

EFFECT OF MICROFINANCE SERVICES ON PERFORMANCE OF BUSINESSES OWNED BY WOMEN IN KIBERA SLUM, NAIROBI COUNTY

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Abstract

This study investigated the effect of microfinance services on the performance of businesses owned by women in Kibera slum, Nairobi County. The central purpose of microfinance institutions is to provide small loans to the poor, specifically poor women without collateral in order to create employment through entrepreneurship. There are other services such as training programs and advisory services offered by microfinance institutions. In addition to provision of finance, this study investigated how training programs and advisory services could influence the performance of businesses owned by women. This study adopted a causal-effect research design with a target population of 48000 women, from which a sample of 396 respondents was picked; primary data was used as the instrument of data collection. Completed questionnaires were verified by the researcher and coded using a computerized package then analyzed and presented in form of descriptive statistics, pie chart and tables. An Ordinal regression Model was used to analyze the data. Results found that provision of finance, training programs and advisory services influences performance of businesses owned by women. The three variables were considered to influence performance when they are used as one package by the microfinance institutions because they lead to improved performance through increased profit. The study concluded that there is need for government to come up with policies which will aid in relaxing the MFIs registration requirements by Central Bank of Kenya which may be a factor to help reduce the interest rate charged. Reduced interest rate would encourage more women entrepreneurs to borrow. The county government of Nairobi may also consider partnering with MFIs and create training programs among the new and existing women entrepreneurs in order to fight poverty in slum areas. The county government of Nairobi may also consider partnering with insurance companies and MFIs in order to provide affordable insurance products to women entrepreneurs.

Key words: *Microfinance institutions, Microfinance services, performance, Ordinal regression Model*

1. INTRODUCTION

The history of microfinance institutions dates back to early 1970s according to Robinson (2001) and Otero (1999). Microfinance institutions were pioneered by an economist, Muhammad Yunus, the winner of Nobel Prize in 2006 (Yunus 2007), in Bangladesh with an aim of providing financial services to low-income customers. The provision of microcredit was an act of empowering the poor especially women to gain economic independence and get out of poverty.

Despite the crucial role of women entrepreneurs in the economic development of their families and countries; it is, however, discovered that women entrepreneurs have low business performance compared to their male counterparts (Akanji, 2006); and this is caused by factors which normally affect entrepreneurial performance such as lack of credit, saving, education or training, and social capital (Shane, 2003).

Vast studies show a relationship between microfinance services and performance. In developed countries such as Mexico, studies suggest that provision of microcredit lead to increased entrepreneurship though the level of profits may be low to the extent of not being recognized (Angelucci, Karlan and Zinman, 2013). This has been associated with high interest rates offered by MFIs which eats up most of the profits earned by new business entrepreneurs. Mahmood (2011) observed that microfinance helped increase the level of entrepreneurship in Pakistan, but he was quick to point out that lack of training programs slowed down the level of entrepreneurship by women. Karlan and Valdivia (2010) investigated the effect of training programs on entrepreneurs in Sri Lanka and concluded that there is no marginal effect in key outcomes such as business revenue, profits or employment for existing entrepreneurs. However, he noted that business knowledge improvements were observed.

In Kenya several studies have been done on the effect of MFIs on performance of businesses and results show that MFIs has been a successful tool in eradicating poverty especially through increased profits, productivity, growth and expansion (Ocholah et al, 2012). Improved performance is experienced especially if the amounts borrowed are larger (Wanambisi, 2013). The current study seeks to determine the effect of a combination of three services offered by microfinance institutions which include provision of finance, training programs and advisory services on performance of businesses owned by women. This study seeks to answer questions such as; how does the provision of microcredit affect the performance of small scale businesses? How do the training programs provided by MFIs enhance improved performance of small scale businesses? How do advisory services offered by MFIs contribute to improved performance of small scale businesses? After answering these questions, the researcher will be in a position to conclude on the effect of microfinance services on performance of businesses owned by women.

1.1 Objectives of the Study

1. To determine how provision of microcredit by Microfinance institutions influences the performance of businesses owned by women.
2. To establish whether the provision of training by microfinance institutions influences the performance of businesses owned by women.
3. To establish whether advisory services offered by microfinance institutions affect the performance of businesses owned by women.

2. LITERATURE REVIEW

There are a number of theories that try to explain the concept of microfinance and its role in improving the entrepreneurial ability of women in the emerging markets. Governments and development partners have invested heavily in these economies to help alleviate poverty which is a hindrance to development of the financial markets and empowering the citizens economically.

