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Influence of Microcredit Services on Socioeconomic Developments among Pastoralist Women in Wajir West Sub-County, Kenya

Godfrey Sawenja

Masters Students, School of Humanities, Mount Kenya University, Kenya

David Lwangale

Lecturer, School of Humanities, Mount Kenya University, Kenya

Abstract:

Low women resilience due to women's socioeconomic obstacles is deeply rooted among pastoralist communities, thus, call for much more extensive interventions to such as microfinance services significantly undermines it. The purpose of this study was to establish the influence of microcredit services on socioeconomic developments among pastoralist women in Wajir West Sub-County, Kenya. This study was guided by the Feminist Empowerment Theory. The study adopted descriptive survey research design with a target population of 19644 persons comprises of 19640 women and 4 ward administrators. Cluster random sampling technique was employed with a sample size of 384 persons being used in the study. Data was collected using questionnaires and interview guides. Reliability of the instruments was determined through a pilot study where a Cronbach alpha coefficient 0.78 was established. Quantitative data was analyzed using both descriptive and inferential statistics. The study established that microfinance services contribute positively and significantly to socioeconomic development of pastoralist women. The study recommends that the microfinance institutions improve on the provision of micro credit facilities to the pastoralist communities for it has the potential of improving the socioeconomic status of women.

Keywords: Microcredit services, socioeconomic development and pastoralist women

1. Introduction

According to Olawale (2010), the future of pastoralism, especially women pastoralists, is the subject of national and global discussions, as the concerns are receiving attention from the scientific community to generate knowledge and share experiences and best practices that may offer solutions for their survival. Microfinance services have increasingly become a popular intervention against poverty in these areas, generally targeting poor women and it has been considered an effective vehicle for women's socio-economic resilience (Gathoni & Oloko, 2014). Despite this, in Africa women have been considered vulnerable marginalized members of society as they are rarely financially independent and have difficulties in accessing credit and other financial services. Socio-economic obstacles like poverty, unemployment, low income and societal discriminations have hindered the effectiveness of women performance among pastoralist communities (Etapé-Dubreuil & Torreguitart-Mirada, 2010).

The informal financial institutions constitute; village banks, cooperative credit unions, state owned banks, and social venture capital funds to help the poor. These institutions are those that provide savings and credit services for small and medium size enterprises. They mobilize rural savings and have simple and straight forward procedures that originate from local cultures and are easily understood by the population (Germinis, 1991). Where there is no formal banking system in any rural area, microfinance is a way to help alleviate poverty in rural communities. Access to monetary resources helps people create profits and lessen poverty around the globe. Since microfinance is a system that distributes small loans to poor people in order for them to generate income and start their own small businesses, it has the capability to lessen poverty as well as promote entrepreneurship, social and economic development in poor communities (Lazar, 2008).

Despite the apparent success and popularity of microfinance, further evaluations of the effects of microfinance programs on women's empowerment generate mixed results (Armendáriz de Aghion & Morduch, 2010). While some are supportive of microfinance's ability to induce a process of socioeconomic empowerment, others are more skeptical and even point to a deterioration of women's overall well-being (Holvoet, 2005). Kenyan counties in arid and semi-arid lands (ASALs) have suffered periodic drought, human conflict, and a tendency of marginalization by government and international investments, thus, requires socioeconomic empowerment (USAID, 2016). Moreover, traditionally, women have not been favored by the mainstream credit policies of the commercial banks owing to their inability to raise collateral securities to guarantee the loans (Ocholah, et al., 2013). Therefore, majority of women, being excluded from the formal financial services and relatively few medium and small enterprises (MSEs) in the agro-pastoral areas, benefit from credit

due to socioeconomic factors (Olawale, 2010). Pastoralist women in Wajir West Sub-County, Kenya are not exempted hence the need for the study.

2. Methodology

This study utilized descriptive survey research design. According to Oso & Onen (2005) descriptive research includes surveys and fact-finding enquiries of different kinds. It describes the data in order to draw conclusions about the population characteristics or phenomenon being studied. According to Allan and Randy (2005) descriptive research is used to describe the characteristics of a population by directly examining samples of that population. Creswell (2003) observes that a descriptive research design is used when data is collected to describe persons, organizations, settings or phenomena. The design also has enough provision for protection of bias and maximized reliability (Kothari, 2008). Descriptive survey design only allowed the researcher to measure the preference of people hence enabling the researcher to assess the influence of microfinance services on socioeconomic developments among pastoralist women in Wajir West Sub-County, Kenya.

