and the women entrepreneurs agree on the areas of greatest need in terms of training and the model of training. Developing business plans and information about other financial products were high on the list. The preferred mode of training was group training through seminars and/or workshops. The following chapter discusses these findings in greater details.

Chapter 6: Discussion of findings

6.1 Introduction

The overall aim of the research was to identify the financial literacy skills of women entrepreneurs and to study their role in women's economic empowerment. The study objectives were: 1) To determine the financial literacy skills of women entrepreneurs in Kenya; 2) To determine the level of economic empowerment of women entrepreneurs. 3) To determine the relationship between financial literacy and women's economic empowerment and 4) To suggest a model for the enhancement of the financial literacy skills of the women entrepreneurs in Kenya.

The following research questions were addressed in order to realise the objectives of the study:

1. What are the financial literacy skills of women entrepreneurs in Kenya?
2. What is the level of economic empowerment of women entrepreneurs?
3. What is the relationship between women's financial literacy and their economic empowerment?
4. Which is the best model to use for enhancing the financial literacy skills of women entrepreneurs in Kenya?

This chapter discusses the key findings under each research question. Cross tabulations between various variables were done in order to establish if there was any statistically significant association between them. Salient issues from the researcher's perspectives have been included. These findings were obtained through a written questionnaire administered to the women entrepreneurs and an interview guide administered to officers from the Uwezo Fund.

6.2 What are the financial literacy skills of women entrepreneurs in Kenya?

This section highlights the various financial literacy competencies (as discussed in Section 5.3) of women entrepreneurs.

6.2.1 Understanding business ventures

The study established that the respondents have a fairly good understanding of business ventures (see 5.3.1.1). However, there was a contradiction when they were asked if they would invest in a business venture that had high risks but also had a promise of good returns (see 5.3.1.2). Two hundred and thirty nine (62.57%) of the respondents were willing to participate in an investment that was advertised as having a return well above market rates with no risks at all. This was reminiscent of the 2007 "Ponzi" schemes that collapsed in Kenya. Having knowledge about an issue is supposed to change one's attitude, which in turn is supposed to change behaviour. However, there seems to be some disconnect between translating knowledge and attitude into behaviour, as respondents were still willing to invest in high-risk business ventures. Bandura's (1977) Social Cognitive Theory offers an explanation for this by postulating that a person's knowledge and behaviour together with their environment are inseparably entwined and interact with each other to create learning. It therefore becomes difficult for the women entrepreneurs to use their knowledge of business ventures to make decisions and not invest in a risky business venture in an environment where others are involved. In order to overcome such limitations, women entrepreneurs need financial literacy skills that enable them to evaluate information critically and use it to solve their financial issues.

The length of time the women entrepreneurs have been in business should have a significant impact on their financial literacy skills (see Section 5.4.5). This view is also supported by Seghers *et al*. (2011) who maintain that previous experience and a knowledge of financial alternatives is a basis for making good financial decisions. In order to test Vygotsky's theory (UNESCO, 2003) and Seghers *et al*.'s (2011) statements, the study sought to correlate respondents' views on investing in risky business ventures with the time the respondents had been in business. Table 31 below presents results from the cross- tabulation analysis between recommendations of an advertised investment (see Appendix A Question 12) and the length of time conducting the current business.

Table 31: Association between information on the recommendation of an advertised investment and length of time conducting the current business

Length of time carrying out current business	Recommendation of an advertised investment 1	2	3	Total
Less than one year	14 11.67	19 11.24	8 22.22	41 12.62
1-5 years	63 52.50	94 55.62	20 55.56	177 54.46
6-10 years	23 19.17	22 13.02	4 11.11	49 15.08
More than 10 years	20 16.67	34 20.12	4 11.11	58 17.85
Total	120 100.00	169 100.00	36 100.00	325 100.00

Pearson chi2(6) = 6.7858 Pr = 0.341

Key/ Messages	1	2	3
	Consider it "too good to be true" and not invest	Invest lightly to see how it goes before investing more heavily	Invest heavily to maximise your return

Of the 120 respondents whose recommendation of an advertised investment was "Consider it `too good to be true' and do not invest", 14 (11.67%) have been in their current business for less than one year, 63 (52.50%) have been in their current business for 1-5 years, 23 (19.17%) have been in their current business for 6-10 years and 20 (16.67%) have been in their current business for more than 10 years.

Of the 169 respondents whose recommendation of an advertised investment was "Invest lightly to see how it goes before investing more heavily", 19 (11.24%) have been in the current business for less than one year, 94 (55.62%) have been in the current business for 1-5 years, 22 (13.02%) have been in the current business for 6-10 years and 34 (20.12%) have been in the current business for more than 10 years.

Of the 36 respondents whose recommendation of an advertised investment was "Invest heavily to maximise your return", 8 (22.22%) have been in their current business for less than one year, 20 (55.56%) have been in their current business for 1-5 years, 4 (11.11%) have been in their current business for 6-10 years and 4 (11.11%) have been in their current business for more than 10 years.

The chi-square test of independence gives an observed value of 6.7858 and a p-value of 0.341 which is greater than the significance level $\alpha = 0.05$. Therefore, there is no statistically significant relationship between recommendation of an advertised investment and the length of time individuals have been operating their current businesses. Thus, the observed differences are due to chance. This contradicts both Vygotsky's and Seghers *et al.*'s (2011) opinions. A possible explanation for this seeming contradiction can be found in the constructivist paradigm that emphasises the socially constructed nature of reality (Robson, 2011) and the Social Learning Theory by Bandura (1977) which identifies the process of socialisation as having a great influence on people's knowledge and understanding. According to Robson (2011), social constructionism advances a view that social properties are constructed through interactions between people, rather than having a separate existence. What the respondents may have learned over the years they have been in business is only validated as knowledge within social interactions. For as long as the other members of the group have a different view or act differently, then a respondents' previous knowledge and experiences are disregarded and not used for decision-making.

6.2.2 Financial management

One of the fundamentals of money management is the ability to choose the best products available from financial service providers like banks. Examples of services include the availability of loans and diverse loan repayment methods that suit the various clients. This section looks at factors the respondents considered when deciding to take the loans they have and the methods for loan repayment that they have selected.

6.2.2.1 Sources of information for financial decision-making

Chapter 5.3 listed the various sources of information used for decision-making when taking the Uwezo Fund loan and a loan from the second loan provider. One similarity between the sources of information for both loans is word of mouth, which was cited as the second most common source of information for both. In that case, the sources close to the women entrepreneurs can only be their friends and family. The findings, especially on the role of word of mouth as a major source of information, further support the Social Learning Theory and reinforce the

Network Affiliation Theory, which views networks such as a group of entrepreneurs as limiting the reach and diversity of its members (Kyalo, 2013).

6.2.2.2 Shopping for financial products and services from different financial providers

Today in Kenya, as in the rest of the world, there are many financial products on the market. For women to realise economic empowerment they need to have the necessary competencies to identify their financial needs and then seek information on various products on the market before settling for one that suits them. Table 32 represents the information-seeking behaviour of respondents when seeking financial providers and information about the Uwezo Fund loan.

Table 32: Information seeking behavior for obtaining the Uwezo Fund loan and the second loan

Do you shop around for financial provider	Level of shopping 1	2	3	Total
1	168 82.76	13 6.40	22 10.84	203 100.00
2	23 20.00	70 60.87	22 19.13	115 100.00
3	25 39.68	5 7.94	33 52.38	63 100.00
Total	216 56.69	88 23.10	77 20.21	381 100.00

Pearson chi2(4) = 197.8057 Pr = 0.000

1	2	3
A lot	A fair bit	Not at all

Key: For both row and column variables

The chi-square test of independence gives an observed value of 197.8057 and a p-value of 0.0, which is less than $\alpha = 0.05$. This implies that there is a statistically significant association between the respondents' information-seeking behavior when arranging for a new current or everyday account with a financial provider like a bank or SACCO and their information-seeking behaviour when arranging for the current loan with Uwezo Fund, at 5% level of significance. This finding is significant as it shows that one of the financial literacy skills that the respondents have is the ability to purposively search for information from various sources before making a decision on the type of product or service that will meet their economic needs. The main challenge the respondents face is with their main sources of information, which are the radio and word of mouth (see Section 5.3). Due to the trusting relationship between the respondents and their friends and family, the information shared may not be critically evaluated and, even where the respondents may have doubts, the relationship may cloud the respondent's better judgment. Information through the radio may also not be objective, as the sponsors of the advertisements would most likely be marketing the product rather than providing a critique of the product. Seeking information is just the first step in sourcing financial products and services, while evaluating and using it for decision-making is the second step and this is what entails financial literacy skills.

In order to understand the role of education in the acquisition of financial literacy skills, e.g. 'shopping' around looking for information, the study correlated information on the level of shopping by the highest academic qualification. The findings are presented in Table 33 below.

Table 33: Association between levels of shopping by highest academic level

Highest academic qualification	Do you shop around for financial provider 1	2	3	Total
Never enrolled	12 5.97	5 4.39	7 11.86	24 6.42
Primary level	85 42.29	52 45.61	24 40.68	161 43.05
Secondary level	56 27.86	22 19.30	19 32.20	97 25.94
Tertiary level	48 23.88	35 30.70	9 15.25	92 24.60
Total	201 100.00	114 100.00	59 100.00	374 100.00

Pearson chi2(6) = 10.7819 Pr = 0.095

1	2	3
A lot	A fair bit	Not at all

Key

The chi-square test of independence gives an observed value of 10.7819 and a p-value of 0.095, which is greater than the significance level $\alpha = 0.05$. Therefore, there is no statistically significant relationship between a respondent's highest academic level and whether or not they shop around for a financial provider. Thus, the observed differences are due to chance.

A large proportion of the respondents who shopped around a lot comprised of those who had primary education 85 (42.29%) as their highest level, followed by those whose highest level was secondary education 56 (27.86%), then tertiary 48 (23.88%) and those who never enrolled 12 (5.97%) in that order. This finding contradicts the Human Capital Theory that presupposes that education is a great predictor of economic success. This study posits that women's economic empowerment cannot be achieved without financial literacy skills. However, it further theories that although formal education is critical in the acquisition of financial literacy, it is by no means the only factor. Social constructionism and the Social Learning Theory by Bandura (1977) advance the idea that knowledge is socially constructed. Determining the impact of financial literacy skills on profits was outside the scope of this study. Additional research is needed to determine this and the roles of other factors like academic achievements, age, etc. on profits.

6.2.2.3 Basic numeric skills

Basic numeric skills are additional indicators of financial literacy. Respondents were asked two questions: one was on the loan repayment period and the second was on interest rate. Their responses are summarised in Figure 10 and Table 18. Since the study was grounded on the Human Capital Theory, the study sought to establish the relationship between academic qualification and numeracy skills. The findings are presented in Table 34.