2.1 Empowerment Theory

Empowerment may be seen as a process of awareness and conscience raising, of capacity building leading to greater participation, effective decision-making power and control leading to transformative action (Luttrell, C. & Quiros, S., 2009). This involves ability to get what one wants and to influence others. With reference to women, the power relation that has to be involved includes their lives at multiple levels, family, community, market and the state. The questions surrounding women's empowerment, the condition and position of women have now become critical to the human rights based approaches to development.

The UNDP also developed the Gender Empowerment measure (GEM) which focuses on the three variables that reflect women's participation in society – political power or decision-making, education and health. The 1995 UNDP report was devoted to women's empowerment and it declared that “if human development is not engendered it is endangered”. Equality, sustainability and empowerment were emphasized and the stress was, that women's emancipation does not depend on national income but an engaged political process.

Given that institutional relations exist between different levels of power, the World Bank believes that an institutional definition of empowerment is the most appropriate in the fight against poverty. This view fits in with the Bank's own work. Thus, empowerment is defined as an increase in the resources and capacity of the poor to participate, negotiate, influence, control, and ultimately demands accountability from the institutions that affect their lives.

The Empowerment theory has amore bias view since it advocates for empowerment of women. Proponents of the theory argue that women account for 74 percent of the 19.3 million of the world's poorest people who are being served by microfinance institutions. Most of them have good credit history, in spite of the challenges they face, hence they have come out strongly to show that it is a good idea to lend to the poor (Cheston and Kuhn, 2002).

2.2 Welfarist Theory

The welfarist approach is strongly anchored in classical micro-economics, where, in the language of economics, "welfare" or "utility" are generally key in accounting for the behavior and the well-being of individuals. Given their initial endowments (including time, land, and physical, financial an human capital), individuals make production and consumption choices using their set of preferences over bundles of consumption and production activities, and taking into account the available production technology and the consumer and producer prices that prevail in the economy. Under these assumptions and constraints, a process of individual and rational free choice will maximize the individuals' utility; under additional assumptions (including that markets are competitive, that agents have perfect information, and that there are no externalities — assumptions that are thus restrictive), a society of individuals all acting independently under this freedom of choice process will also lead to an outcome known as Pareto -

efficient, in that no one's utility could be further improved by government intervention without decreasing someone else's utility (Abdelkim, 2010).

Underlying the welfarist approach to poverty, there is a premise that good note should be taken of the information revealed by individual behavior when it comes to assessing poverty. More precisely, the assessment of someone's well-being should be consistent with the ordering of preferences revealed by that person's free choices. Welfarist is a tool that focuses on credit as a tool of reducing poverty. Credit is provided to reach the extremely poor to help overcome poverty and empower them (Robinson, 2001).

Some of the arguments against welfarist are that the good of an individual, for moral purposes, should not be identified with her welfare. First, you might say that what matters morally is rather her set of opportunities, the fulfillment of her basic needs, her holdings of valuable resources, or her ability to achieve valuable states of being. Second, an opponent of welfarism could say that when we regard a person from the moral point of view, we should be concerned with something other than her good, however that is construed. We might instead concern ourselves with her value as a rational creature, or as an instance of human life. Finally, you can reject welfarism by saying that there are some entities that do not have interests, but nevertheless stand as fundamental sources of moral obligation. This is the view of those who think that we have non-derived obligations towards certain environmental entities, like beaches, forests and species, and it is the view of those who see intrinsic value in great works of art, or in human languages, traditions and cultures.

2.3 Neo-Classical Growth Model

While growth has been a central element of economic thought at least since the physiocrats and Adam Smith, the modern analysis of growth using formal models began only in the middle of the 20 th century. Largely thanks to Robert Solow's two articles, "A Contribution to the Theory of Economic Growth" (1956) and "Technical Change and the Aggregate Production Function" (1957), growth economics developed into a major area of research in macroeconomics and economic theory, attracting the attention of a significant part of the economics profession (Boianovsky and Hoover, 2009). This theory emphasizes the importance of saving in order for a country's economy to grow. One of the main constraints for poor households in developing countries is the lack of access to financial services, which is a consequence of poorly developed financial markets that are thought to be credit worthy (Todaro et al, 2003).

However, neo-classical growth models have been criticized for various reasons. Theoretically, technological progress is exogenous (not explained) while at the same time, technical progress is the only variable in the model that gives raise to per-capita growth in the long term but at different levels of income. Secondly, savings/investment, the crucial variable explaining what level of steady state income different countries reach, is also exogenous. Thirdly, The Solow model does not incorporate human capital, which both common sense and new growth theory would say is important for growth. Empirically, Solow models have also been criticized due to the existence of weak empirical evidence of a convergence towards a uniform growth rate among the world's economies and lack of plausible simulated results when estimated values of the various parameters are inserted in the Solow model.

