

Socio-Economic Effects of Microfinance Services on Women: The Case of Rosewo Microfinance, Nakuru County, Kenya

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Abstract

Microfinance has become an important instrument for poverty alleviation in developing countries through its provision of both the financial services and non financial services to the poor. The key feature of microfinance in targeting the women on the grounds has been noted to have more desirable sustainable development outcomes. This study thus, sought to find out the socio-economic effects associated with the participation of women in the microfinance programs. A survey was conducted in ROSEWO organization, a microfinance institute in Nakuru County. A simple random sample of 370 women participants of at least two years experience and above was drawn from a population of 5000 members of Rosewo microfinance. A structured questionnaire was used as data a collecting tool as data was analyzed quantitatively through the use of descriptive statistics from the SPSS tool and presented in form of frequencies, pie-charts and tables. The research objectives were to assess the socio-economic effects on the accessibility of microcredit, availability of micro-savings, micro-insurance and non-financial services on women. The foundation of this study was based on the following theories and models: the vicious cycle of poverty theory, the imperfect information paradigm, and the Grameen bank model. The results indicated that microfinance services had effects on the socio-economic status of women. The study indicated that that access to microcredit services increased income levels, increased stocks and output of the enterprise as well as increased expenditure on health and education services. On the other hand, the availability of micro-savings services to women increased capital resources to cater for education and health care services, smoothed irregular income levels to manage consumption needs and also increased income to generate wealth. Moreover the results indicated the effects of micro-insurance services enabled women build

stronger trust bonds, created more social networks as well as motivate participation in development activities. Lastly, effects of non-financial services from the microfinance stabilized income levels that eased production constraints, improved intrapersonal skills such as communication skills and last but not least this program instilled a good practice on preventive health measures for wellbeing of the people. Some of the recommendation made included; the need to do a further study to distinctively identify the effects of microfinance services independently on the socio-economic status of the users, further understanding the effects of new areas of microfinance such as that of micro-insurance services to help design better products, gain a competitive edge and stimulate the market in the long term for sustainable development, need to compare the effects between different schemes and microfinance programs to guide prudent investment of government and development fund and a careful analysis of effects on different subgroups- for example, economically different, social, gender- to enhance the understanding of equity related effects of the microfinance services (microcredit, micro-savings and micro-insurance) arrangements for efficiency and effectiveness.

Keywords: Microfinance, Micro-credit, Micro-saving, Micro-insurance, Non-finance, Socio-economic status, Effects

Introduction

Background of the study

Over the last two decades, microfinance has become the "darling child" of development, providing a new means to poverty alleviation through partnership with the poor (Arora 2006). Originally pioneered by the Grameen Bank around 1976 in Bangladesh by Dr. Muhammad Yunus the winner of the 2006 Nobel Peace prize who sought to make financial provisions to clients conventionally, microfinance have since flourished in low income economies. Today, microfinance has played a significant role in the development process. Its impact is substantial enough to have warranted acknowledgement by the United Nations which declared 2005 "The International year of microfinance", giving impetus to microfinance programs along with its work of empowering the poor thus drawing wide spread recognition throughout the world, and its adoption by many countries around the globe-reminding people that millions worldwide benefit from microfinance.

The origins of microfinance and microcredit are found in several areas of Asia and Latin America especially Bangladesh, Indonesia and Bolivia (Morduch, 1999). Since their emergence in the 1970's, they are perceived as social program that aims to help the poor people to earn their living through the provision of micro-loans without collateral for the purpose of income generation thus being successful in social and economic development in the vast majority of developing countries (Anderson and Locker, 2002; McKernan, 2002; Hermes et al., 2005). Moreover, to date micro financial services are considered relevant and useful to financially excluded people everywhere (Rogaly et al., 1999).

The term microfinance is used to refer to institutions of saving, credit, insurance and money transfer used by relatively poor people. Therefore, Microfinance has been defined as "a collection of banking practices built around providing small loans (typically without collateral) and accepting tiny savings deposits" (Armendariz de Aghion and Morduch, 2005, p. 1). Ledgerwood, 1999 and Rhyne, 2001, added that Microfinance is the "provision of financial services to the self-employed low-income clients, poor and excluded people enabling them to raise their income and living standards". These services include savings, credits, insurance, payments services, money transfers and social intermediation. They are performed by a

variety of institutions, such as credit unions, savings and loan cooperatives, commercial banks, as well as NGOs and government banks.

