

INFLUENCE OF MICROFINANCE SERVICES ON ECONOMIC EMPOWERMENT OF WOMEN IN OLKALOU CONSTITUENCY, KENYA

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ABSTRACT

Microfinance plays a major role in many gender and development strategies because of its direct relationship to both poverty alleviation and to the empowerment of women. In Kenya and elsewhere, microfinance institutions have been on the rise with microfinance having been portrayed as a way to reach poor people in the development process, meet the UN Millennium Development Goals, and as a new innovative strategy for alleviating poverty. Studies on microfinance services and women empowerment in Kenya remain scanty with global empirical evidence providing contradicting information. The study sought to find out the effect of microfinance services on women empowerment in Olkalou Constituency, Kenya. A descriptive research design was used for this study. The target population comprised of women who had been using microfinance services in the constituency. Data was collected using closed-ended questionnaires which yielded quantitative data. The sample size in this study was 120 women chosen at random where 30 respondents were allocated to each of the microfinance institutions. The collected data was analyzed using SPSS Version 21 and the findings presented in tables. The study found that microfinance services have positive and significant effect on women empowerment in Kenya. The study established that microfinance services provided financial access which provided women with start-up and working capital, training, savings leading to women engagement in income generating activities and hence positive outcome on empowerment and women role in society and decision making. There was a strong positive significant correlation between income generation and Women economic empowerment ($r=0.704$, $p<0.05$) and financial literacy and Women economic empowerment ($r=0.777$, $p<0.05$). Credit access had an insignificant effect on economic empowerment. The study recommends that MFIs to enhance women training mostly in rural areas to enhance their skills on viable and sustainable investment ventures. Further, the government should formulate and review the existing policies on microfinance and financial empowerment to women in Kenya to incorporate the emerging issues due to volatility of the banking industry and the changes in the needs of the poor.

KEYWORDS: Microfinance, Economic Empowerment, Financial Literacy