3. METHODOLOGY

3.1 Introduction

This chapter discusses the methodology used in gathering data, processing the data and translating the collected data into meaningful information. The process of research is exploratory and it seeks to find out if MFI services have an effect on the performance of businesses owned by women living in Kibera slum, Nairobi. It also includes the research design that takes into consideration aspects like the size of the random sample in relation to the target population, the variables under study, the approaches to the research, and the methods employed in data collection.

3.2 Research Design

This research will seek to provide an explanation on the relationship between microfinance services and performance. An explanatory design helps us to provide an explanation of causal relationships between variables, in this case financial services and performance.

3.3 Target Population

According to Cooper and Schindler (2008), population is referred to as the collection of elements about which we wish to reference. The target population comprise of women living in Kibera area. According to a report by Kenya Open Data Survey 2014 concerning the Kenya Population Census (2009), there are 48,000 women in Kibera. Identifying the target population will pave way for the sample size population which is important because it is intended to yield some knowledge about the population of concern, especially for the purposes of statistical inference. The study only targeted women who have current access to microfinance services.

3.4 Sampling Frame

A sampling frame consists of a list that constitutes the population. The basic idea of sampling is that the unit selected represents the population. When it comes to quantitative research method, 396 respondents from the total of 48,000 were selected through simple random sampling procedure. Based on this, the researcher was able to adopt a mathematical formula for the purpose of determining the sample size. Kothari (2006) has suggested the following mathematical formula for determining sample size.

$$N = \frac{n}{1 + N(e)^2}$$

Where, N is the total number of women targeted by the researcher, and e is the error or confidence level. The conventional confidence level of 95% was used to ensure a more accurate result from the sample. Based on this, the error term would equal to 0.05. Using the total population of 48,000 and error margin of 0.05, the sample size will be calculated as follows.

$$48,000 / 1 + (48,000 \times 0.0025)$$

$$n = 396$$

Hence, out of the total population of 48,000 women in Kibera, a sample size of 396 will be taken. A simple random sampling technique will then be adopted to select the 396 respondents.

3.5 Sample and Sampling Techniques

Sampling techniques is a process of selecting a number of individuals or objects from a population such that the selected group contains elements representative of the characteristics found in the entire group (Orodho and Kombo, 2002). A probabilistic sampling was used since the data is quantitative in nature. The study adopted a stratified simple random sampling technique to draw the samples from the sample frames. A total of 396 questionnaires were distributed to the respondents. This was done through the drop and pick method to give the respondents adequate time to fill the questionnaire.

3.6 Instruments

In this study, the data collection exercise was carried out to come up with concrete data that would prove the extent of MFIs contribution to improving the performance of small scale businesses of women in Kibera slum. The study used one data collection instruments from one main source which was primary source of data. The primary data collection included interviews, observation and questionnaires so as to extract valuable first-hand data from the groups of respondents. Surveys could be powerful and useful tools for collecting data on human characteristics, attitudes, thoughts, and behavior. And, sometimes, conducting a survey is the only available option for acquiring the data to answer important research questions like in this case where it bridges out facts on how MFI services significantly influencing the performance of women in Kibera slums.

3.6.1 Questionnaires

A questionnaire is a research instrument consisting of a series of questions for the purpose of gathering information from respondents. The questionnaires were distributed in advance to potential respondents who are expected to give valuable information on microfinance services in Kibera slums. The questions require “yes” or “no” answers. The set of questions are simple and forward. The questionnaires of the study are both open and closed type questions. The study will begin by writing a draft of questions and then analyzing the questions to see which of the questions relate to the variables under consideration for the study.

3.7 Data Collection Procedure

The research entailed the use of primary sources of data. Data collection procedure involved the formulation and designing of the questionnaires which was deployed to the respondents as well as planned for interviews. The researcher used close ended questionnaire. This method of collecting data is a special purpose document that collects information and opinions from people who receive and respond to it. Responses of the questions given have a fixed boundary, that is, one highlights the choices or options given. Main advantage of using this method is privacy to the respondent thus it enhances the sincerity of the information given. Generally it is relatively quick to collect information using a questionnaire. The responses are gathered in a standardized way, so questionnaires are more objective, certainly more so than interviews.

3.8 Pilot Test

The data collection materials was tested putting into consideration all the aspects of the questionnaires for question content, wording, sequence, form and layout. The questionnaires were tested on a sample which did not participate in the main study. The data was also tested for validity and reliability to ensure meaningful results.

3.9 Data Processing and Analysis

The information gathered from respondents constituted of quantitative and qualitative data. The data was edited, coded and entered into the computer system using SPSS. The results were summarized and then analyzed by the use of descriptive statistics and regression using ordinal regression model and the data was presented in form of tables, pie charts which facilitated description and explanation of study findings.