Table 34: Association between highest academic qualification and choice of an advertised financial offer

Highest academic qualification	More advantageous offer 1	2	3	Total
Never enrolled	6 27.27	14 63.64	2 9.09	22 100.00
Primary level	108 70.59	42 27.45	3 1.96	153 100.00
Secondary level	65 63.73	36 35.29	1 0.98	102 100.00
Tertiary level	67 76.14	19 21.59	2 2.27	88 100.00
Total	246 67.40	111 30.41	8 2.19	365 100.00

Pearson chi2(6) = 23.6659 Pr = 0.001

1	2	3
Option (a)	Option (b)	They are the same

Key

Of the 22 respondents who had never enrolled in school, 14 (63.64%) gave the correct answer (option 9 b). For the 153 respondents who had only a primary education, 42 (27.45%) answered correctly, those with a secondary education had 36 (35.29%) correct and those with tertiary education (from certificate to Masters levels) had 19 (21.59%) correct.

The chi-square test of independence gives an observed value of 23.6659 and a p-value of 0.001, which is less than the significance level $\alpha = 0.05$. Thus there is a statistically significant relationship between a respondent's highest academic level and their answers on the most advantageous offer with regard to purchasing the machine. Therefore, the observed differences are not due to chance. Similar to explanations given in 6.3.2.3, Social constructionism and the Social Learning Theory by Bandura (1977) give reasons for these findings.

Although there was no significant relationship between a respondent's highest academic level and her answer on the most advantageous offer, computation skills are important as one needs to calculate the cost of any financial product offered. If one fails to do so, one may find oneself burdened with unnecessary or unsuitable products due to effective marketing strategies by financial service providers.

6.3 What is the level of economic empowerment of women entrepreneurs?

6.3.1 Multiple sources of income

Whether employed on a full-time basis, part-time or as a casual, the fact is that the women have multiple sources of income, which is a sign of economic empowerment. The respondents had numerous sources of income either because they were employed (5.4.1) or had other businesses apart from the one funded by the Uwezo Fund loan (5.4.2).

The level of education is a major determinant on the type of employment one gets. Table 35 below presents results from the cross- tabulation analysis between information on the respondents' employment status and their academic qualifications.

Table 35: Association between information on paid work and highest academic qualification

Highest academic qualification	Apart from your business, any kind of paid work		
	No	Yes	Total
Never enrolled	16 100.00	0 0.00	16 100.00
Primary level	83 61.48	52 38.52	135 100.00
Secondary level	59 71.08	24 28.92	83 100.00
Tertiary level	36 43.90	46 56.10	82 100.00
Total	194 61.39	122 38.61	316 100.00

Pearson chi2(3) = 23.9346 Pr = 0.000

Of the 16 respondents who had never enrolled in school, 16 (100%) did not have any kind of paid work apart from their business. For this category of respondents, their reasons for starting the businesses may simply have been necessity and the need to survive, making them what Baumol (cited in Klapper and Love, 2010) calls 'survivalist entrepreneurs'.

Of the 135 respondents whose highest academic qualification was primary level, 52 (38.52%) had some kind of paid work apart from their business while 83 (61.48%) did not have any kind of paid work apart from their business.

Of the 83 respondents whose highest academic qualification was secondary, 24 (28.92%) had some kind of paid work apart from their business while 59 (71.08%) did not have any kind of paid work apart from their business.

Of the 82 respondents whose highest academic qualification was tertiary level, 46 (56.10%) of them had some kind of paid work apart from their business while 36 (43.90%) did not have any kind of paid work apart from their business.

The chi-square test of independence gives an observed value of 23.9346 and a p-value of 0.0, which is less than $\alpha = 0.05$. This implies that there is a statistically significant association between one's highest academic qualification and having any kind of paid work apart from one's business, at 5% level of significance. Thus, the observed differences are not due to chance. These finding are consistent with the Human Capital Theory that states that investing in education has the highest economic benefit.

For those with a second business, ease of doing that particular business was the major consideration when choosing the type of business; not profit (5.4.4). The entrepreneurs are therefore most likely to remain replicative entrepreneurs as they do not bring any new technology or new ideas into the market and are unlikely to grow to become large-scale industries.

6.3.2 Feelings regarding current personal debt

Access to finance like loans and feelings about the current personal debt are both indicators of financial literacy and women's economic empowerment. Of the total respondents, 131 (33.76%) indicated that they had an additional loan for a business other than the Uwezo Fund loan, while 257 (66.24%) of the total respondents did not. While access to finance is cited frequently (KIM, 2011; ILO, 2015; Naituli *et al*., 2008 and Seghers *et al.*, 2011) as the reason why businesses fail, for those who are able to access finance, over- borrowing or underestimating the cost of borrowing money is a major contributing factor. The respondents could have borrowed more for their businesses than they could comfortably manage to repay, which is indicated by their response to the question on their feelings regarding their current debt status. Only 65 (17.11%) of the respondents were very comfortable with the current debt and 97 (25.53%) respondents were very uncomfortable (5.5.3). As a result of their feelings on their current debt position due to borrowing money for their businesses, only 127 (33.33%) of the total respondents feel in control most of the time, while 33 (8.66%) respondents feel out of control all the time (see Section 5.5.5). Despite the above feelings, all the respondents indicated that they had gone ahead and borrowed additional money in the previous 12 months, but this time for their personal use (see Section 5.5.2).

Personal responsibility or the ability to make appropriate personal life choices on financial issues is imperative for economic empowerment. One of the indicators of financial literacy skills is a person's feelings towards their debt in terms of control and amounts owed. This information is captured above. To further understand why they felt the way they did, the study sought to determine whether respondents were responsible for money management in their households. Table 36 below presents results from the cross-tabulation analysis between the person mainly responsible for money management in a household and the feeling about her current financial situation.

Table 36: Association between the person mainly responsible for money management in a household and their feelings about their current financial situation

Person mainly responsible for money management in your household	Feeling about current financial situation 1	2	3	Total
Myself	50 21.83	50 21.83	129 56.33	229 100.00
My partner	8 61.54	1 7.69	4 30.77	13 100.00
My partner and I	20 17.70	22 19.47	71 62.83	113 100.00
Total	78 21.97	73 20.56	204 57.46	355 100.00

Pearson chi2(4) = 13.7263 Pr = 0.008

1	2	3
Out of control all/most of the time	Fluctuates between being in and out of control	In control all/most the time

Key

Of the 229 respondents who said that the person mainly responsible for money management in their household was themselves, 50 (21.83%) said they felt that their current financial situation was out of control all/most of the time, 50 (21.83%) said they felt that their current financial situation fluctuates between being in and out of control and 129 (56.33%) said they felt that their current financial situation was in control all/most of the time.

Of the 13 respondents who said that the person mainly responsible for money management in their household was their partner, 8 (61.54%) said they felt that their current financial situation was constantly out of control, 1 (7.69%) said she felt that her current financial situation fluctuated between being in and out of control while 4 (30.77%) said they felt that their current financial situation was always under control all of the time.

Of the 113 respondents who said that the person mainly responsible for money management in their household was their partner and themselves, 20 (17.70%) said they felt that their current financial situation was out of control all/most of the time, 22 (19.47%) said they felt that their current financial situation fluctuated between being in and out of control while 71 (62.83%) said they felt that their current financial situation was in control all of the time.

Of the total number of respondents, 78 (21.97%) said they felt that their current financial situation was out of control all/most of the time, 73 (20.56%) said they felt that their current financial situation fluctuated between being in and out of control while 204 (53.28%) said they felt that their current financial situation was in control all of the time.

The chi-square test of independence gives an observed value of 13.7263 and a p-value of 0.008, which is less than $\alpha = 0.05$. This implies that there is a statistically significant relationship between the person mainly responsible for money management in one’s household and the feeling about one’s current financial situation, at 5% level of significance. Thus, the observed differences are not due to chance. For women to feel in control of their financial situation all the time, they need to manage their finances. There is a possibility that women entrepreneurs may be borrowing money, thereby creating a superficial perspective of women's economic empowerment, but the truth is that they may not be responsible for managing finances in their households, leading to feelings of not being in control.

6.3.3 Checking account transactions/statements

Part of good money management is understanding account transactions or bank statements. The analysis of bank statements can help protect women entrepreneurs from fraud and accounting errors committed by bank employees, and also notice any illegal fees and deductions from their loans. In order to understand why only 50% of the respondents find it easy to understand a bank statement (Fig. 11), which is a basic financial literacy skill, the study correlated academic qualification and ease of reading a bank statement. Table 37 is a summary of the findings.

Table 37: Association between highest academic qualification and understanding of a bank statement

Highest academic qualification	Rate your understanding of a bank statement 1	2	3	Total
Never enrolled	12 57.14	6 28.57	3 14.29	21 100.00
Primary level	48 30.00	23 14.37	89 55.63	160 100.00
Secondary level	17 17.89	25 26.32	53 55.79	95 100.00
Tertiary level	15 16.48	26 28.57	50 54.95	91 100.00
Total	92 25.07	80 21.80	195 53.13	367 100.00

Pearson chi2(6) = 28.4212 Pr = 0.000

1	2	3
Difficult	Fairly difficult	Easy

Key

Of the 21 respondents who had never enrolled in school, 12 (57.14%) indicated that they found reading and understanding a bank statement difficult. 6 (28.57%) indicated that they found reading and understanding a bank statement fairly difficult while 3 (14.29%) indicated that they found reading and understanding a bank statement easy. However, none of these respondents found it easy. This is in contrast to the single respondent who had a master's degree who found it easy to understand a bank statement.

The chi-square test of independence gives an observed value of 28.4212 and a p-value of 0.0, which is less than $\alpha = 0.05$. This implies that there is a statistically significant relationship between a respondent's highest academic level and their rating for understanding a bank statement, at 5% level of significance. Thus, the observed differences are real and not due to chance. Reading and understanding a bank statement requires specialised skills different from computing interest rates on a loan. Whereas computing interest on a loan did not depend on a level of education, reading and understanding a bank statement did.

6.3.4 Checking account transactions/statements and thoughts on current debts

To further understand how different financial literacy skills are linked, the study sought to establish if there was any correlation between checking financial statements and thoughts on current debts. The assumption is that those who are keen on reading and understanding their statements would also be keen on tracking their level of debt. Table 38 below presents results from the cross- tabulation analysis between checking financial statements and thoughts on current debt.

Table 38: Association between checking financial statements and thoughts on current debt

Do you check your financial statements	Thoughts on current debt 1	2	3	4	5	Total
No	28 39.44	6 8.45	14 19.72	13 18.31	10 14.08	71 100.00
Yes	68 22.97	49 16.55	35 11.82	90 30.41	54 18.24	296 100.00
Total	96 26.16	55 14.99	49 13.35	103 28.07	64 17.44	367 100.00

Pearson chi2(4) = 14.6686 Pr = 0.005

1	2	3	4	5
Very uncomfortable	Somewhat uncomfortable	Neither comfortable nor uncomfortable	Fairly comfortable	Very comfortable

Key

Of the 71 respondents who said they do not check their financial statements, 28 (39.44%) of them were very uncomfortable with their current debt, 6 (8.45%) of them were somewhat uncomfortable with their current debt, 14 (19.72%) of them were neither comfortable nor uncomfortable with their current debt, 13 (18.31%) of them were fairly comfortable with their current debt while 10 (14.08%) of them were very comfortable with their current debt.