Microfinance has thus emerged as a feasible financial alternative for poor people with no access to credit from formal financial institutions. At the heart of the idea of microfinance is the belief that poverty can be reduced and eventually eliminated through provision of credit to those too poor to access the formal financial system. Beyond being “banking for the poor,” then, microfinance is viewed by many as an instrument of development. Nevertheless, microfinance has distinguished itself from formal credit by disbursing small loans to the poor, using various innovative nontraditional loan configurations such as loans without collateral, group lending, progressive loan structure, immediate repayment arrangements, regular repayment schedules and collateral substitutes (Conning, 1999; Navajas et al, 2000).

Yunus (1999) discussion clearly illustrates the evolution of the concept of microfinance in practice. Previously, microfinance began as a concept of microcredit in practice and was first introduced in Bangladesh by Nobel Peace Prize winner Muhammad Yunus. Yunus started Grameen Bank (GB) more than 30 years ago with the aim of reducing poverty by providing small loans to the country’s rural poor (Yunus 1999). However, microfinance has evolved over the years and currently does not only provide credit to the poor, but also spans a myriad of other services including savings, insurance, remittances and non-financial services such as financial literacy training and skills development programs; thus the shift from microcredit to what is now referred to as microfinance (Armendáriz de Aghion and Morduch 2005, 2010).

Microfinance is noted to give access to financial and non-financial services to low-income people, who wish to access money for starting or developing an income generation activity. The individual loans and savings of the poor clients are small. Microfinance came into being from the appreciation that micro-entrepreneurs and some poorer clients can be ‘bankable’, that is, they can repay, both the principal and interest, on time and also make savings, provided financial services are tailored to suit their needs (Barr, Michael S, 2005, p. 278).

Statement of the problem

Despite the apparent success and popularity of microfinance, no conclusive evidence yet exists that microfinance programs have positive effects on socio-economic status of women (Armendáriz de Aghion and Morduch 2005, 2010; et al...) however with the increased growth of the microfinance industry and the attention the sector has received from policy makers, donors and private investors in recent years, the existing microfinance impact assessment need to be re-investigated; the robustness of claims that microfinance successfully alleviates poverty and empowers women must be scrutinized more carefully. Hence, this study revisits the evidence of microfinance services evaluations focusing on the technical challenges of conducting rigorous socio-economic effect analysis of microfinance services.

General objective

The overall objective of this study is to assess the socio-economic effects of microfinance services on women.

Specific objectives

- i. To assess the socio-economic effects of accessing microcredit on women.
- ii. To analyze the effect of the availability of micro-saving services on the socio-economic status of women

- iii. To determine the extent to which the access of micro-insurance services impacts on socio-economic status of women
- iv. To evaluate the effects of non-financial service provisions by microfinance on socio-economic conditions of women.

Evaluation of microfinance services and socio-economic effects

Micro-credit services

Micro-credit refers to programs that are poverty focused and that provide financial and business services to very poor persons for generation of self-employment and income. Credit is a powerful instrument to fight poverty. The role of micro-credit in reducing poverty is now well recognized all over the world. Credit creates opportunities for self-employment rather than waiting for employment to be created. It liberates both poor and women from the clutches of poverty. It brings the poor into the income stream. Given the access to credit under an appropriate institutional structure and arrangement, one can do whatever one does best and earn money for it. One can overcome poverty. One can become the architect of one's destiny and the agent of change not only for one's family but also for the society.

Weber, (2006, pp.50) describes microcredit programs as "the provision of small loans to individuals, usually within groups, as capital investment to enable income generation through self-employment". Weber added that the poor's businesses were seen as a symbol of unmet demand for credit and on the other hand poverty was thought to be the result of market failure:...Market imperfections, asymmetric information and the high fixed costs of small-scale lending, limited the access of the poor to formal finance, thus pushing the poor to the informal financial sector or to the extreme case of financial exclusion. Credits are also claimed to create economic power that would generate into social power, lifting the poor out of poverty (Yunus, 1999, p. 150). Moreover it is also argued that microcredit enhances human capital regardless of poverty level because expenditures on education and health care are increased, "which may then extend to poor individuals through intra-household and inter-generational effects" (Mosley and Rock, 2004, pp. 467).

Micro-saving services

While credit has been the traditional focus of microfinance institutions (MFIs) and donors, the importance of micro-savings programs for the poor is gaining recognition within the microfinance literature. Traditional savings schemes – Rotating Savings and Credit Associations (ROSCAs), Accumulating Savings and Credit Associations (ASCAs), deposit collectors, cash hidden in the home – have been granularly explored by development practitioners (Rutherford, 1999; Gugerty, 2003).