1. The generalized linear model is as follows:

$$\text{link}(\gamma_j) = \theta_j - \frac{[\beta_1 \chi_1 + \beta_2 \chi_2 + \dots + \beta_\kappa \chi_\kappa]}{\exp(\tau_1 \nu_1 + \tau_2 \nu_2 + \dots + \tau_\omega \nu_\omega)}$$

Where (γ_j) is the cumulative probability for the j th category, θ_j is the threshold for the j th category, $\beta_1 \dots \beta_\kappa$ are the regression coefficients, $\chi_1 \dots \chi_\kappa$ are the predictor variables, and κ are the number of predictors.

The generalized linear model is based on the assumption that there is a latent continuous outcome variable and that the observed outcome arises from discretizing continuum into j -ordered groups. The numerator on the right side determines the **location** of the model. The denominator of the equation specifies the scale. The $\tau_1 \dots \tau_\omega$ are coefficients for the scale component and $\nu_1 \dots \nu_\omega$ are ω predictor variables for the scale component (chosen from the same set of variables as the x 's).

The **scale component** accounts for differences in variability for different values of the predictor variables.

2. Link Function

$$\ln \left(\frac{\text{prob}(\text{event})}{1 - \text{prob}(\text{event})} \right) = \beta_0 + \beta_1 \chi_1 + \beta_2 \chi_2 + \dots + \beta_\kappa \chi_\kappa$$

3. Ordinal Model

$$\ln(\theta_j) = \alpha_j - \beta \chi$$

Where j goes from 1 to the number of categories minus 1.

1.10 Results and Discussion

1.11 Demographic Characteristics

On age, 8.3% were below 20 years, 26.3% between 21-26 years, 40.6 between 27-32 years, 16% between 33-38 years, 6.9% between 39-44 years and 2% above 45 years. On education level, 26.3% had below primary level, 38% had vocational, 28.3% had secondary level, 6.6% had college level and 0.9%

had university level of education. On experience, 31.4% had below 2 years, 52.3% had between 3-6 years, 7.7% had between 7-10 years, 4% had 11-14 years, 3.4% had 15-18 years and 1.1% had over 18 years of experience. On the type of business, 15.4% were salonists, 28.6% were shopkeepers, 40.6% were green grocers and 15.4% were cloth dealers.

4. RESULTS

Performance in this study was measured in terms of poor, average and good.

Table 4.1 Parameter estimates of provision of finance

		Estimate	Sig.
Threshold	[Performance = 1]	-38.215	.087
	[Performance = 2]	-22.440	.293
	[Performance = 3]	-8.522	.677
Location	[Amount=1]	-8.650	.835
	[Amount=2]	-8.650	.799
	[Amount=3]	-1.264E-12	1.000
	[Amount=4]	0 ^a	.
	[Profit=1]	-2.940E-13	1.000
	[Profit=2]	3.343E-13	1.000
	[Profit=3]	-6.847E-13	1.000
	[Profit=4]	0 ^a	.
	[Interest=1]	-6.878	.224
	[Interest=2]	0 ^a	.
	[Procedures=1]	-10.573	.851
	[Procedures=2]	-10.573	.763
	[Procedures=3]	1.111E-12	1.000
	[Procedures=4]	0 ^a	.
	[Microcredit=1]	-4.917E-13	1.000
	[Microcredit=2]	-3.406E-13	1.000
[Microcredit=3]	-1.860E-13	1.000	
[Microcredit=4]	0 ^a	.	
[Speed=1]	1.449E-13	1.000	
[Speed=2]	0 ^a	.	
[Speed=3]	0 ^a	.	
[Speed=4]	0 ^a	.	

The above results have a p value greater than the alpha level which is 0.05. The estimate coefficients of provision of finance have both positive and negative estimate coefficients. Profit,

procedures and speed have positive estimate coefficients meaning higher ranking scores and in this case average and good. This is an indication that all the variables of provision of finance have an effect on performance of business. Negative estimates of amount and microcredit means that lower ranking scores are more likely and in this case poor performance.

Table 4.2 Parameter estimates of Training programs

		Estimate	Sig.
Threshold	[Performance = 1]	-38.215	.087
	[Performance = 2]	-22.440	.293
	[Performance = 3]	-8.522	.677
Location	[Skills=1]	3.580E-13	1.000
	[Skills=2]	6.053E-14	1.000
	[Skills=3]	-6.956E-14	1.000
	[Skills=4]	0 ^a	.
	[Relation=1]	0 ^a	.
	[Relation=2]	5.498E-14	1.000
	[Relation=3]	2.433E-14	1.000
	[Relation=4]	0 ^a	.
	[Service=1]	-5.801	.879
	[Service=2]	2.275E-13	1.000
	[Service=3]	1.073E-13	1.000
	[Service=4]	0 ^a	.
	[Decisions=1]	-6.924	.945
	[Decisions=2]	-6.924	.785
	[Decisions=3]	-6.924	.709
	[Decisions=4]	0 ^a	.