Of the 296 respondents who said that they do check their financial statements, 68 (22.97%) of them were very uncomfortable with their current debt, 49 (16.55%) of them were somewhat uncomfortable with their current debt, 35 (11.82%) of them were neither comfortable nor uncomfortable with their current debt, 90 (30.41%) of them were fairly comfortable with their current debt while 54 (18.24%) of them were very comfortable with their current debt.

Of the total number of respondents, 96 (26.16%) were very uncomfortable with their current debt, 55 (14.99%) were somewhat uncomfortable with their current debt, 49 (13.35%) were neither comfortable nor uncomfortable with their current debt, 105 (28.07%) were fairly comfortable with their current debt and 65 (17.11%) were very comfortable with their current debt.

The chi-square test of independence gives an observed value of 14.6686 and a p-value of 0.005, which is less than the significance level $\alpha = 0.05$. This implies that there is a statistically significant relationship between checking financial statements and thoughts on current debt, at a 5% level of significance. Bank statements are a good record of financial transactions. As a whole, record keeping was a major challenge for the majority of the respondents; not only were they not reading and understanding the statements, but they were also not keeping a record of their expenses (see 5.5.6). An inability to read, understand statements and keep track of finances through written records undermines the respondents' economic empowerment, which is demonstrated by the fact that only 42.93% (Table 26) were comfortable with the level of debts.

6.4 What is the relationship between women's financial literacy and women's economic empowerment?

6.4.1 Access to finances and women's economic empowerment

According to KMDP (2013), one of the objectives of the Uwezo Fund is to expand women's access to finance through grants, thereby ensuring that women are no longer excluded from the mainstream economy. One of the Fund's strategies for doing this is addressing cultural factors where women, especially married women, need men's approval to access finance. The million-dollar question has always been whether access to finance necessarily leads to economic empowerment. The survey indicates that to a great extent it does, but there are exceptions as 7 (5.34%) of the respondents took a loan simply because of its availability and a mere 5 (3.82%) of the respondents considered their current financial need. Taking a loan simply because it is available as opposed to taking a loan to meet a specific financial need indicates a lack of prudent financial management, which is critical for economic empowerment. This is why access to finance, by itself, cannot be a measure of women′s economic empowerment.

Prior to giving loans to women entrepreneurs, the Uwezo Funds officers indicated that they did not assess their financial literacy skills. The availability of a business registration certificate, well-kept records of table banking for at least 6 months and a good business plan were identified as measures of financial literacy skills of women entrepreneurs. Based on this, the government would fund the women′s groups and according to government records, members of such a group would be included in statistics of women who the present government had empowered and removed from poverty. Based on findings from this research, this is a considerable assumption by the government that may negatively impact the country, especially if the beneficiaries default in payments.

6.4.2 Control of household expenses and ultimate decision-maker

Economic empowerment not only includes access to finances, but also controlling finances and making decisions on financial issues. Money management was measured and the study established that the majority of the respondents 251 (64.86%) were solely responsible for money management in their households (see Section 5.5.6). Three hundred and fifteen (82.03%) respondents were the ultimate decision-makers when it came to their businesses (see 5.5.7). For the other 61 (17.97%) who responded to the question on who is responsible for money management at the household level cannot be described as being economically empowered, as being responsible for money management at the household level is one of the indicators of women's economic empowerment.

Similar to controlling household expenses, we cannot talk of women's economic empowerment in situations where the woman is not the ultimate decision-maker when it comes to money management at the household level. This weakens the respondents' ability to respond effectively to life events, especially those that require them to make every day financial decisions (Fannie Mae Foundation, 2002). This lack of control is reflected by the fact that, of all the respondents, only 178 (46.11%) were able to save on a regular basis. Without regular savings, women may not become economically empowered as they would almost never be able to overcome financial challenges or sieze a good financial opportunity. Eventually they would most likely experience financial debt.

In order to explore the connection between various indicators of women economic empowerment further, additional data mining was done. The study sought to establish if the length of time the women entrepreneurs had been running their current businesses had had any correlation with whether they were the ultimate decision-makers in these businesses. Table 39 is a summary of these findings.

Table 39: Association between the length of time conducting the current business and ultimate decision-maker for the business

Length of time carrying out current business	Ultimate decision maker in your business 1	2	3	4	5	Total
Less than one year	34 77.27	4 9.09	0 0.00	1 2.27	5 11.36	44 100.00
1-5 years	151 79.89	16 8.47	1 0.53	2 1.06	19 10.05	189 100.00
6-10 years	47 94.00	2 4.00	0 0.00	0 0.00	1 2.00	50 100.00
More than 10 years	53 82.81	3 4.69	1 1.56	4 6.25	3 4.69	64 100.00
Total	285 82.13	25 7.20	2 0.58	7 2.02	28 8.07	347 100.00

Pearson chi2(12) = 16.9133 Pr = 0.153

1	2	3	4	5
Myself	Partner/spouse	Friends	Family members	Business associates

Key

The chi-square test of independence gives an observed value of 16.9133 and a p-value of 0.153, which is greater than $\alpha = 0.05$. This implies that there is a no statistically significant relationship between a respondent's length of time conducting a current business and the identity of the ultimate decision-maker in their businesses, at a 5% level of significance. Thus, the observed differences are due to chance. This is indicated by the fact that of the 64 respondents who had been in business for more than 10 years, of these 53 (82.81%) were the ultimate decision-makers compared to the 44 respondents who had been in business for less than one year, but of whom only 34 (77.27%) were the ultimate decision-maker. More research is needed to examine the role of culture, age, income, marital status, type of business, and women's personal agency on economic empowerment.

6.4.3. Understanding diversification

The importance of diversification is well understood by the respondents as the majority of the respondents, 364 (93.09%), agreed (though to various degrees) that diversification was important as against 11 (2.86%) of the total respondents who thought it was not at all important (see 5.3.2). Table 40 presents results from tabulation of associations between information on respondents' ownership of a business separate from the one funded by the Uwezo Fund and their views on the importance of business diversification.

Table 40: Association between information on the importance of business diversification and owning a separate business from the one funded by the Uwezo Fund

Importance of diversification of business	Seperate business other than one funded by uwezo fund		
	No	Yes	Total
Very important	117 41.79	163 58.21	280 100.00
Quite important	39 62.90	23 37.10	62 100.00
Of some importance	7 43.75	9 56.25	16 100.00
Not at all important	4 36.36	7 63.64	11 100.00
Total	167 45.26	202 54.74	369 100.00

Pearson chi2(3) = 9.5202 Pr = 0.023

Of the 280 respondents who said it was very important to diversify their businesses, 163 (58.21%) had a business separate from the one funded by the Uwezo Fund while 117 (41.79%) did not have a business separate from the one funded by the Uwezo Fund.

Of the 62 respondents who said it was quite important to diversify their businesses, 23 (37.10%) of them had a business separate from the one funded by the Uwezo Fund while 39 (62.90%) of them did not have a business separate from the one funded by the Uwezo Fund.

Of the 16 respondents who said it was of some importance to diversify their businesses, 9 (56.25%) had a business separate from the one funded by the Uwezo Fund while 7 (43.75%) of them did not have a business separate from the one funded by the Uwezo Fund.

Of the 11 respondents who said that diversifying their businesses was not of any importance at all, 7 (63.64%) had a business separate from the one funded by the Uwezo Fund, while 4 (36.36%) did not have a business separate from the one funded by the Uwezo Fund.

Of the total number of respondents who responded, 202 (54.74%) had a business separate from the one funded by the Uwezo Fund while 167 (45.26%) did not have a business separate from the one funded by the Uwezo Fund.

The chi-square test gives an observed value of 9.5202 and a p-value of 0.023 < $\alpha = 0.05$. This implies that there is a statistically significant relationship between responses on the importance of business diversification and having a business separate from the one funded by the Uwezo Fund, at 5% level of significance. This means that one of the reasons the respondents have more than one business is to diversify, ensuring that they are well prepared in case of loss in one business. This is a good example of how knowledge has changed attitudes and influenced business practice.

6.4.4. Budgeting and spending

The study further sought to determine if there was any correlation between checking financial statements and the control of expenditure, especially since only 122 (31.69%) of the respondents used written records to keep a close eye on expenses, which in this case would mostly be household expenditure. Table 41 below presents results from the cross- tabulation analysis between checking financial statements and the control of household expenditure.

Table 41: Association between checking financial statements and control of household expenditure

Do you check your financial statements	Control of household expenditure 1	2	3	4	Total
No	7 8.64	28 34.57	38 46.91	8 9.88	81 100.00
Yes	18 6.02	78 26.09	91 30.43	112 37.46	299 100.00
Total	25 6.58	106 27.89	129 33.95	120 31.58	380 100.00

Pearson chi2(3) = 22.7613 Pr = 0.000

1	2	3	4
I don't keep an eye on expenses at all	I keep my eye on expenses a bit	Without keeping written records, I keep a fairly close eye on expenses	I use written records to keep a close eye on expenses

Key

Of the 81 respondents who said that they did not check their financial statements, 7 (8.64%) replied that they do not keep an eye on expenses at all, 28 (34.57%) said they keep an eye on expenses a bit, 38 (46.91%) said that, without keeping written records, they keep a fairly close eye on expenses while 8 (9.88%) said that they use written records to keep a close eye on expenses.

Of the 299 respondents who said that they did check their financial statements, 18 (6.02%) said that they don't keep an eye on expenses at all, 78 (26.09%) said that they keep an eye on expenses a bit, 91 (30.43%) said that, without keeping written records, they keep a fairly close eye on expenses while 112 (37.46%) said that they use written records to keep a close eye on expenses.

Of the total number of respondents, 25 (6.58%) said that they don't keep an eye on expenses at all, 106 (27.89%) said that they keep an eye on expenses a bit, 129 (33.95%) said that, without keeping written records, they keep a fairly close eye on expenses while 120 (31.58%) said that they use written records to keep a close eye on expenses.

The chi-square test of independence gives an observed value of 22.7613 and a p-value of 0.0, which is less than the significance level $\alpha = 0.05$. This implies that there is a statistically significant relationship between checking financial statements and the control of household expenditure, at a 5% level of significance. The findings indicate that women who are keen on checking their financial statements are also keen on keeping records of their expenses. These two financial literacy skills are highly correlated and determine economic empowerment.

Without saving, there cannot be economic empowerment for women. The previous chapter discussed in detail the respondents' saving behaviour (see Section 5.5.4). In order to understand the respondents' saving behaviour, the research sought to establish if a lack of monitoring their household expenditure was affecting the respondents' capacity to save. Table 42 below presents results from the cross-tabulation analysis between checking financial statements and control of household expenditure. Before one can draw up a budget, one needs to have a clear picture of your income and financial obligations. However, most respondents could not say with certainty their financial obligations. Of the total respondents, only 122 (31.69%) used written records to monitor expenses, while 25 (6.49%) respondents did not monitor expenses at all. This is contrary to WIRE's (2007:26) assertion that "women with very little money tended to budget with great expertise".