Defining micro-saving for the purpose of measuring stocks, flows, and effects/impact is challenging. There are several possible approaches depending on whether one focuses on the people saving, the amounts saved, or the institutions in which the saving takes place. Thus, micro-savings can be thought of as savings made by low-income or poor people, or as small amounts of savings (the challenge here is to provide a threshold for saving deposits or balances that would distinguish between micro and non-micro savings), or as savings held at institutions that specialize in micro-savings. However, from the perspective of most poor savers, micro-savings can consist of a large variety of informal, semi-formal and formal practices and defined micro-savings as the mobilization of savings through deposit services run by microfinance institutions (MFIs) (Hirschland, 2005).

Diop et al. (2007, pp. 37), posits that there has been a transition toward expanded microfinance, and savings services are seen as a means of securing savings and of encouraging the poorest to save more and more systematically. Morduch (2007) argues; “with savings, households can build up assets to use as collateral, smooth seasonal consumption needs, self-insure against major shocks, and self finance investments” (pp. 16).

Micro-insurance services

Micro-insurance is the provision of insurance to low-income households, including insurance for life, health, property, disability, and agriculture (crop) that is involving a risk-pooling element, which allows large groups of insured entities to share the losses resulting from the occurrence of an uncommon event. This risk-pooling function makes insurance more complicated than savings, credit, or payment services. Poor families are especially vulnerable to risk, both in the form of natural disasters, and more regular incidences of accidents and illness.

Since micro-insurance sector is relatively new, to date, a growing number of impact assessments have been conducted or are still underway regarding the effects of micro-insurance on the welfare of low-income individuals. Thus, understanding the effects of micro-insurance is not only important for development driven players but also market oriented actors, like insurance companies. It helps design better products, gain a competitive edge, and thus stimulate the market in the long term. However, because the field of micro-insurance is still new, it is not clear where to look for the impact. However, its knowledge is still patchy but certain key insights are emerging (Dercon and Kirchberger 2008).

Therefore, known collectively as micro-insurance, these new financial products seek to help the poor by reducing their vulnerability to unexpected shocks like illness or death. Stefan Dercon, in his survey of income shocks suffered by individuals covered by the Ethiopian Rural Household Survey between 1999 and 2004, estimates that “if these shocks had been insured and smoothed, poverty would have been lower by about a third” (Dercon 2006, p. 123). However, whether and how they actually do help the poor, however, is up for debate.

Non-financial services

Another hope of microfinance is that of social services offered by some microfinance programs would educate women, promoting the education of their children and enabling them to provide better healthcare for themselves and their families. A survey by the United Population Fund (UNFPA) found, “more than one quarter (29.5 percent) of the women in the survey dealt with microfinance institutions that provided health education services” (Exploring linkages, 2010, pp. 11).

Further researchers argue that microfinance can reduce poverty through job creation and by the improvement of household risk management through microfinance institution training and the building up of social networks. This improvement is said to stabilize village income, reducing the vulnerability of the poorest (Mosley and Rock, 2004, pp. 467). Moreover, some authors reported increases in health care as a result of microfinance education sessions, such as increased use of contraceptives (Schuler, Hashemi, and Riley, 1997)

Understanding the concept of Socio-economic effects related to poverty

Socio-economic is a poverty related concept. Nevertheless, socio-economic can be defined as the study of factors that have negative influence on an individuals' economic activity including: lack of education, cultural and religious discrimination, overpopulation,

unemployment and corruption. Thus poverty is a socio-economic issue. Poverty is also a variable that determines one's socio-economic status - meaning, an individual's or group's position within a hierarchical social structure which depends on a combination of variables, including occupation, education, income, wealth, and place of living.

As per the United Nations, "poverty is fundamentally a denial of choices and opportunities, and a violation of human dignity. It means lack of basic capacity to participate effectively in society. It means not having enough to feed and clothe a family, not having a school or clinic to go to; not having the land on which to grow one's food or a job to earn one's living, not having access to credit. It means insecurity, powerlessness and exclusion of individuals, households and communities. It means susceptibility to violence, and it often implies living on marginal or fragile environments, without access to clean water or sanitation" (UN Statement, June 1998).

Therefore, generally the goal of socioeconomic study is to bring about socioeconomic development, usually in terms of improvements in metrics such as GDP, life expectancy, literacy, levels of employment, among others. Although harder to measure, changes in less-tangible factors are also considered, such as personal dignity, freedom of association, personal safety and freedom from fear of physical harm, and the extent of participation in civil society. (Tony Lawson, 2006).

Theoretical Discussion

Robinson (2001) identifies four main theories explaining microfinance: the vicious circle of poverty theory, the supply leading finance theory, the imperfect information paradigm.