The above results have a p value greater than the alpha level which is 0.05. The estimate coefficients of training programs have both positive and negative estimate coefficients. Skills, relation and service have positive estimate coefficients meaning higher ranking scores and in this case average and good. This is an indication that all the variables of training programs have an effect on performance of business. Negative estimates of decisions means that lower ranking scores are more likely and in this case poor performance.

Table 4.3 Parameter estimates of advisory services

		Estimate	Sig.
Threshold	[Performance = 1]	-38.215	.087
	[Performance = 2]	-22.440	.293
	[Performance = 3]	-8.522	.677
Location		3.766E-13	1.000
	[Investment=2]	3.801E-13	1.000
	[Investment=3]	4.554E-13	1.000
	[Investment=4]	0 ^a	.
	[Diversification=1]	-7.829	.911
	[Diversification=2]	-7.829	.867
	[Diversification=3]	-7.829	.565
	[Diversification=4]	0 ^a	.
	[Risk=1]	6.168E-14	1.000
	[Risk=2]	-9.323E-14	1.000
	[Risk=3]	0 ^a	.
	[Risk=4]	0 ^a	.
	[Insurance=1]	-1.540E-13	1.000
	[Insurance=2]	-1.256E-13	1.000
	[Insurance=3]	8.484E-14	1.000
	[Insurance=4]	0 ^a	.

The above results have a p value greater than the alpha level which is 0.05. The estimate coefficients of advisory services have both positive and negative estimate coefficients. Investment, risk and insurance have positive estimate coefficients meaning higher ranking scores and in this case average and good. This is an indication that all the variables of advisory services have an effect on performance of business. Negative estimates of diversification means that lower ranking scores are more likely and in this case poor performance.

4.1 Discussion of Results

The results indicate that all variables of provision of finance, training programs and advisory services have a p value which is greater than the alpha level of 0.05. This means that microfinance services influences the performance of businesses run by women.

On provision of finance, variables such as profit, procedures, and speed have positive coefficients indicating higher ranking are more likely (average and good). Microcredit processing procedures, speed have very low negative coefficients and high positive coefficients. This means that higher scores ranking are more likely (average and good). The respondents indicated that they are able get their microcredit within a very short period of time which increase the cash flow in the business hence more stock retention

for its customers. Larger amounts of microcredit also influence the performance of businesses because clients are able to access more financing. Normally, microfinance institutions lend small amounts of microcredit to their customer which inhibits growth of cash flow in to the business. However, interest rate charged, range in amount borrowed, and whether the size of amount received influence profit has negative coefficients meaning low ranking are more likely (poor). High interest rates inhibit borrowing because the repayment period is short hence it eats up most of the profit. These results support Mayoux(2006) findings that provision of microcredit to women empowers them through increased profits hence better performance.

The results also indicated that training programs are essential to performance of business through improved skills for running the business, better customer services, improved relations with employees which had positive coefficients meaning higher ranking is more likely (average and good). This is an indication that training programs offered by microfinance institutions had a positive influence on performance of businesses owned by women through increased sales hence

Increased profit. However, business decisions had lower scores of ranking (poor) meaning that training programs did not impact on who makes decisions in the business. Most of the businesses though owned and run by women, the responsibility of making decisions rested with the husbands. These results support Karlan and Valdivia (2010) and Mahmood (2011) who observed improved knowledge on clients who accessed training programs which had a direct influence on how their businesses performed. Finally, the results indicated that advisory services also played a role in performance of businesses. The major advisory services include insurance and risk management investment opportunities. These variables had both positive and negative coefficients. Negative coefficients were relatively small but high positive coefficients were experienced indicating higher ranking more likely (good). The entrepreneurs wanted to gain knowledge on how they could guard their businesses against any loss and engage in other investment opportunities. However, diversification had lower scores ranking meaning that the entrepreneurs did not feel the need of diversifying their businesses because they already had many products to sell in their business premises. These results support Mwaluko(2010) who observed that advisory services were important because they enhanced increased entrepreneurial growth.

According to appendix 1,2 and 3, results for each variable when run independently are shown and it differs from results when all the variables are run as one package. Looking at the results, it is clear that training programs and advisory services variables have negative estimate coefficients meaning lower scores of ranking and for this matter, performance is ranked as poor. However, when the results are run as one package some of the variables which had negative scores of ranking have now positive scores of ranking. The explanation for this is that performance is better influenced if the variables are provided as one package.