The study was done in Wajir West Sub County. The sub county is located in Wajir County in the North Eastern Region of Kenya. It borders Wajir North to the south, Wajir South to the North and Wajir East to the West. It comprises of various wards namely; Arbajahan Ward, Hadado/Athibohol Ward, Adamasajide Ward and Ganyure/Wagalla Ward. The target population is the entire group a researcher is interested in (Kombo, 2011). The target population for the current study was 19640 households within Wajir West Sub County. The study therefore targeted one woman per household.

A sample size is a small population selected for observation (Orodho and Kombo, 2002). Using the following formula (Mugenda & Mugenda, 2003):

$$n = \frac{Z^2 pq}{d^2}$$

Where:

n = the desired sample size (if target population is greater than 10,000)

z = the standard normal deviate at the required confidence level (z = 1.96)

P = the target population proportion estimated to have characteristic being measured.

q = 1-p

d = the level of statistical significance set (p=0.05)

Given that the population is greater than 10000 then n = 384

The study adopted a cluster random sampling technique where the target population was divided into groups called clusters. According to Yates, et al., (2008), cluster sampling technique adds an advantage over other sampling techniques as it deselected redundant clusters from sample which makes it economical. The Wards within the Sub County formed the clusters. The researcher considered this method suitable because it was administrative convenient. In addition, the Ward administrators were purposively selected to participate in the study.

Sampling Techniques	Category	Population	Sample size (n _i) Where n _i = (N _i X n)/N
Cluster	Arbajahan Ward	5740	111
	Hadado/Athibohol	4250	82
	Adamasajide	4730	92
	Ganyure/Wagalla	4920	95
Purposive	Ward administrators	4	4
	Total	19644	384

Table 1: Sampling Frame

Note: N_i = Target Population Per Ward; X n = Total Sample Size; N = Total Target Population

After using cluster random sampling and in particular proportional allocation method to determine the sample size, for each of classified group, systematic random sampling technique was applied to select a sample (Households) in every cluster (Ward) (Mugenda & Mugenda, 2003). The study adopted the following research instruments which included questionnaires and interview guides. Research assistants were used to collect data. Thus, the researcher recruited four research assistants who assisted in administration of the questionnaires, and apart from coordinating the fieldwork the researcher carried out key informant interviews.

The researcher employed both quantitative and qualitative data analysis. To analyze the three research objectives, descriptive statistical techniques such as; frequency distribution and percentages were used while for inferential statistics, Chi Square test of association was adopted to determine the significant association between independent and dependent variables. Thereafter the findings were presented in tables. Additionally, for the qualitative data, common themes were identified, organized and then discussed besides the relevant descriptive statistics.

The researcher considered the ethics of research and by so doing, some of the issues considered included anonymity for the respondents. The respondents' informed consent was sought in addition to them not being coerced to

participate in the study as it was based on their willingness. The researcher ensured that the document was free from plagiarism.

3. Results of the Study

The respondents were asked to give their opinion with regard to socioeconomic development and their responses are provided in Table 2.

Statements	Frequency	Percent
Literacy level among women improves due to microfinance services	210	58
Some women got employed as a result of microfinance services	282	78
Women household income has increased because of microfinance services	319	88
Health condition of some women has improved as a result of microfinance services	297	82

Table 2: Socioeconomic Development and Their Responses

Source: Research Data 2018

The results in Table 2 above show that 210(58.0%) of the respondents were of the opinion that microfinance service have helped in increasing literacy level among women because they were forced to know how to county money, some used money to go to college and educate girl child in the family.

The respondents were asked to indicate how they ranked the effect of microcredit services on socioeconomic development and their response are indicated in Table 3;

Statements	Frequency	Percent	Mean	Std Deviation
Affordable microcredit leads to better health, therefore, socioeconomic development	297	82	4.123	1.098
Interest free micro credit ensures better health, thus, socioeconomic development	297	82	4.243	.978
Accessible microcredit leads to enhanced education, hence, socioeconomic development	210	58	4.212	2.123
Business microcredit leads to enhanced employment, hence, socioeconomic development	282	78	4.102	1.084

Table 3: Microcredit Services on Socioeconomic Developments

Source: Research data 2018

Key Strongly Disagree =1, Disagree =2 Undecided =3, Agree =4, Strongly Agree=5

The results in Table 3 show that the respondent generally agree (mean=4.00) that affordable microcredit leads to better health, therefore, socioeconomic development; interest free micro credit ensures better health, thus, socioeconomic development; Accessible microcredit leads to enhanced education, hence, socioeconomic development and business microcredit leads to enhanced employment, hence, socioeconomic development. The smaller standard deviations imply that the there is no significant difference between sample mean and population mean. To find out if there was any relationship between microcredit services and socioeconomic development, a correlation analysis was done between microcredit variables and socioeconomic development variable and the findings shown in Table 4.