The vicious circle of poverty theory

While relying on the vicious circle of poverty theory, a credit investment framework is constructed and seeks to explain how microcredit can be used as an instrument for poverty reduction. Meanwhile, the proponent of the vicious theory (Nurkse 1967, 1971) explains that poverty perpetuates itself in mutually reinforcing vicious circle on both supply and demand sides. It is argued that, perhaps, the most important circular relationships of a kind are those that affect the accumulation of capital in economically backward country or society. Explaining the supply side, the proponents hold the view that there is a small capacity to save due to low level of real income. The low real income is a reflection of low productivity, lack of capital, resulting in small capacity to save. With regard to the demand side, it is argued that, demand for capital is influenced by incentive to invest.

However, the lack zeal to invest could be due to low purchasing capacity of the people, small real income and as a result of low productivity. Low productivity, however, could be due to small amount of capital used in the production, which may be caused partly by less incentive to invest. Meanwhile, the low level of real income, due to low productivity, is an issue that is common to both supply and demand sides of the circles.

Therefore, it could be argued that there are two ways that people use microcredit. Thus, loans are either used to start a new enterprise or expand an existing one. Provision of credit to people who are not working might serve as a start-up capital for them in doing business (income generating activities), thus, in the process creating jobs for them. Job creation could lead to reduction in unemployment within beneficiaries. As unemployment is reduced, the general poverty level can also be reduced.

The imperfect information paradigm

The seminal work of Stiglitz and Weiss (1983) provided the analytical underpinnings of the imperfect information paradigm. In a world of rational agents where information is costly and imperfect, information asymmetry between loan applicants and the lenders, primarily banks, leads to strategic self-maximizing behavior. It is the responsibility of the uninformed lenders (banks) to differentiate among the mass of informed borrowers to identify the most efficient among them. In the absence of information from borrowers that would reveal their true creditworthiness, banks charge higher interest fees to offset the risks caused by this information asymmetry. The high interest cost drove away the safe, low-risk/low return borrowers giving rise to a 'lemons' problem (Akerlof, 1970)

Therefore, Microfinance programs have been innovative in addressing the problems arising from imperfect information flows. Group monitoring, coupled with the small size and short duration of loans, help tide over the adverse selection and moral hazard problems that impact financial markets and institutions.

The Grameen Bank's model

The Grameen Bank's model arises from the idea of imperfect information paradigm. Along with its vision of empowering the poor, has drawn widespread recognition in recent decades and is being adopted by many countries around the globe. The model evokes union and feminist traditions in its formulation of the "solidarity groups" through which women receive credit collateralized by "group guarantee" rather than by tangible assets. This rhetoric of "solidarity" implies that women who participate in group lending will identify collectively to resist their common oppression, much as a Marxian approach to social capital might prescribe.

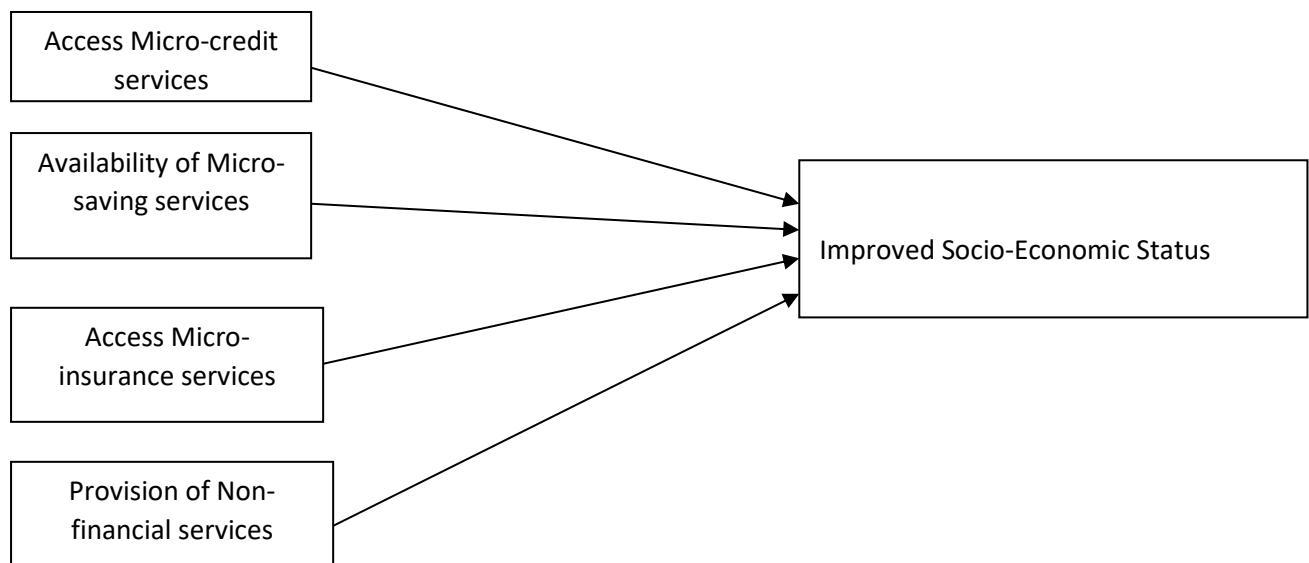
The experimental project by Professor Muhammad Yunus, the 2006 Nobel Peace Prize laureate, revolutionized lending to the poor and demonstrated the self-sustainability of microfinance business. Through the Grameen Bank (GB) project, he demonstrated that microfinance lenders could ensure higher repayment rates and returns even in the absence of collateral, particularly capitalizing on social networks, concepts of group liability and compulsory savings by borrowers. (Yunus, 1999)