1.12 Measure of Goodness of Fit

Table 4.4 Goodness-of-Fit

	Chi-Square	Df	Sig.
Pearson	.225	72	1.000
Deviance	.450	72	1.000

A model that fits well has observed and expected cell counts which are similar. Low levels of significance means that the model does not fit well, however, higher levels of significance means that the model fits well. In this study the significance level is one meaning that this model used to analyze this data fits well for the analysis of this data. Therefore we conclude that provision of finance, training programs and advisory services influence the performance of businesses owned by women.

5. CONCLUSIONS

The study concludes that provision of finance by MFIs is a catalyst to business performance owned by women. However, the study shows that in order to get a positive change in performance, all the variable of provision of finance, training programs and advisory services should be provided as one package. MFIs normally give small loans and from the research findings, large amount of loans is important for any business because this translates to high turnover which is important for a business. Interest rate is a major obstacle to borrowing large amount of microcredit. Microcredit processing speed and procedures are considered to be favorable to women business owners. This means that for clients to benefit from microfinance services through improved performance, the services of provision, training programs and advisory services should be provided as a one package.

The study also concludes that training programs are very essential to the business women because they affect directly the performance of business through increased sales hence high profitability. Happy customers will always come back and well treated employees will work harder. All of these actions translate in increased turnover and the business will eventually expand.

Lastly, advisory services are noble services that MFIs root for to support the entrepreneurs and further enhance increased business performance. Insurance, investment and risk management are of great importance since they take care of future contingencies.

5.1 Recommendation and Policy Implications

The findings of this study have some policy implications. First, the government of Kenya should try to come up with policies that relax on the initiatives of microfinance institutions so that many poor women are able to access their products. This can be done by the central bank of Kenya (CBK) through reducing the secondary reserve requirements of micro finance banks to enable microfinance institutions channel those funds to the poor and the small businesses to reduce the incidence of poverty. This will also help the microfinance to reduce their interest rate hence encourage borrowing large amounts of money. As long as the initiators of MFIs have the right motive and can provide papers to show legality of the microfinance institutions and their policies to empower the common man, the government policies on such cases should work faster to pave way for the setting up of the MFIs which are mostly targeting the less developed areas like slums and rural areas where banks have not been able to penetrate.

The government should try to partner with MFIs and conduct civic education to reach out the women entrepreneurs as well as potential women who intent to start businesses through seeking microfinance services as a way of ensuring poverty.

The authority in Nairobi County should partner an insurance company and the MFIs in Kibera slum and create awareness of services offered and in particular provision of insurance products at affordable rate to that class of business entrepreneurs.

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Appendix 1-Provision of finance

		Parameter Estimates					95% Confidence Interval	
		Estimate	Std. Error	Wald	Df	Sig.	Lower Bound	Upper Bound
Threshold	[Performance = 1]	-37.532	36.329	1.067	1	.302	-108.736	33.671
	[Performance = 2]	-19.784	34.677	.325	1	.568	-87.750	48.183
	[Performance = 3]	-9.530	33.869	.079	1	.778	-75.912	56.853
Location	[Amount=1]	-9.658	67.699	.020	1	.887	-142.344	123.029
	[Amount=2]	-9.658	56.299	.029	1	.864	-120.002	100.687
	[Amount=3]	-1.652E-12	46.758	.000	1	1.000	-91.644	91.644
	[Amount=4]	0 ^a	.	.	0	.	.	.
	[Profit=1]	-10.727	67.578	.025	1	.874	-143.177	121.723
	[Profit=2]	5.609E-12	65.701	.000	1	1.000	-128.772	128.772
	[Profit=3]	4.214E-12	50.236	.000	1	1.000	-98.461	98.461
	[Profit=4]	0 ^a	.	.	0	.	.	.
	[Interest=1]	-8.229	7.443	1.222	1	.269	-22.817	6.359
	[Interest=2]	0 ^a	.	.	0	.	.	.
	[Procedures=1]	-11.963	80.826	.022	1	.882	-170.379	146.452
	[Procedures=2]	-11.963	39.213	.093	1	.760	-88.820	64.893
	[Procedures=3]	6.074E-13	38.275	.000	1	1.000	-75.018	75.018
	[Procedures=4]	0 ^a	.	.	0	.	.	.
	[Microcredit=1]	8.749E-14	90.354	.000	1	1.000	-177.090	177.090
	[Microcredit=2]	3.810E-13	53.905	.000	1	1.000	-105.653	105.653
[Microcredit=3]	-1.896E-13	17.730	.000	1	1.000	-34.751	34.751	
[Microcredit=4]	0 ^a	.	.	0	.	.	.	
[Speed=1]	-6.398	95.734	.004	1	.947	-194.033	181.237	
[Speed=2]	-6.398	42.471	.023	1	.880	-89.640	76.843	
[Speed=3]	0 ^a	.	.	0	.	.	.	
[Speed=4]	0 ^a	.	.	0	.	.	.	