Table 42: Association between description of saving behaviour and control of household expenditure

Control of household expenditure	Best description of yourself 1	2	3	4	Total
1	3 13.04	16 69.57	4 17.39	0 0.00	23 100.00
2	2 0.86	203 87.50	22 9.48	5 2.16	232 100.00
3	0 0.00	113 94.17	6 5.00	1 0.83	120 100.00
Total	5 1.33	332 88.53	32 8.53	6 1.60	375 100.00

Pearson chi2(6) = 32.4050 Pr = 0.000

Key to description of saving behaviour	**Key to control of household expenditure**
1 = I am not able to save at all	1 = I don't keep an eye on expenses at all
2 = I save or try to save on a regular basis	2 = I keep an eye on expenses a bit
3 = I save only when I want to save up for something big or special	3 = I use written records to keep a close eye on expenses
4 = There's no point in trying to save because there's never enough money	

Key

Of the 113 (94.17%) respondents who said they saved on a regular basis, they indicated that they also used written records to keep a close eye on expenses. On the other hand, 5 (2.16%) of the respondents who indicated that there was no point in trying to save because there was never enough money also indicated that they tried to save on a regular basis. The chi-square test of independence gives an observed value of 32.4050 and a p-value of 0.0, which is less than $\alpha = 0.05$. This implies that there is a statistically significant relationship between the respondents' control of household expenditure and their saving behaviour, at a 5% level of significance. Saving any amount of money is worth it. For the respondents to save regularly, they need to live within their means and this can only be achieved when they control household expenditure. This is a challenge for the respondents, as some did not keep written records of their expenses and neither did they track their money through checking statements.

6.5 Which is the best model to use for enhancing the financial literacy skills of women entrepreneurs of Kenya?

At the heart of financial literacy is the ability to recognise and understand or determine one's financial information needs. Of the total respondents, 364 (93.09%) indicated that they needed further education or information related to finance. Only 27 (6.91%) of the total respondents said they did not need further education or information related to finance. Figure 21 identified information needed as: financial/business management and/or writing business plans; financial record-keeping and financial products like loans, insurance policies, shares, etc. Officers working for the Uwezo Fund also identified similar business management topics for the women entrepreneurs, more specifically savings, business planning, financial management, initiating profitable businesses, business expansion and accessing other financial products. These findings confirm those provided by KIM (2011), who identified learning financial management skills and access to general business training and support as one of the top challenges faced by women entrepreneurs in Kenya. The only difference is that the officers working for the Uwezo Fund identified group cohesion as one of the topics that the women needed to learn. This is understandable as the women had to remain in a group for the entire period of the loan.

Once the gaps in financial education were identified, it was important to establish the best way to carry out the training. Out of the total respondents, 273 (72.80%) preferred that information related to finance be made available through seminars/conferences/workshops (see Figure 22). This finding is similar to that of the officers from Uwezo Fund who identified group training as the most viable model. If the findings by Kiraka, *et al*., (2013), that training for women entrepreneurship is rarely organised, then it is accurate to conclude that the respondents may not be accessing the necessary training.

Whereas workshops and training seminars are the most common methods used to relay information in Kenya, further research is needed to establish their efficacy. What was curious however was that 38 (9.55%) of the respondents request financial information through word of mouth which may not be a very good search strategy especially where one is to evaluate multiple information and then use it to meet their financial needs, . Low education levels contributed to the selection of this channel of information. Nevertheless, it is in line with the earlier findings, where word of mouth was cited as the main source of information on the Uwezo Fund.

6.6 Summary

This chapter discusses the key findings of each research question. Background information indicates that women with a higher level of education also have a greater chance of getting formal employment, thereby having access to more finances which is an indicator of economic empowerment. Most of the women entrepreneurs are ‘survivalist entrepreneurs’, who are employed elsewhere and whose main objective is to supplement their household incomes. Very few of their businesses, if any, are expected to grow into medium scale enterprises.

Women entrepreneurs have various financial literacy skills but low levels of education are affecting the acquisition of financial literacy skills, for example reading and understanding banking statements. The government made a huge assumption that women who had good records of table banking activities were financially literate. Based on the research findings, this is a wrong assumption as entrepreneurs lack essential financial literacy skills. According to the officers managing the Uwezo Fund, women with low literacy and who are single are more likely to default on payments. If this happens, it will affect the economy of the country due to the USD 6 million allocated for this project.

The majority of the respondents understood the need for diversification and actually had an additional business to the one funded by the loan from the Uwezo Fund. The main reason for diversification was to cushion their families against any economic hardship brought on by losses in one business. A major inconsistency in the findings was that, despite a majority of the respondents having a fairly good understanding of business ventures, they were still willing to invest in high-risk businesses.

Women entrepreneurs are seeking information before taking loans and before settling for specific financial services. However, family and friends still remain the main source of information, proving that socialisation has a great impact on the acquisition of financial literacy skills.

Over-reliance on word of mouth and information from staff working in the bank exhibits a lack of formulating effective search strategies that would require searching through a variety of sources. The possibility of making decisions based on flawed information is rather high.

Women are accessing financial services but household dynamics may be preventing them from taking charge of their financial affairs. This was especially true for the respondents who indicated that they were not responsible for money management in their households. Respondents who indicated that they were responsible for money management in their households also indicated that they felt that their current financial situation was under control all of the time. Women must not only have access to finances, but they also need to become the ultimate decision-makers. Anecdotal evidence indicates that many women take loans on behalf of their husbands who ultimately make the decisions on how the money is to be spent.

Lack of budgeting and tracking finances and saving regularly remains a challenge for some women and this is hindering their economic empowerment. Women who may have access to finances did not save appropriately, as only 178 (46.11%) of the respondents saved on a regular basis.Their inability to save regularly may make them unprepared for any eventuality in life, including financial loss on retirement or if the businesses fail. Saving on a regular basis is also a measure of economic empowerment.

A large proportion of those who shopped around had never enrolled at school, those whose highest level is primary education, ‘O’ level, ‘A’ level, certificate level, diploma, graduate and other levels followed in that order. These findings seem to contradict the Human Capital Theory, as the respondents who had little or no education shopped around a lot, which is one of the indicators of financial literacy skills. More research is needed to explain this phenomenon, as the respondents with little or no education could have shopped around a lot as they had difficulty in evaluating information and using it for decision-making.

Ease and convenience were the main reasons considered before selecting a particular mode of payment for both loans. Cost came second. These two factors formed the basis for the selection of the mode of loan repayment. This is not surprising as computation skills were low, since only 146 (38.12%) of the respondents could calculate correctly loan repayment. The choice of expensive loan repayment methods, and taking more loans than they could afford due to low computation skills, was preventing women from being economically empowered.

Financial education cannot be a once-off matter. In order to enhance the respondents’ financial literacy skills, training should be administered that combines seminars with print media like newspapers and with radio programmes. Considering that many respondents were already in *'chamas',* training could be organised at community level where different '*chamas'* could come together to be trained. Face to face training is the best forum. Training should be done before they take loans and during implementation.

The next chapter summarises the literature review and the research findings. Recommendations from the research findings are also made and suggestions for future research are given.

Chapter 7: Summary, conclusions and recommendations

7.1 Introduction

The final chapter presents a summary of the literature reviewed and the findings of the study. It also discusses recommendations based on the conclusions and suggests areas for further research. Though the study used the Survey Research design to collect data, the findings may not be generalised to all women entrepreneurs in Kenya, but may be generalised to women entrepreneurs who have accessed loans from the Uwezo Fund. The study used the positivist approach which allows for recommendations to be made and this has been done. The chapter ends with suggestions for future research.

This chapter collates the findings in line with the themes of the study objectives and research questions. The study objectives were: 1) To determine the financial literacy skills of women entrepreneurs in Kenya; 2) To determine the level of economic empowerment of women entrepreneurs. 3) To determine the relationship between financial literacy and women's economic empowerment and 4) To suggest a model for the enhancement of the financial literacy skills of the women entrepreneurs in Kenya.

The following research questions were addressed in order to realise the objectives of the study:

1. What are the financial literacy skills of women entrepreneurs in Kenya?
2. What is the level of economic empowerment of women entrepreneurs?
3. What is the relationship between women’s financial literacy and women's economic empowerment?
4. Which is the best model to use for enhancing the financial literacy skills of women entrepreneurs in Kenya?

7.2 Summary of findings

7.2.1 Financial literacy skills of women entrepreneurs

Since financial literacy is a multi-dimensional concept which relates to and overlaps with various other concepts and disciplines (Katy *et al*., 2000), the researcher selected some skills, especially those that relate to women's economic empowerment, identified the percentage of respondents with these skills and established their correlations. The findings are discussed in Chapters 5 and 6. This chapter ranks some of these skills in terms of the percentage of respondents demonstrating these individual skills. For those that have not been ranked, they have been discussed under women economic empowerment in the present knowledge economy in Chapter 3. Table 43 shows the financial literacy skills that were assessed and the percentage of women entrepreneurs with these skills.

Table 43: Ranking of financial literacy skills of women entrepreneurs

Rank	Skill	% of women entrepreneurs with skills
1	Understanding the need to diversify businesses	94.55
2	Knowing when information is needed	93.09
3	Understanding business ventures	92.27
4	Being the ultimate decision-maker	82.03
5	Shopping for an Uwezo loan	78.73
6	Checking account transactions/statements	78.21
7	Shopping a lot for financial products and services from different financial providers	53.28
8	Basic numeric skills	38.12
9	Not investing in a risky business venture	34.55
10	Considering costs before taking a loan	28.57
11	Feeling of being in control of the financial status all the time	20.73
12	Feeling of being very comfortable with the current debt status	17.11

From the list above, 364 (93.09%) of respondents have an understanding of the need to diversify business, which was demonstrated by the fact that 206 (52.82%) of the respondents had other businesses. With regard to understanding business ventures, 235 (60.57%) of the respondents were aware that investments offering high return were also very risky. However, this information is not translated into action, as 239 (62.57%) of the respondents are willing to invest in risky business ventures at varying degrees with 39 (10.21%) respondents were willing to invest heavily to maximise their returns.

With regard to financial education, 364 (93.09%) of the respondents recognised that they had information gaps, yet only 204 (53.28) of the respondents shopped around for financial products and services from different financial providers. The reasons for not shopping around are discussed in Section 5.3.3.

Only 146 (38.12%) respondents had the basic numeric skills required to calculate financial products like loans or even manage basic accounting in businesses, like profit and loss. It is no wonder only 34 (28.57%) of the respondents consider the cost of the loan before taking the additional one to the Uwezo Fund one. With such low skills, it is highly improbable that the women entrepreneurs will become economically empowered.

A working knowledge of financial institutions, systems and services and a range of analytical skills are critical components of financial literacy. Three hundred and Five (78.21%) of the respondents check their account transactions/statements. Even fewer 6.67% of the respondents find it very easy to understand them (see Figure 11).