As an approach to development, the Grameen microcredit model is thought to be bottom-up, fulfilling the credit requirements of the marginalized people who, otherwise ignored by the traditional banks, would engage in micro-entrepreneurial activities. This, in turn, would contribute to increase their production, income and consumption, and make a positive impact on the overall socio-economic development of the country by reducing poverty and bringing entrepreneurial development. (Armendáriz & Morduch, 2005).

Conceptual framework

Independent variables

Dependent variable

**Figure 1 Conceptual framework**

Women participation in microfinance programs and their ability to access services such as; microcredit, micro savings, micro insurance, and non financial services from the micro finance have an effect on their socio-economic status which eventually influences their wellbeing. Microfinance programs are increasingly important in development strategies and have become an essential component of strategies to reduce poverty or promote micro and small enterprise development. However, knowledge about the effects and achievements of such initiatives remains only partial and contested.

Methodology

The study adopted survey research design. The target population of this study was drawn from all the women participants in microfinance for at least two years and above in the sampled Rongai Social Economic Women Organization (ROSEWO), microfinance in Rongai District, Nakuru County which had a total population of five thousand members. The study used a simple random sampling technique to select the required sample for the study in order to achieve a high degree of representation from groups with homogenous characteristics. The researcher used a sample size of 370 participants of Rosewo microfinance. The study used self administered questionnaires to collect data. Thereafter the data was analyzed quantitatively using descriptive statistics.

Results

A total of 370 respondents of Rosewo microfinance were sampled in the study. Out of the 370 respondents only 303 responded which is a response rate of 81.9%. Findings from primary data are presented in the next section.

General information of the respondent

On the general information of the respondents, the researcher collected data on the different age sets, marital status, levels of education, occupation and the number of years the respondent have participated as a member in Rosewo microfinance.

Table 1:

Marital status and Age of respondents

	N/A	Below18 yrs	18-25 yrs	26-35 yrs	36-45 yrs	46- above yrs
N/A	3	0	0	1	0	1
Married	1	3	61	112	58	34
Divorced	0	2	3	4	1	0
Separated	0	0	5	4	1	2
Single	0	0	2	4	1	0
Totals	4	5	71	125	61	37
	303					

Source: Field Survey

The above table indicates that majority of the respondents lied in the age bracket of 26-35 years and were married while the least were in the age bracket of 18 years and below and were single. This implied that a majority of individuals that prefer the use of microfinance programs are women who have family and have the responsibility to take care of the family thus microfinance programs assist them with the necessary provisions to manage themselves.

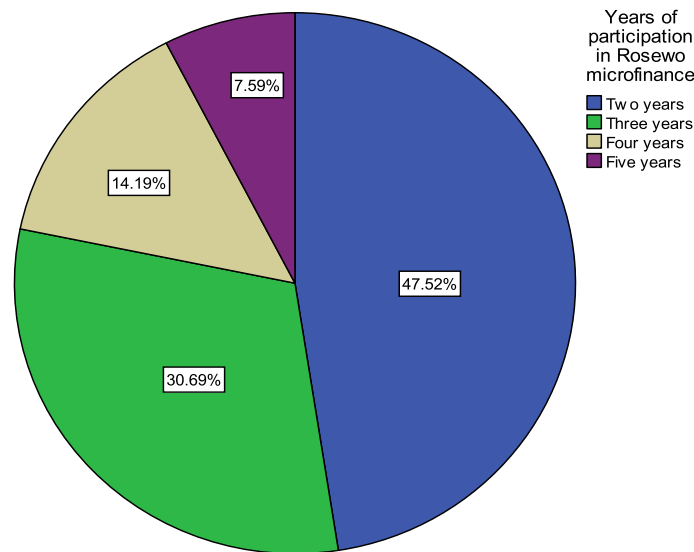
Table 2:

Level of schooling and Occupation of respondents

	N/A	Farmer	Business	Teacher	Total
N/A	3	1	0	0	
Not attended	6	12	2	0	
Primary level	27	79	18	2	
Secondary level	8	65	37	9	
Tertiary level	2	14	8	10	
Totals	46	171	65	21	303

Source: Field Survey

Table 2 above shows that majority of respondents were farmers (171) by profession with primary level of education while the least participants were teachers (2) by profession with primary level of education as well. This results implied that majority of individuals that access microfinance services are farmers who seek for financial assistance since they lack a direct source of income unlike the teachers. Farmers access this financial assistance to allow them manage their consumption and expenditure in the farm inputs.