Link function: Logit.

a. This parameter is set to zero because it is redundant.

Appendix 2- Training programs

		Parameter Estimates				95% Confidence Interval		
		Estimate	Std. Error	Wald	Df	Sig.	Lower Bound	Upper Bound
Threshold	[Performance = 1]	-28.734	9.046	10.089	1	.001	-46.464	-11.004
	[Performance = 2]	-13.196	6.163	4.584	1	.032	-25.276	-1.116
	[Performance = 3]	-.426	.184	5.370	1	.020	-.786	-.066
Location	[Skills=1]	-6.829	76.112	.008	1	.929	-156.005	142.347
	[Skills=2]	-3.623E-13	17.101	.000	1	1.000	-33.518	33.518
	[Skills=3]	-3.742E-14	6.230	.000	1	1.000	-12.210	12.210
	[Skills=4]	0 ^a	.	.	0	.	.	.
	[Relation=1]	0 ^a	.	.	0	.	.	.
	[Relation=2]	-6.829	16.764	.166	1	.684	-39.686	26.028
	[Relation=3]	-6.829	5.234	1.702	1	.192	-17.087	3.429
	[Relation=4]	0 ^a	.	.	0	.	.	.
	[Service=1]	-15.168	31.459	.232	1	.630	-76.826	46.490
	[Service=2]	-6.367	14.653	.189	1	.664	-35.087	22.353
	[Service=3]	-6.367	5.553	1.315	1	.252	-17.250	4.516
	[Service=4]	0 ^a	.	.	0	.	.	.
	[Decisions=1]	-15.181	70.755	.046	1	.830	-153.858	123.495
	[Decisions=2]	-15.181	15.108	1.010	1	.315	-44.793	14.430
	[Decisions=3]	-7.730	5.033	2.359	1	.125	-17.594	2.133
	[Decisions=4]	0 ^a	.	.	0	.	.	.

\Link function: Logit.

a. This parameter is set to zero because it is redundant.

Appendix 3-Advisory services

Parameter Estimates

		Estimate	Std. Error	Wald	Df	Sig.	95% Confidence Interval	
							Lower Bound	Upper Bound
Threshold	[Performance = 1]	-32.073	14.727	4.743	1	.029	-60.938	-3.208
	[Performance = 2]	-14.417	9.961	2.095	1	.148	-33.941	5.107
	[Performance = 3]	-.240	.174	1.901	1	.168	-.581	.101
Location	[Investment=1]	-6.848	83.344	.007	1	.935	-170.200	156.504
	[Investment=2]	-6.848	35.817	.037	1	.848	-77.048	63.351
	[Investment=3]	-6.848	18.387	.139	1	.710	-42.885	29.189
	[Investment=4]	0 ^a	.	.	0	.	.	.
	[Diversification=1]	-19.878	101.534	.038	1	.845	-218.881	179.125
	[Diversification=2]	-19.878	59.094	.113	1	.737	-135.699	95.943
	[Diversification=3]	-9.024	7.062	1.633	1	.201	-22.865	4.818
	[Diversification=4]	0 ^a	.	.	0	.	.	.
	[Risk=1]	-4.748E-12	118.601	.000	1	1.000	-232.454	232.454
	[Risk=2]	-4.744E-12	68.023	.000	1	1.000	-133.323	133.323
	[Risk=3]	-2.378E-13	19.083	.000	1	1.000	-37.402	37.402
	[Risk=4]	0 ^a	.	.	0	.	.	.
	[Insurance=1]	-14.787	52.097	.081	1	.777	-116.896	87.322
	[Insurance=2]	-7.339	14.025	.274	1	.601	-34.827	20.148
	[Insurance=3]	-7.339	7.098	1.069	1	.301	-21.251	6.573
	[Insurance=4]	0 ^a	.	.	0	.	.	.

Link function: Logit.

a. This parameter is set to zero because it is redundant.