7.2.2 Women entrepreneurs' economic empowerment

Most of the respondents 206 (52.82%) indicated that they have an additional business apart from the one funded by loans from Uwezo Fund, compared to 184 (47.18%) who did not. Sixty Four (18.29%) of the total respondents had been in their current businesses for more than 10 years. This and the fact that 125 (38.94%) of the total respondents were employed and not running their businesses on a full time basis is evidence of their contribution to family support.

Women are accessing finances: 131 (33.76%) of the respondents have accessed a second loan in addition to the one from Uwezo Fund. Respondents are accessing funds from the bank, with 194 (49.74%) of the total respondents using its services, 92 (23.59%) a *chama* and 82 (20.71%) a Sacco. These three provide financial services to more than 92% of the total respondents. Microfinance has been viewed as the panacea for poverty reduction among women, but this study contradicts this notion, since only 16 (4.01%) of the respondents receive financial services from the Microfinance Bank.

A key question in the discourse relating to women's economic empowerment has always been whether access to finances necessarily leads to economic empowerment (FAO, 2002b; McCormick *et al*., 2007; Cheston and Khun, 2002). From the survey it does so for 315 (82.03%) of the total respondents who are the ultimate decision- makers in their businesses. A smaller percentage 251 (64.86%) of the respondents, were solely responsible for money management in their households. A lack of control over finances in their businesses and at home is affecting the respondents' capacity to save, because only 178 (46.11%) save on a regular basis. As a whole, only 79 (20.73%) of the respondents feel in control of their financial status all the time. One of the reasons could be over-borrowing, as only 65 (17.11%) feel very comfortable with their current debt status.

The respondents do access various products. The most common financial product accessed by the respondents was money from a *chama* (Self Help Revolving Fund). This is not surprising as the women had to be in a *chama* for them to access the Uwezo Fund. The second most common financial service among the respondents was a savings account. 232 (58.59%) of the total respondents had a savings account either individually or jointly with someone else. It is worth noting that none of the respondents had taken any insurance cover.

Access to credit is one of the measures of economic empowerment. The only challenge in this case is that 63 (16.54%) of respondents indicated that they do not shop around. Their source of information in most cases is friends and family. This information may not be accurate or objective. Recommendations of a product by the bank may also not have been objective as most likely the bank officers would have been marketing their products thereby serving their own business interests.

Seven (5.88%) respondents took a loan simply because of its availability, while a mere 5 (4.20%) of the respondents considered their immediate financial need. Taking a loan simply because it is available as opposed to taking a loan to meet a specific financial need is a pointer to a lack of prudent financial management which is critical for economic empowerment. This is why access to finance only cannot be a measure of women economic empowerment. Only 34 (28.57%) of the respondents considered the affordability of the loan; 7 (5.88%) considered the availability of the loan; 5 (4.20%) of the respondents considered their current financial needs.

Women entrepreneurs are aware of financial concepts like budgeting and saving, but appear to have some difficulty in implementing this knowledge effectively. Only 122 (31.69%) can be said to be disciplined in terms of spending as they keep a written record of their expenses.

7.2.3 Relationship between women's financial literacy and women's economic empowerment

The study focused on financial literacy skills as a value-added product for economic empowerment. In summary the study investigated whether financial literacy skills comprise a major factor in women's economic empowerment. The answer is a resounding yes, but some financial literacy skills clearly have a greater impact than others. However, there were some contradictions where women demonstrated certain financial literacy skills but their actions or attitudes did not reflect this. For example 235 (60.57%) respondents agreed with the statement that a business with a high return is likely to have higher than average risks, but 39 (10.21%) of the total respondents still stated that they would invest heavily to maximise their return, and only 132 (34.55%) of the total respondents said they would consider the investment "too good to be true" and not invest. In addition, there was no statistically significant relationship between recommendations of the above advertised investment and the length of time managing the current business. The period the respondents had been in business did not seem to be a factor in deciding whether to invest in such a risky venture or not. We can therefore conclude that in this case previous experience is not a basis for making good financial decisions, as advanced by Seghers *et al*. (2011).

Women who do not check their financial statements are more likely to feel uncomfortable about their current state of debt. Of the 85 (21.36%) respondents who said they do not check their financial statements, 28 (39.44 %) of them were very uncomfortable with their current debt position, compared to 10 (14.08 %), who were very comfortable with their current debt status. Without checking financial statements it becomes difficult to keep track and control one's debt, which is one of the indicators of economic empowerment. With excess borrowing women will always have debt which they are unable to service. In such cases, women's economic empowerment will remain a mirage. There was a statistically significant relationship between checking financial statements and thoughts on current debt, at a 5% level of significance, meaning that there was a very high association between the financial literacy skill of checking financial statements and the economic indicator of feeling very comfortable about one's debt.

Being in control of household finances empowers women economically. For 251 (64.86%) respondents who said that they are mainly responsible for money management in their household, only 17 (4.27%) said they feel that their current financial situation is out of control *all* of the time. The study established that there is a statistically significant relationship between the person mainly responsible for money management in one's household and the feeling about one's current financial situation, at a 5% level of significance. As mentioned earlier, positive feelings towards one's financial status is one of the indicators of financial literacy skills.

The ability to check financial statements and keeping written records to monitor all expenses are two financial literacy skills that are highly correlated. It is worth noting that keeping written records to monitor all financial records is both a financial literacy skill and an indicator of women's economic empowerment. Of the 81 (21.79%) respondents who said they do not check their financial statements, 8 (9.88%) respondents also stated that they use written records to keep a watch on expenses (see Table 41). In comparison, of the 304 respondents who said that they do check their financial statements, 112 (37.46%) respondents said that they use written records to keep tabs on expenses. By keeping written records to help them monitor expenses, women are more likely to become economically empowered as they would be able to control household expenditure, which in turn would enable them pay their debts and ultimately feel good about their financial situation.

7.2.4 Model for enhancing the financial literacy skills of women entrepreneurs in Kenya

The majority of the respondents, 364 (93.09%) identified a need for further education or information on financial/business management and/or writing business plans. What was surprising was the choice of the preferred training method. Of the total respondents, 273 (72.80%) preferred the information related to finance to be made available through seminars/conferences/workshops, while 38 (10.13) preferred the information related to finance to be made available through word of mouth, which would take a long time and involve a high risk of distortion of the information. Libraries would have been a better option but they were never identified by any of the respondents.

7.3. Conclusions

At the 70th Session of the United Nations General Assembly in September 2015, member states adopted a new global development agenda, “Transforming our world: the 2030 Agenda for Sustainable Development.” In order to transform our world as envisioned by the Sustainable Development Goals, gender equality and women's empowerment must be achieved (UNESCO, 2016). As a way of reaffirming their commitment to women’s empowerment and to gender equality, member states including Kenya ratified Goal 5, which is to achieve gender equality and empower all women and girls by 2030 (UNESCO 2016).

It has been universally acknowledged that a gender divide still exists in the world today. One of the ways of transforming the world and reducing the gender gap is through education, because of its ability to equip people with the necessary skills, attitudes and behaviour. The Human Capital Theory also reaffirms the economic importance of education. This thesis has demonstrated how a lack of education is hindering the acquisition of some of the financial literacy skills. Low levels of education are hindering the respondents' ability to read statements and calculate loans, which is one of the essential financial literacy skills. Education, particularly for girls and women, should therefore become a priority in Kenya if we are to reach gender equality by 2030. The focus should not only be on the acquisition of basic literacy and numeracy but on functional literacy that includes information literacy. Financial literacy should also be considered one of the core subjects in basic education.

The current assumption by the government that the availability of a viable business proposal, previous business records for at least six months and registration of a business is an indicator of financial literacy skills is not correct. Percentages of respondents with various financial literacy skills are outlined in Table 43 above. Lack of financial literacy skills is hindering women entrepreneurs from becoming economically empowered. Although, women are accessing finances they don't feel in control of their finances which is an indicator of economic empowerment. A willingness to invest in a risky business venture 239 (62.57%), lack of basic numeric skills 237 (61.88%), and taking loans without considering the cost 88 (71.42%) is undermining women's economic empowerment. This is demonstrated by the fact that 78 (20.47%) of the respondents feel that their financial status is out of control and 153 (40.26%) feel uncomfortable about their current debt status. Part of the reason women feel this way is that some are not the decision-makers for businesses or household expenditure. Without control, they cannot save. Economic empowerment therefore remains out of reach for most of these women entrepreneurs.

Women entrepreneurs are acquiring financial literacy skills through social constructionism. They also depend on friends and relatives to provide them with information on financial services and products. The radio and word of mouth are the main sources of information. This over-reliance on word of mouth is a clear indicator of the respondents lack of effective information-seeking strategies. This points to a lack of information literacy skills that are a prerequisite to financial literacy skills.

With regard to financial services, women entrepreneurs are relying on informal groups like *‘chamas’* to meet their financial needs. This finding confirms a report by KNBS (2016) that reliance on informal groups is far more common among women (51.4%) than men (30.9%).

Three hundred and sixty four (93.09%) of the women entrepreneurs recognise their need for further education or information to support them in their businesses. Their preferred method of training is through workshops and seminars. A few want this done through word of mouth, emphasising the role of social networks in their lives.

The study was limited to women entrepreneurs in Chuka Constituency in Tharaka Nithi County who had received funding from the Uwezo Fund. This strong regional focus, that is too specific, limits the ability of the findings to be generalised to women entrepreneurs in Kenya. Second, when using primary data, non-response to questions is inevitable. Due to the sensitivity of some of the questions that respondents considered to be too personal, they declined to respond to the questions. This made the non-response rate high, which may have affected the research findings. Third, by limiting the sample to women entrepreneurs who had received funding from Uwezo Fund that disburses between USD500 and USD 5000 (KMDP, 2014), the respondents were mainly replicative entrepreneurs with a low level of education. In many ways, the Uwezo Fund targets small enterprises as it is one of the government initiatives that seeks to alleviate poverty. There is a link between poverty and education hence the close link between the fund and women with low literacy levels. This means that the findings may not be generalised to all entrepreneurs, especially innovative entrepreneurs.

7.4. Contributions and originality of the study

This section discusses the significance and contributions of this research (see also Section 1.11).

7.4.1 Originality of the study

The study was able to explore various disciplines in order to understand women's economic empowerment. These disciplines include: Education, Business and Economics, Sociology and Library and Information Science. Despite the fact that the study was carried out under the auspices of Library and Information Science, the findings demonstrate that the discourse on women's economic empowerment is shaped by various disciplines. This explains why it is difficult to have a universal definition on women's economic empowerment. The following figure, Figure 23, represents various disciplines that contributed to this study.