Source: Field Survey

Figure 1: Respondents' Number of years of Participation in ROSEWO Microfinance

The figure above indicates that majority of the respondents constituting a 47.52 percent have been participating as members of Rosewo microfinance for the last two years following a 30.69 percent of respondents participated in Rosewo for the last three years as 14.19 percent respondents participated for the last four years and finally the least response of 7.59 percent of respondents participated in Rosewo microfinance for the last five years. This results implied that most participants are not long time members of the microfinance instead those that participated for long were very few reflecting the possibility of them dropping out their membership since they had benefited from the programs while others dropped out due to old age and reduced responsibility thus needed less financial assistance from the microfinance programs.

Socio-economic effects of microcredit services

A total majority of 83.8 percent respondents agreed that microcredit increased stock of enterprises and at least 3.0 percent respondents disagreed that microcredit could have any effect on the stock of enterprises as 7.6 percent did not respond. In relation to the effects of microcredit to increase output of the enterprise a total majority of 73.6 percent respondents agreed to this fact, at least 6.6 percent respondents disagreed on this statement leaving 10.2 percent of respondent with no response towards this. With regard to effects to enable one start a business, a total majority of 72.3 percent respondents agreed to this fact and at least 6.9 percent respondents disagreed whereas 12.2 percent of the respondents did not indicate any answer. Moreover on the effects of microcredit to enable one afford education services, a majority of 77.3 percent respondents agreed to this fact followed by 8.3 percent respondents who remained neutral as at least 5.6 percent respondents disagreed, 8.9 percent of respondents did not respond to this statement. Regarding the effects on the ability to access health services a total majority of 63.4 percent agreed in support of this and at least 13.5 percent respondents disagreed to this fact leaving 12.5 percent respondents without response. (See table 3 below)

Therefore with this results a pattern can be observed where most respondents rated highly the effects of microcredit services to increase stock of enterprises implying most of the money borrowed was used to purchase items in their business while the effects to increase outputs of enterprises followed. Ability to start a business and ability to fund for health services were perceived to have moderate effects however microcredit effects on health expenditure was felt at the least implying very minimum amount of credit borrowed was used to resource for health care provisions.

Table 3 :

Response on the effects of Micro-credit (%)

	N/A	SA	A	N	D	SD	Total %
Increased stock of enterprise	7.6	56.4	27.4	5.6	1.7	1.3	100
Enabled to increase output of the enterprise	10.2	41.9	31.7	9.6	3.3	3.3	100
Enabled to start a new business	12.2	40.3	32.0	8.6	4.3	2.6	100
Ensured children attend school	8.9	50.2	27.1	8.3	3.3	2.3	100
Led to ability to access health centres	12.5	38.3	25.1	10.6	6.9	6.6	100

Source: Field Survey

N/B SA= Strongly Agree, A= Agree, N= Neutral, D=Disagree SD=Strongly Disagree
N/A= Not Applicable

Socio-economic effects of micro-saving services

Effects of micro-saving services to increase capital resources to cater for health services is acknowledged by a total majority of 66.0 percent respondents who agreed to this fact, while at least 12.3 percent respondents disagreed, 10.9 percent respondents did not respond to this question. On the effects to increase capital resources to cater for children's education a majority of 74.0 percent respondents agreed to this fact, as at least 6.6 percent respondents disagreed to this statement, 10.6 percent respondents did not respond to this. Further on the effects to enable one repay loan a total majority of 76.9 percent respondents agreed to this fact, at least 6.9 percent respondents disagreed to this while 9.6 percent respondents did not give respond to this statement. Moreover on the effect to smoothen irregular income to manage consumption needs a total majority of 69.6 percent respondents agreed to this fact, at least 10.9 percent respondents disagreed while 9.2 percent respondents did not answer this. In relation to the effect to increase income levels to generate more wealth a total majority of 71.9 percent respondents agreed, at least 12.5 percent respondents disagreed and on this fact while 8.9 percent respondents had no response towards this statement. (see table 4)

Therefore with these findings, a trend can be observed of more acknowledgements by the respondents on the effects of micro-savings services to increase capital resource to cater for children's education services, to aid with the repayment of loan and to increase income levels to manage their consumption needs. However lesser response was observed on the effects to increase capital to cater for health services and effects to smoothen irregular income. This results implied that most of the savings was used to cater for children's education least preferred to cater for health care services.