Correlation Analysis		Socioeconomic Development			
Microcredit Services		Better health	Improved literacy	Enhanced employment level	Improved income
Interest free microcredit	Spearman's Correlation	.312**	.341**	.289**	.307**
	Sig. (2-tailed)	.04	.005	.003	.04
	N	362	362	362	362
Business credit	Spearman's Correlation	.331**	.306**	.311**	.321**
	Sig. (2-tailed)	.04	.035	.023	.04
	N	362	362	362	362
Accessible microcredit	Spearman's Correlation	.320**	.310**	.314**	.322**
	Sig. (2-tailed)	.04	.035	.004	.04
	N	362	362	362	362
Affordable microcredit	Spearman's Correlation	.312**	.321**	.299**	.305**
	Sig. (2-tailed)	.04	.015	.013	.04
	N	362	362	362	362

Table 4: Correlation between Microcredit Services Variables and Socioeconomic Developments Variable

** Correlation is Significant at the 0.05 Level (2-tailed).

The results in Table 4 above show that Interest free microcredit positively and significantly influence better health, improved literacy, enhanced employment level and improved income at ($r=.312^{**}$, $p<.05$ significant level), ($r=.341^{**}$, $p<.05$ significant level), ($r=.289^{**}$, $p<.05$ significant level), and ($r=.307^{**}$, $p<.05$ significant level), respectively. For Business credit, the results show that business credit positively and significantly influence better health, improved literacy, enhanced employment level and improved income among pastoralist women in Wajir West Sub-County at ($r=.331^{**}$, $p<.05$ significant level), ($r=.306^{**}$, $p<.05$ significant level), ($r=.311^{**}$, $p<.05$ significant level), and ($r=.321^{**}$, $p<.05$ significant level), respectively.

For accessible microcredit, the results show that accessible microcredit positively and significantly influence better health, improved literacy, enhanced employment level and improved income among pastoralist women in Wajir West Sub-County at ($r=.320^{**}$, $p<.05$ significant level), ($r=.310^{**}$, $p<.05$ significant level), ($r=.314^{**}$, $p<.05$ significant level), and ($r=.322^{**}$, $p<.05$ significant level), respectively.

Last but not least, on affordable microcredit, the results show that affordable microcredit positively and significantly influence better health, improved literacy, enhanced employment level and improved income among pastoralist women in Wajir West Sub-County at ($r=.312^{**}$, $p<.05$ significant level), ($r=.321^{**}$, $p<.05$ significant level), ($r=.299^{**}$, $p<.05$ significant level) and ($r=.305^{**}$, $p<.05$ significant level), respectively.

The microcredit variables were merged using SPSS transformation technique to form microcredit services factor. The socioeconomic development variables were also merged through the same process to socioeconomic factor. The two factors were then correlated as shown in Table 5.

	Correlation	Socioeconomic Developments
Microcredit services	Spearman's Correlation	.356 ^{**}
	Sig. (2-tailed)	.04
	N	362

Table 2: Correlation between Microcredit Services Factor and Socioeconomic Developments Factor

^{**}. Correlation is Significant at the 0.05 Level (2-tailed).

The results in Table 5 above reveals that microcredit services positively and significantly influence socioeconomic development at $r=.356^{**}$, and $p<.001$ significant level. This implies that microcredit services contribute 12.7% variability to socioeconomic development among pastoralist women when other factors are held constant.

4. Conclusions

The study established that microfinance services contribute positively and significantly to socioeconomic development of pastoralist women. The established multiple linear regression equation becomes:

$$\text{Socioeconomic development} = 15.230 + .148X_1 + .498X_2 + .033X_3$$

Where:

$\alpha_0 = 15.230$, shows that if all independent variables were rated zero, Socioeconomic development rating would be 15.230

$\alpha_1 = .148$, shows that one-unit change in micro credit factor results in .148 units increase in Socioeconomic development other factors held constant.

$\alpha_2 = .498$, shows that one-unit change in micro saving factor results in .498 units increase in Socioeconomic development other factors held constant.

$\alpha_3 = .033$, shows that one-unit change in micro insurance factors results in .033 units increase in Socioeconomic development other factors held constant.

5. Recommendation

The microfinance institutions should improve on the provision of micro credit facilities to the pastoralist communities as it has potential to improve the socioeconomic status of women.

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