Appendix 4-Provision of finance, training programs and advisory services

Parameter Estimates

							95% Confidence Interval	
		Estimate	Std. Error	Wald	Df	Sig.	Lower Bound	Upper Bound
Threshold	[Performance = 1]	-38.215	22.302	2.936	1	.087	-81.926	5.497
	[Performance = 2]	-22.440	21.332	1.107	1	.293	-64.250	19.370
	[Performance = 3]	-8.522	20.463	.173	1	.677	-48.629	31.586
Location	[Skills=1]	3.580E-13	78.897	.000	1	1.000	-154.634	154.634
	[Skills=2]	6.053E-14	25.533	.000	1	1.000	-50.045	50.045
	[Skills=3]	-6.956E-14	10.630	.000	1	1.000	-20.834	20.834
	[Skills=4]	0 ^a	.	.	0	.	.	.
	[Relation=1]	0 ^a	.	.	0	.	.	.
	[Relation=2]	5.498E-14	18.975	.000	1	1.000	-37.190	37.190
	[Relation=3]	2.433E-14	8.643	.000	1	1.000	-16.940	16.940
	[Relation=4]	0 ^a	.	.	0	.	.	.
	[Service=1]	-5.801	38.216	.023	1	.879	-80.703	69.101
	[Service=2]	2.275E-13	26.221	.000	1	1.000	-51.393	51.393
	[Service=3]	1.073E-13	14.609	.000	1	1.000	-28.634	28.634
	[Service=4]	0 ^a	.	.	0	.	.	.
	[Decisions=1]	-6.924	99.531	.005	1	.945	-202.003	188.154
	[Decisions=2]	-6.924	25.385	.074	1	.785	-56.678	42.829
	[Decisions=3]	-6.924	18.526	.140	1	.709	-43.235	29.386
	[Decisions=4]	0 ^a	.	.	0	.	.	.
	[Amount=1]	-8.650	41.497	.043	1	.835	-89.982	72.683
	[Amount=2]	-8.650	34.016	.065	1	.799	-75.320	58.021
	[Amount=3]	-1.264E-12	28.250	.000	1	1.000	-55.370	55.370
	[Amount=4]	0 ^a	.	.	0	.	.	.
[Profit=1]	-2.940E-13	46.637	.000	1	1.000	-91.406	91.406	
[Profit=2]	3.343E-13	39.696	.000	1	1.000	-77.802	77.802	
[Profit=3]	-6.847E-13	30.352	.000	1	1.000	-59.489	59.489	
[Profit=4]	0 ^a	.	.	0	.	.	.	
[Interest=1]	-6.878	5.657	1.478	1	.224	-17.965	4.209	
[Interest=2]	0 ^a	.	.	0	.	.	.	
[Procedures=1]	-10.573	56.475	.035	1	.851	-121.261	100.116	
[Procedures=2]	-10.573	34.996	.091	1	.763	-79.164	58.018	
[Procedures=3]	1.111E-12	23.373	.000	1	1.000	-45.810	45.810	

[Procedures=4]	0 ^a	.	.	0	.	.	.
[Microredit=1]	-4.917E-13	90.758	.000	1	1.000	-177.883	177.883
[Microredit=2]	-3.406E-13	79.419	.000	1	1.000	-155.659	155.659
[Microredit=3]	-1.860E-13	11.519	.000	1	1.000	-22.577	22.577
[Microredit=4]	0 ^a	.	.	0	.	.	.
[Speed=1]	1.449E-13	51.975	.000	1	1.000	-101.870	101.870
[Speed=2]	0 ^a	.	.	0	.	.	.
[Speed=3]	0 ^a	.	.	0	.	.	.
[Speed=4]	0 ^a	.	.	0	.	.	.
[Investment=1]	3.766E-13	79.928	.000	1	1.000	-156.656	156.656
[Investment=2]	3.801E-13	28.831	.000	1	1.000	-56.507	56.507
[Investment=3]	4.554E-13	19.682	.000	1	1.000	-38.575	38.575
[Investment=4]	0 ^a	.	.	0	.	.	.
[Diversification=1]	-7.829	70.133	.012	1	.911	-145.286	129.629
[Diversification=2]	-7.829	46.713	.028	1	.867	-99.384	83.726
[Diversification=3]	-7.829	13.591	.332	1	.565	-34.467	18.809
[Diversification=4]	0 ^a	.	.	0	.	.	.
[Risk=1]	6.168E-14	74.321	.000	1	1.000	-145.667	145.667
[Risk=2]	-9.323E-14	40.798	.000	1	1.000	-79.962	79.962
[Risk=3]	0 ^a	.	.	0	.	.	.
[Risk=4]	0 ^a	.	.	0	.	.	.
[Insurance=1]	-1.540E-13	81.074	.000	1	1.000	-158.903	158.903
[Insurance=2]	-1.256E-13	31.871	.000	1	1.000	-62.466	62.466
[Insurance=3]	8.484E-14	11.316	.000	1	1.000	-22.180	22.180
[Insurance=4]	0 ^a	.	.	0	.	.	.

Link function: Logit.

a. This parameter is set to zero because it is redundant.

LIST OF ABBREVIATIONS

CGAP	Consultative Group to Assist the Poor
FIST	Financial Inclusion Support Framework
MFI	Microfinance Institution
NGO	Non Governmental Organization
ROSCAs	Rotating Savings and Credit Associations
SHG	Self Help Group
SPSS	Statistical package for social sciences
CBK	Central Bank of Kenya