Table 4:

Response on the effects of accessing micro-saving (%)

	N/A	SA	A	N	D	SD	Total %
To increase capital resource to cover for health services	10.9	40.6	25.4	10.9	8.3	4.0	100
To increase capital resource to cater for children's education	10.6	45.2	29.0	8.6	4.6	2.0	100
To enable repayment of loan	9.6	48.5	28.4	6.6	4.6	2.3	100
To smoothen irregular income to manage consumption needs	9.2	39.9	29.7	10.2	5.6	5.3	100
To increase income levels to generate more wealth	8.9	48.5	23.4	6.6	6.6	5.9	100

Source: Field Survey

N/B SA= Strongly Agree, A= Agree, N= Neutral, D=Disagree SD=Strongly Disagree
N/A= Not Applicable

Socio-economic effects of micro-insurance services

Effects of micro-insurance to enable its members to build strong trust bonds with group members had a total majority of 81.9 percent respondents agreed to this fact, 3.3 percent respondents remained neutral a few 8.2 percent respondents disagreed to this fact however 6.6 percent respondents did not give their views on this. With regard to effects to enable create more social networks bonds within the community total majority of 65.1 percent respondents agreed to this fact, as 10.2 percent remained neutral a few 13.2 percent respondents disagreed, while 11.6 percent respondents did not answer. On the effects to motivate participation in development social activities a total majority of 71.6 percent respondents agreed to this fact, as 8.9 percent respondents remained neutral a few 9.9 percent disagreed 9.6 percent, respondents did not comment on this statement at all. (See table 5)

The result demonstrates a pattern of respondents where most agree to the effects of micro-insurance to building strong trust bonds followed by a lesser rating of respondents that admitted micro-insurance service had effects on social networks bonds within the community while least respondents acknowledged that micro-insurance services motivated their participation in development activities.

Table 5:

Response on the effects of micro-insurance service-Rosewo microfinance (%)

	N/A	SA	A	N	D	SD	Total %
To build strong trust bonds with group members	6.6	56.8	25.1	3.3	4.6	3.6	100
To create more social network bonds within the community	11.6	41.3	23.8	10.2	9.9	3.3	100
To motivate participation in development social activities	9.6	47.2	24.4	8.9	6.6	3.3	100

Source: Field Survey

N/B SA= Strongly Agree, A= Agree, N= Neutral, D=Disagree SD=Strongly Disagree
N/A= Not Applicable

Socio-economic effects of Non-financial services

usefulness of non-financial services to enable one manage efficiencies and cost of operating enterprise had a total majority of 78.8 percent respondents agreed to this fact, as 6.3 percent remained neutral few 5.6 percent respondents disagreed to this while 9.2 percent respondents did not give any comment on this. On the usefulness to ease production constraints by stabilizing income a majority of 73.2 percent respondents agreed to this, as 10.6 percent respondents remained neutral a few 6.9 percent disagreed while 9.2 percent respondents did not give answers to this. Regarding usefulness to better good relation thus building social networks a majority of 71.6 percent respondents agreed to this fact, as 9.2 remained neutral a few 9.3 disagreed to this statement while 9.9 percent respondents did not answer this. Moreover on usefulness to assist in good practice of preventive health a majority of 68.0 percent respondents agreed to this fact, as 9.2 percent respondents remained neutral to comment a few 11.2 percent respondents disagreed however 9.6 percent respondents did not respond to this statement.(see table 6)

Following the above results, a pattern is observed where respondents acknowledged that non-financial services were useful where most admitted that it enabled them manage cost of operating enterprises, easing production constraints and building social networks however least response admitted that usefulness of non-financial services in microfinance to instil good preventive health measure was not highly felt. Therefore this findings indicate that the non-financial services provided such as trainings indeed build the capacity of the participants to improve their livelihood.