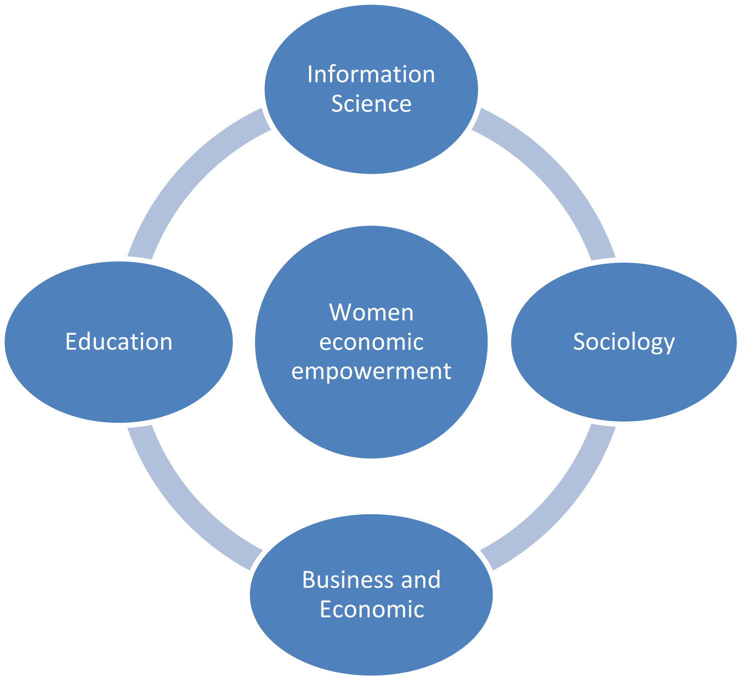


Figure 23: Disciplines that shaped the discourse of women economic empowerment
Source: author

7.4.2 Contribution of this research to knowledge

A lot of previous research has demonstrated the importance of financial literacy skills to the economic wellbeing of both men and women. Most of the research has been done in developed countries with very few studies carried out in Kenya. The current study contributes to the advancement of human knowledge on the role of financial literacy skills in the economic empowerment of women through entrepreneurship. Empirical analysis of the findings provides a number of important fresh insights into the type of financial literacy skills that women entrepreneurs have by ranking the percentage of women entrepreneurs demonstrating those skills. Although this is not a national survey and does not cover all types of women entrepreneurs, the financial literacy skills gaps identified will be of interest to financial institutions and the government, especially the managers of the Uwezo Fund as it will help them support their clients better in terms of training.

Despite abundant research, there is no agreement on how to measure and/or increase women's economic empowerment. This study provides a set of indicators that can be used to measure women's economic empowerment in rural Kenya. It also provides a robust explanation of the continued existence of a gender divide in terms of economic empowerment despite the government's initiatives to reduce or eliminate it.

7.4.3 Contribution of this research to theory

Various theories were used to logically explain the linkages or relationships between the above disciplines and more specifically: functional literacy; lifelong learning; financial literacy; a Knowledge Based Economy and social context in relation to women's economic empowerment. By combining economic theories like the Neo-liberal, Minimalist Model, The Integrated Approach and MFI Plus or Integrated Approach Human Capital Theory and learning theories like Social Learning, Network Affiliation and the Sociocultural Theory, the study was able to provide insight into how context (social, political and economic) and education influence the acquisition of financial literacy skills and ultimately women's economic empowerment. Sociocultural learning theories were tested on women entrepreneurs and were found to be useful in understanding the acquisition of financial literacy skills by women entrepreneurs. This new knowledge can be tested further to advance and/or develop new theories on women's economic empowerment.

7.5 Recommendations

This section highlights the challenges that were identified in the current study and proposes recommendations to address them. The recommendations are organised according to the listed objectives of the study.

7.5.1 Financial literacy skills of women entrepreneurs

Women have very low skills in some of the critical components of financial literacy skill. The study recommends that the government and other non-state actors does the following to ensure that women entrepreneurs acquire these skills

7.5.1.1 Carry out a national survey on the financial literacy skills of women entrepreneurs

The government or the private sector in consultation with the government first needs to carry out a national survey on the financial literacy skills of women entrepreneurs as outlined as

Objective 1 in this study, being careful to include the different types of entrepreneurs discussed under Section 2.2. Through such an approach, it would be easier for the government to accept the data. Only then can the government design financial literacy programmes that address the skill gaps. Such national surveys should be carried out every year or at most every two years. Some critical indicators like numerical skills, the understanding of business ventures, understanding a bank statement, budgeting and saving could be tracked over time. A longitudinal study would be able to assess the efficacy of the training programme over several years, since it is assumed that training would improve financial literacy skills.

7.5.1.2 Design an evidence-based National Financial Literacy Strategy

The study established that women entrepreneurs do suffer a financial literacy skills gap despite the fact that they were not assessed prior to receiving government loans from Uwezo Fund. These factors are discussed in Chapters 5 to 7. Based on the findings of this study, priority should be given to topics such as: computing loans where entrepreneurs are taught how to calculate interest on reducing balance; reading and understanding debits, credits, balances and bank charges on bank statements; budgeting, spending and savings to ensure that the entrepreneurs are prepared in case of occurrences in life that require additional finance and factors to consider before investing in new business ventures. These and other topics identified by other researchers should be included in a National Financial Literacy Strategy. Training on financial literacy skills should be carried out prior to receiving the loan and during the entire repayment period to mitigate against the non-repayment of loans occasioned by losses that may be incurred by the businesses. Literacy and numeracy should be a major component of any training to cater for people with little or no literacy and numeracy skills

7.5.1.3 Integrate the teaching of financial literacy in the national curriculum

Financial literacy should be integrated in the curriculum from primary to tertiary level. This will ensure that all children acquire financial literacy skills from an early age and do not wait until they are out of formal education to be trained in these skills. The acquisition of financial literacy skills depends on the acquisition of basic literacy and numeracy skills. The Kenyan Government should develop a National Literacy and Numeracy Strategy that guides the teaching of languages, especially the English Language, and numeracy. Monitoring learners' achievements should also be done consistently to ensure that all the children attain the necessary learning outcomes.

7.5.2 Economic empowerment of women entrepreneurs

Improving the financial literacy skills of women entrepreneurs combined with access to finances is the first step in increasing the economic empowerment of women. However, household dynamics and complex gender issues, for example where women are subjugated to men, may undermine their economic empowerment. The study recommends that the government strengthens the implementation of the the Constitution of Kenya (2010) which in Articles 27 and 43 protects the rights of women including the right to equal opportunities in political, economic, cultural and social spheres. The government can also strengthen the National Gender Equality Commission (NGEC) which is a constitutional commission established by an Act of Parliament in August 2011 whose objectives are the promotion of gender equality and freedom from discrimination (NGEC, 2017). With proper legislation and strong governance structures, women's economic empowerment will become a reality.

7.5.3 Financial literacy skills and women's economic empowerment

The nexus between financial literacy skills and women's economic empowerment has been discussed at length. Without financial literacy skills, we cannot talk of women's economic empowerment. In addition, women entrepreneurs need a facilitative environment to succeed as entrepreneurs. Figure 24 represents the author’s theory of how women's economic empowerment can be realised.

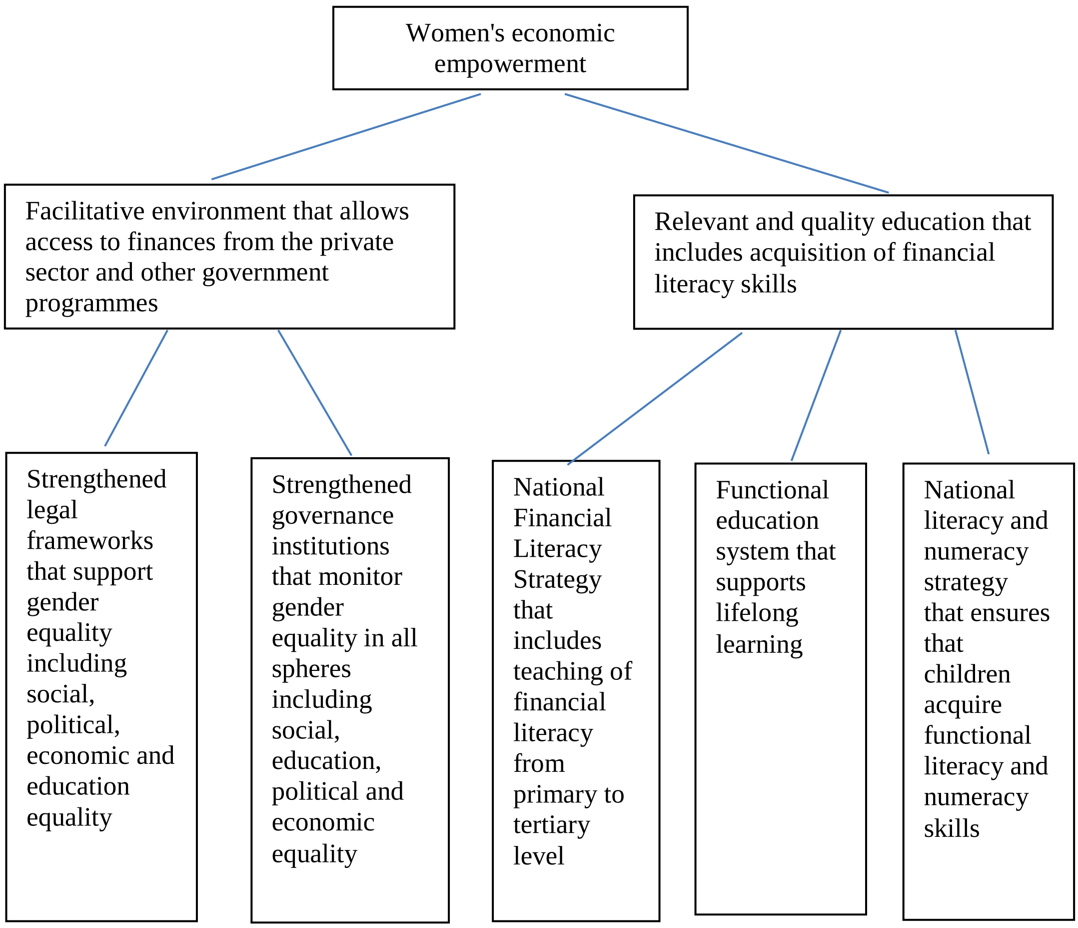


Figure 24: Theory on women economic empowerment
Source: author

7.5.4 Model for enhancing the financial literacy skills of women entrepreneurs in Kenya

The study established the role of socialisation in the acquisition of financial literacy skills. Any training should take advantage of the fact that the women entrepreneurs are already in formal and informal groups. The study proposes that financial institutions including the Uwezo Fund leverage on '*chamas*' by planning for training through these groups. This can be done through a cascade model where officers from financial institutions first train county trainers (one for each county) who would then train *'chama'* coordinators. The county trainers could be outsourced from training institution and public libraries to ensure that only good trainers are left to train. Each coordinator would be responsible for 20 '*chamas*' based on their locality. From each *'chama'* the coordinator would train at least two leaders, the chairperson and the treasurer. The selection of the trainers could be based on the time the woman has been an entrepreneur, her level of education, financial literacy skills and ability to network. All these characteristics have been shown to influence the acquisition of financial literacy skills. The two trainers would then train the members in their groups with support from the financial institution. The numbers may vary due to availability of trainers. However, the training should be kept small to ensure effective teaching and learning. This cascade model would be represented as follows:

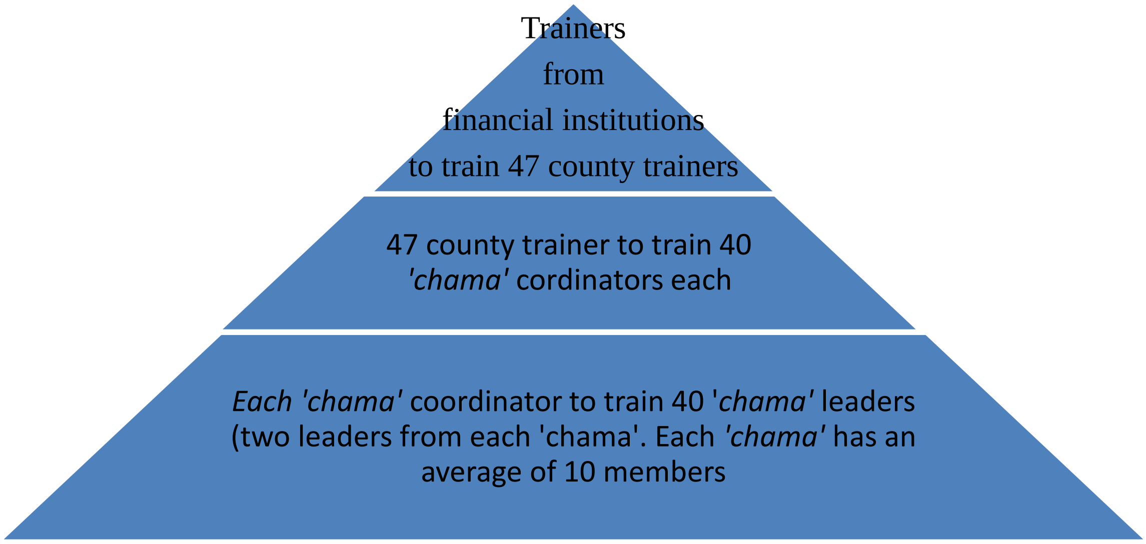


Figure 25: Cascade model of training women entrepreneurs

Source: author

Such a model would allow for the women entrepreneurs to support each other in their learning as demonstrated by the Sociocultural Theory of Learning. The leaders would give monthly reports which would include areas for further support and advocacy. This model would be an integrated approach as the women entrepreneurs would be supported with training while conducting their businesses. The first training should take place before money is disbursed to the women entrepreneurs. The

7.6 Suggestions for future studies

The study looked at financial literacy among women entrepreneurs. The main limitation of this research was in its geographical scope and the sample. As a result, the findings cannot be generalised to all women entrepreneurs. With regard to geographical scope, the sample was drawn from a single rural constituency out of a possible 290 constituents nationally. In addition, although the sample was large (400 respondents), it was drawn from women entrepreneurs who had received loans from the Uwezo Fund. Due to these two limitations, the findings cannot be generalised. A national study on women's economic empowerment should be carried out without limitations in terms of geographical scope and the type of women, whether they are entrepreneurs or not. With a nationally representative sample, this can be achieved. It would also be interesting to determine how women entrepreneurs compare to those who are not entrepreneurs in terms of financial literacy skills, since these skills are important for every woman.

Significant information that was not collected was the level of income of the respondents. A study that correlates women's financial literacy skills and their level of income would help to highlight its impact on economic empowerment.

This study did not give individual scores to the respondents. It only gave a percentage of women entrepreneurs who demonstrated a particular skill. A similar study can be carried out but the individual scores can be combined and the total score expressed as a percentage. This form of scoring would inform the government and other institutions involved in women's economic empowerment the percentage of women with or without financial literacy skills based on what is considered an acceptable average.

Economic empowerment is a complex process and is an outcome of the interaction of these processes which are both social and economic. Social Learning Theories formed the basis of this study, but further research should be carried out to establish the effect of socialisation on the economic empowerment of women.

Libraries have been acknowledged as one of the institutions that can be used to support information literacy and achievement of SDGs (IFLA, 2015). However, not much is known in Kenya how Libraries are embracing their expanded roles. More research is required to establish how Libraries are supporting acquisition of financial literacy skills thereby contributing to women economic empowerment.

Women entrepreneurs (78.78%) are shopping around for suitable financial products, but further studies are needed to determine what exactly they were looking for when shopping around, seeing that they do not seem to have basic numerical skills or understand money management.

This study has raised many issues that touch on women economic empowerment. The main barriers to women economic empowerment are complex. They include mainly socio-cultural, and political issues. Education plays a big role in acquisition of financial literacy skills. More studies are needed in Kenya especially to focus on women with medium and large enterprises and learn how they are acquiring these skills and utilizing them for their economic empowerment.

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Appendix 1: Research questionnaire for women entrepreneurs

Certificate of Consent

1. Ensure that consent has been given from the respondent
2. READ THE FOLLOWING TO THE RESPONDENTS:

My name is __________________________________. I am here today to visit your group to better understand financial literacy competencies of women entrepreneurs as part of a research by Joyce Kinyanjui, a PhD student from University of Zululand. Your group was selected at random. We're not trying to sell you anything, but simply collecting information for the research.

I would therefore be grateful to hear your opinions and experiences. The results of this project will help to better understand the financial literacy skills of women entrepreneurs and identify possible gaps. This understanding will form the basis of designing a financial literacy programme to equip women entrepreneurs with the necessary financial literacy skills for a successful 21st Century entrepreneur.

You can stop answering the questions at any time or skip any of the questions that you do not want to answer. I would like to assure you that none of the other group members or the authorities will know what you write.

I would like your permission to administer the questionnaire and include you in our study. It is your right to participate in this study or not.

Filling out the questionnaire will last about 20 minutes. All information you provide will be treated confidentially, that is, your name or other identification will not be reported along with your answers to the questions.

Before I start, do you have any questions about the study?

Do you consent to participating in the study?

YES ☐ Signature of respondent: ______________________ (Certifying that informed consent has been given by respondent)

NO ☐ Do not administer the questionnaire

Section A: Introduction

This section will ask a few personal questions to get a better profile of the women entrepreneurs who respond to the questionnaire

Q1 Age: Please indicate your age by ticking against the correct age bracket

Age	Tick	Code
18-19		01
20-24		02
25-29		03
30-34		04
35-39		05
40-44		06
45-49		07
50-54		08
55-59		09
60-64		10
65 and above		11
Can't say		98
No response		99

Q2. Marital status

Status	Tick	Code
Married		01
Single		02
Divorced		03
Separated		04
Widowed		05

Q3. Highest academic qualification

Level of education	Tick	Code
Never enrolled		01
Primary level		02
O level		03
A level		04
Certificate level		05
Diploma		06
Higher national diploma		07
Graduate		08
Post-graduate diploma		09
Masters		10
PhD		11
Other (specify)		12

Q4. Area of specialisation

Level of Education	Area of specialisation	Code
Certificate		01
Diploma		02
Higher national diploma		03
Graduate		04
Post-graduate diploma		05
Masters		06
PhD		07
Other (specify)		08

Section B: Entrepreneurship

Q5. Do you have any other business separate from the one funded by the Uwezo Fund?

YES ☐ **NO** ☐

If YES please answer the following questions based on your separate business.

If NO, please answer the following questions based on the project funded by the Uwezo Fund

Q6. Employment: Apart from your business, do you do paid work of any kind?

YES ☐ NO ☐

If YES fill in the next section. If not, move to question 7.

Type of employment	Tick	Code
Full-time (40 hours or more per week)		01
Part-time (Less than 40 hours per week)		02
Casual		03
No response		99

Q7. Type of business: Briefly describe the main type of business you are engaged in:

____

____

____

____

Q8. Why did you choose this current business?

____

____

____

____

Q9. Length of time operating the current business

For how long have you been in this current business? *[Please tick against the correct answer]*

Number of years	Tick	Code
Less than one year		01
1-2 years		02
2-3 years		03
3-4 years		04
4-5 years		05
5-7 years		06
7-10 years		07
More than 10 years		08

Q10. Previous businesses carried out

Have you had other businesses in the past? YES ☐ NO ☐

If the answer is NO please move to Question 11. If YES kindly list the past businesses, the years when the businesses were in operation and the reasons for closing the business.

Type of business	Period when business operated e.g. 2001-2006	Reasons for closing the business

Q11. Business ventures

Do you agree with the statement that a business with a high return is likely to have higher than average risks?

Response	Tick	Code
Strongly agree		01
Agree		02
Disagree		03
Strongly disagree		04
Can't say		98
No response		99

Q12. Which ONE of the following would you recommend for an investment advertised as having a return well above market rates and has no risk at all?

Recommendation of an advertised investment	Tick	Code
Consider it "too good to be true" and not invest		01
Invest lightly to see how it goes before investing more heavily		02
Invest heavily to maximise your return		03
Can’t say		98
No response		99

Q13 a) Thinking about your business over the next five years or more, how important do you consider diversification of your businesses? *[Tick one]*

Importance of diversification of business	Tick	Code
Very important		01
Quite important		02
Of some importance		03
Not at all important		04
Can’t say		98
No response		99

Q13 b) Reason for your answer in 13a?

____

Q14. Who is the ultimate decision-maker when it comes to your business? *[Tick one]*

Decision-maker	Tick	Code
Myself		01
Partner/spouse		02
Friends		03
Family members		04
Business associates		05

Section C: Basic financial services

This section will ask questions on your basic financial services and your understanding of the same. In particular, the study seeks to find out whether you shop around to compare financial products from different financial providers.

Q15 a) Which of the following payment methods do you use when repaying Uwezo loan?
[Tick all that apply]

Mode of payment	Tick	Code
Cash		01
Cheque		02
Money orders		03
Visa debit card		04
Mobile banking		05
ATMs		06
Internet banking		07
Bank standing order		08

Q15 b) Why did you choose that particular mode of payment?

Mode of payment	Reasons for choice of mode of payment
Cash	
Cheque	
Money orders	
Visa debit card	
Mobile banking	
ATMs	
Internet banking	
Bank standing order	

Q16. Which of the following do you have yourself or jointly with someone else?
[Tick all that apply]

Type of financial service	Tick	Code
A current account		01
A savings account		02
Mortgage		03
Fixed deposit		04
Loan		05
Hire purchase		06
Chama (Self Help Revolving Fund)		07
Insurance		08
Pension scheme		09
Shares		10
Bonds		11
Others (specify)		12

Q17. Where do you get your financial services? *[Tick all that apply]*

Type of financial service	Type of service provider (Bank, Sacco, Building Society, Microfinance Bank, etc.)
A current account	
A savings account	
Mortgage	
Fixed deposit	
Loan	
Hire purchase	
Chama (Self Help Revolving fund)	
Insurance	
Pension scheme	
Shares	
Bonds	
Others (specify)	

Q18. When arranging for a new current or everyday account with a financial provider like a bank or Sacco, do you shop around? *[Tick one]*

Level of shopping	Tick	Code
A lot		01
A fair bit		02
A little		03
Not at all		04

Q19. If the answer above is ‘Not at all’ what is the main reason you didn’t shop around?

____

____

____

____

Q20. How much transaction fees do you pay when using specific bank services?