Table 6:

Response on the usefulness of Non-microfinance services-Rosewo microfinance

	N/A	SA	A	N	D	SD	Total %
To enable management efficiencies and cost of operating enterprises	9.2	49.8	29.0	6.3	3.0	2.6	100
To ease production constraints; stabilizes income	9.2	40.9	32.3	10.6	4.3	2.6	100
To better skills on good relation thus building social networks for market growth	9.9	43.9	27.7	9.2	5.0	4.3	100
To ensure good practice of preventive health measure for healthy wellbeing	9.6	41.3	26.7	11.2	5.6	5.6	100

Source: Field Survey

N/B SA= Strongly Agree, A= Agree, N= Neutral, D=Disagree SD=Strongly Disagree

N/A= Not Applicable

Discussions

On the assessment of the socio-economic effects of accessing microcredit on women, the study vividly revealed that microcredit had various effects such as to enable one start a business(self employment) and increase stock of enterprise indicated by a total of 73.6% and 83.8% respondents respectively who agreed to this thus conquering with the works of Hulme and Mosley (1996) at the same time the finding supported khandker (2001) reports of his research that microcredit helped with the creation of employment and justified Morduch(1998) stand that there was no evidence that micro-credit created jobs and employment. Another effect of microcredit was that of to enable access to health and education services, referring to the research findings a total of 63.6% and 77.3% respondents respectively were in line with the sentiments of Mosley and Rock (2004) that posited that microcredit increased human capital to spend on health and education provisions.

On the analysis of the effect of the availability of micro-saving services on the socio-economic status of women, Rutherford (2009) asserted that a small amount of savings in secure place provides resources to manage consumption needs, smooth irregular income, and cover expenditure of health and education this report is evidently backed up by the results from the study where a total of 66% respondents agreed to positive effects of micro-savings to fund for health services as 74.2% and 69.9% respondents added that micro-savings positively influenced their ability to fund education for their children as well as smoothen their income to help them manage consumption of basic needs such as food, shelter water and clothing.

The third objective was to determine the extent to which the access of micro-insurance services impacts on socio-economic status of women. As much as this micro-insurance is relatively new to literature, it was evident that there were positive effects of micro-insurance as a total of 81.9% pointed out that it led to creation of strong trust bond amongst them while 65.1% respondents indicated that micro-insurance led to creation of social networks that assisted their social growth as 71.6% respondent asserted that the programs motivated them

participate more on development activities within the community. Therefore this findings creates key areas of insights that would be of essence to stakeholders in the development sectors.

Lastly on the fourth objective to evaluate the effects of non-financial services provisions by microfinance on socio-economic conditions of women. The research finding supports the works of Mosley and Rock (2004) who posited that non-financial services from the microfinance such as those of financial trainings helped to stabilize village income thus reducing the vulnerability of the poor. This was evidently indicated from the research as a total of 73.2 % respondents agreed that this was right. While at the same a total of 68% respondents stated that non-financial services especially that of health education on reproductive health increased health care practices thus conquering with the works of Schuler, Hashemi and Riley (1997) on the effects of microfinance on women.

Conclusions

The study concluded that microcredit services provided by microfinance institutions are very essential as it increases income that helps to cater for health and education services as well as help in the creation of employment, increase the output and stock in the enterprise as noted by the respondents. However for efficient realization of this positive effects then microcredit have to be readily accessed and the rates be very flexible to attract many since it's a great tool to alleviate poverty.

It is also evident that a saving culture is already with many and the poor are not an exception thus micro-savings services have played a big role to motivate many even on the low income levels to save more so as to smoothen income levels thus increase capital resource to manage consumption needs thus generate more wealth for a better livelihood.

Majority of respondents asserted that micro-insurance services are as important as the microcredit and micro-savings service for more sustainable livelihood. For development of social capital and social mobilization it is so evident that micro-insurance is a timely service that creates a social network with strong trust bonds that influence individual development as well as a holistic regional and universal development.

Finally, on the availability of non-financial services many of the respondents felt that the accessibility of this services warrants the usefulness of the services in their lives. Therefore this study concludes that non-financial services complements the rest of micro-finance services to realize the positive effects on user since these non-financial services sharpens personal skills that lead to positive behavioural change that influence successful realization of the general microfinance programs.

Recommendations

From the conclusion of this study, the researcher has the following recommendations;

There is a need for further study to be done by all development stakeholders such as government, research institutes and donors to distinctively find out the effects of other microfinance services (such as micro-insurance, remittances and non-financial services) on the socio-economic status of the users since this is a critical area of study that can help much in policy decision making that would help to eradicate poverty.

Furthermore, careful analysis of effects on different subgroups in an area is critical- for example, economically different, social, gender- can further enhance the understanding of equity related effects of the microfinance services (microcredit, micro-savings and micro-insurance) arrangements for efficiency and effectiveness.

There is also the need to compare the effects between different schemes and between different microfinance programs for example between micro-insurance and alternative risk management mechanisms- this is important to guide prudent investment of government and development fund.

This study also recommends further research to be done to assess socio-economic effects of microfinance services in the context of individual lending instead of the group lending and compare whether they have any similarities. The practice of individual lending in microfinance is an emerging issue where most microfinance institution prefer to use especially in Kenya so a study under this will give insight toward policy making in development.

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