Type of banking service	Transaction fee	Code
Telephone banking		01
Over the counter withdrawal		02
ATM withdrawal		03
Deposits		04
Others (specify)		05

Q21. Thinking now about fees and charges, what specific steps do you take to minimise or avoid fees and charges relating to your everyday banking?

____
____
____
____

Section D: Taking a loan

The next few questions are about what you do when you need to take a loan. In particular, the study seeks to find out whether you shop around to compare the cost of the loan from different financial providers.

Q22. How did you learn about Uwezo Fund?

[Tick all that apply]

Source of awareness	Tick	Code
TV		01
Radio		02
Friends and family		03
Newspaper		04
Social media (Facebook, Twitter)		05
Word of mouth		06
Bank staff/financial officer		07
Posters and fliers		08
Bank website		09
Other (Specify)		10

Q23. When arranging for the current loan with Uwezo Fund did you shop around? *[Tick one]*

Level of shopping	Tick	Code
A lot		01
A fair bit		02
A little		03
Not at all		04

Q24. If the answer above is 'Not at all' what is the main reason you didn't shop around?

____
____
____
____

Q25 a) Do you have another loan except the one from the Uwezo Fund? YES ☐ **NO** ☐

Q25 b) If the answer is YES, how did you learn about the financial institution that has given you this other loan?
[Tick all that apply]

Learning about the current loan provider	Tick	Code
Friends		01
Family members		02
Bank staff/officers		03
Business associates		04
Social media (Facebook, Twitter)		05
Posters and fliers		06
Adverts from TV		07
Adverts from radio		08
Financial magazines		09
Bank website		10
Seminars/workshop		11
Word of mouth		12
Newspaper		13
Others (specify)		14

Q25 c) Which of the following payment methods do you use when repaying this other loan? *[Tick all that apply]*

Mode of payment	Tick	Code
Cash		01
Cheque		02
Money orders		03
Visa debit card		04
Mobile banking		05
ATMs		06
Internet banking		07
Bank standing order		08

Q25 d) Why did you choose that particular mode of payment?

Mode of payment	Reasons for choice of mode of payment
Cash	
Cheque	
Money orders	
Visa debit card	
Mobile banking	
ATMs	
Internet banking	
Bank standing order	

Q26. What were the things that you considered when deciding to take the second loan from that particular financial institution?

____

____

____

____

Q27. Suppose you owe a bank KES 500,000 on a loan. You pay a minimum payment of KES 5,000 each month. At an Annual Interest Rate of 12% (or 1% per month), how many years would it take to eliminate your debt if you made no additional new payments?

Number of years	Tick	Code
Less than 5 years		01
Between 5 and 10 years		02
Between 10 and 15 years		03
Never, you will continue to be in debt		04
Do not know		98
No response		99

Q28. Suppose you operate a factory and are interested in purchasing a processing machine. The machine costs KES1, 000,000. You do not have the resources to pay for the machine in cash, so the seller offers you two financing options: a) Pay 12 monthly fixed instalments of KES 100,000 each; b) Borrow KES1, 000,000 from the seller for a period of 12 month at a 15% annual interest rate. Which is the more advantageous offer?

Options	Tick	Code
Option (a)		01
Option (b)		02
They are the same		03
Do not know		98
No response		99

Section E: Checking account transactions/statements

The next few questions are about the account statements that financial institutions provide to people who use their products and services. In particular, the study seeks to find out whether you check your financial statements and your level of understanding them.

Q29. Do you check your statements? YES ☐ NO ☐

Q30. If the answer is YES, what do you generally look for when you check your statement?

____

____

____

Q31. If the answer is NO, why don't you check your statements?

____

____

____

Q32. How would you rate your understanding of a bank statement?

Understanding of financial statement	Tick	Code
Very difficult		01
Difficult		02
Fairly difficult		03
Easy		04
Very easy		05

Section F: Financial management

Q33. Who is the person mainly responsible for money management in your household like budgeting, organising loans, investments and paying the bills?

Person responsible	Tick	Code
Myself		01
My partner		02
My partner and I		03
Someone else (Specify)		04

Q34. Which of the following sources of information have you used over the last 12 months to assist with your financial decision-making? *[Rank them in order]*

Sources of financial knowledge	Rank	Code
Financial sections of newspapers or magazines		01
Finance-related sites on the Internet		02
Seminars		03
Publications from the finance industry		04
Publications from Government		05
Friends		06
Business associate		07
Family members		08
Bank officials		09
Insurance broker		10
Stock broker		11
Taxation specialist		12
Financial counsellor		13
Others (specify)		14

Section G: Personal debt

I am now going to ask a few questions about debt. Feel free to answer only those questions that you are comfortable with. In particular, the study seeks to find out your thoughts about owing and borrowing money.

Q35. How comfortable are you with the total amount of money you now owe?

Thoughts on current debts	Tick	Code
Very uncomfortable		01
Somewhat uncomfortable		02
Neither comfortable nor uncomfortable		03
Fairly comfortable		04
Very comfortable		05
Can’t say		98
No response		99

Q36. Which one of the following statements BEST describes how you generally feel about your CURRENT financial situation?

Feeling about current financial situation	Tick	Code
Out of control ALL of the time		01
Out of control MOST of the time		02
Fluctuates between being in and out of control		03
In control MOST of the time		04
In control ALL of the time		05
Can't say		98
No response		99

Q37. Which of the following, if any, have YOU PERSONALLY used to borrow money in the last 12 months for other uses except business? *[Tick all that apply]*

Source of financial borrowing	Tick	Code
Financial institution like a bank or Sacco		01
Family or friends		02
Shylock		03
Cash advance on your salary from your employer		04
None		05
Other specify		06
Can't say		98
No response		99

Q38. What are the factors you considered before borrowing the money?

____

____

____

Section H: Spending money and budgeting

Q39. Which ONE of the following statements best applies to you?

Best description	Tick	Code
I am not able to save at all		01
I save on regular basis		02
I try to save on a regular basis if I possibly can		03
I save only when I want to save up for something big or special		04
There's no point in trying to save because there's never enough money		05
Saving is not something I need to do		06

Q40. Which ONE of the following best describes the extent to which you control your regular household expenses/ personal expenses?

Control of household expenditure	Tick	Code
I don't keep an eye on expenses at all		01
I keep my eye on expenses a bit		02
Without keeping written records, I keep a fairly close eye on expenses		03
I use written records to keep a close eye on expenses		04

Section I: Financial education

Q41. Do you feel you need further education or information in relation to finance?
YES ☐ NO ☐

Q42. If your financial institution was to offer financial education, what finance topics would you like more information on?

____
____
____

Q43. How would you like information on the above topics made available?

____
____
____
____

Thank you for your participation

Appendix 2: Research interview for officers working for Uwezo Fund

Certificate of Consent

1. Ensure that consent has been given from the respondent

2. READ THE FOLLOWING TO THE RESPONDENTS:

My name is ________________________________. I am here today to visit your office to better understand financial literacy competencies of women entrepreneurs as part of research by Joyce Kinyanjui, a PhD student from the University of Zululand. Your Constituency was selected purposively due to its accessibility to the researcher. We're not trying to sell you anything, but simply collecting information for the research.

I would therefore be grateful to hear your opinions and experiences. The results of this project will help obtain a better understanding of the financial literacy skills of women entrepreneurs and identify possible gaps. This understanding will form the basis of designing a financial literacy programme to equip women entrepreneurs with the necessary financial literacy skills required for a successful 21st century entrepreneur.

You can stop answering the questions at any time or skip any of the questions that you do not want to answer. I would like to reassure you that none of the other staff members or the authorities will know what you write.

I would like your permission to administer the questionnaire and include you in our study. It is your right to participate in this study or not.

Taking part in the interview will last about 20 minutes. All information you provide will be treated confidentially; that is, your name or other identification will not be reported along with your answers to the questions.

Before I start, do you have any questions about the study?

Do you consent to participating in the study?

YES ☐

Signature of respondent: ____________________ (Certifying that informed consent has been given by respondent)

NO ☐

Do not administer the questionnaire

Section A: Introduction

This section will ask a few personal questions to get a better profile of you.

Q1 Age: What is your age bracket?

Age	Tick	Code
18-19		01
20-24		02
25-29		03
30-34		04
35-39		05
40-44		06
45-49		07
50-54		08
55-59		09
60-64		10
65 and above		11
Can’t say		98
No response		99

Q2. What is your highest academic qualification?

Level of education	Tick	Code
Never enrolled		01
Primary level		02
O level		03
A level		04
Certificate level		05
Diploma		06
Higher National Diploma		07
Graduate		08
Post-graduate Diploma		09
Masters		10
PhD		11
Other (specify)		12

Q3. What is your area of specialisation?

Level of education	Area of specialisation	Code
Certificate		01
Diploma		02
Higher National Diploma		03
Graduate		04
Post-graduate Diploma		05
Masters		06
PhD		07
Other (specify)		08

Section B: Disbursement of funds at Uwezo Fund

Q4. When did you start working for Uwezo Fund? ______________________________

Q5. Employment: Are you a full-time employee of Uwezo Fund? YES ☐ NO ☐

Q6. Role at Uwezo Fund: Briefly describe your main roles at Uwezo Fund?

____
____
____
____

Q7. Who is involved in decision-making on which group is to receive funding?

____
____
____
____

Q8. What are the main factors considered before a group is given funds?

____
____
____
____

Q9. a) Is the financial literacy of the women entrepreneurs a factor when considering whether a group will receive money or not? YES ☐ NO ☐

b) If yes, how do you determine their financial literacy competencies?

____
____
____
____

Q 10. Briefly describe the characteristics of your clients in terms of:

a) Age: ____
b) Marital status: ___________________________________
c) Level of education: _______________________________
d) Financial literacy skills

____
____
____
____

Q11. a) Are there any defaulters on loan repayments? YES ☐ NO ☐

b) If YES, what is the percentage of defaulters? ______________________

c) In your opinion, which women are more likely to default in regard to repayment?

i. Age: ____
ii. Marital status: ___________________________________
iii. Level of education: _______________________________
iv. Financial literacy skills

____
____
____
____

Section C: Financial education

Q12. Which areas of financial education do you think your clients need most to ensure that their businesses thrive and do not default on loan repayment? Rank them in order of priority

viii. ______________________________
ix. ______________________________
x. ______________________________
xi. ______________________________
xii. ______________________________

Q13. a) Does the Uwezo Fund offer any training to their clients? YES ☐ NO ☐

b) If the answer is YES, what kind of training do you offer? Probe for

i. Content: ______________________________
____

ii. Mode of delivery:
____
____

iii. Who are the trainers:
____
____

iv. Length of the training:
____
____

c) If the answer is NO, is Uwezo Fund proposing to offer training? YES ☐ NO ☐

d) If the answer is YES, what kind of training do you propose to offer? Probe for

i. Content: ____

____

ii. Mode of delivery: ____

____

iii. Who are the trainers: ____

____

iv. Length of the training: ____

____

e) When do you propose to begin training your clients?

____

____

Thank you for your participation