



IMPACTS OF FINANCIAL LITERACY ON ECONOMIC EMPOWERMENT OF SMALL SCALE WOMEN TRADERS IN KISII COUNTY, KENYA

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ABSTRACT

The study sought to find out the effects of financial literacy on the performance of small scale women traders in South Mugirango sub-county. Small scale women traders in South Mugirango sub-county have continued to show limited growth if not retardation. The need for financial literacy skills has become significant with the emphasis of economic empowerment of women. Low levels of financial literacy skills or lack of it among small scale women traders inhibit their growth hence diminish their economic success. The study objectives were; to find out the relationship between budgeting practices and the performance of small scale businesses among women traders, to determine the effects of book-keeping practices on the performance of small scale businesses among women traders, to establish the effects of credit management practices on the performance among small scale women traders, traders and to find out the challenges experienced by women in accessing financial literacy training programmes in South Mugirango Sub-County. The study was guided by the financial literacy theory. The descriptive Survey research design was used to guide the study. The target population for the study was registered small scale women traders who were beneficiaries of Equity Group Foundation project in South Mugirango Sub-County. A sample size of 34% trained small scale women traders and untrained small scale women traders was selected through random sampling technique. Primary data was obtained using questionnaires administered to the two groups; and key informant interviews with women traders and EGF Credit officers. Data collected was then organized, coded and entered in the computer for analysis. Quantitative analysis yielded frequency distributions, one-way Analysis of variance (ANOVA) with F-statistic, as well as cross tabulations with Chi-square statistic, t-test was used to analyze the differences in performance between the trained and the untrained. The study findings revealed that budgeting skills acquired through financial literacy programmes played significant roles in growing sales, profits and ensuring smooth running of the business. However, some women traders did not carry out any budgeting in their business citing household commitments. In addition, Credit management skills played key roles in enhancing performance of SSEs through facilitation to acquire and manage loans to ensure that loan liability was minimized. Results further indicate that most women traders do not keep proper books of account. However, for those practicing book keeping the skills obtained influenced the performance of their businesses by providing them with mechanisms for tracking performance, and accurate decision making. The findings further revealed that women traders who had undergone financial literacy training performed better than those who had not. Results also revealed that financial literacy training had a significant positive impact on the performance of small scale businesses among women traders. Despite the

importance of financial literacy trainings, the programmes are not gendered so as to accommodate the interests of the small scale women traders. The effects of financial literacy skills are evident in hence performance among small scale women traders. The government and Non-governmental organizations should therefore initiate and fund gender-responsive financial literacy programmes throughout the country as a strategy to increase the performance of business among small scale women traders.

Keywords: Financial literacy, Economic empowerment, Small scale women traders.

INTRODUCTION

Empowering women economically to participate in economic life across all sectors is essential to build stronger economies, achieve internationally agreed goals for development and sustainability, and improve the quality of life for women, men, families and communities. Therefore, investing in women's economic empowerment sets a direct path towards gender equality, poverty eradication and inclusive economic growth. Women make enormous contributions to economies, whether in businesses, on farms, or employees, or by doing unpaid care work at home (UNIFEM, 2010). It has been advanced in the cycles of equality that women remain disproportionately affected by discrimination, exploitation and lack of access to economic assets such as land due to structured gender norms. This limits women's participation in shaping economic and social policies. Women economic empowerment happens when women are able to imagine their world differently and to realize that vision by changing the relations of power that have kept them in poverty, restricted their voice and deprived them of their autonomy (Eyben, 2011). Decision-making encompasses influencing and making decisions, and also being able to act on them (Fortune-Greeley et. al, 2014). Globally, financial literacy levels range from 13percent to 71 percent, with a loose correlation between higher economic development and higher literacy rates (McGraw Hill Financial Report, 2015). The S&P Global FinLit survey and World Bank (2014) indicates lower financial literacy rates among women. The authors therefore, suggest that worldwide, 35 percent of men are financially literate compared with 30 percent of women (World Bank, 2014).

Globally, Small Scale Enterprises (SSEs) are being hailed for their pivotal role in promoting grassroots economic growth and sustainable development. Government policies are aimed at nurturing SSEs as agents of economic growth and employment creation (Capital Markets Authority, 2010). Women are known to multi-task in the family and society; therefore, small scale businesses do provide a critical opportunity for women economic empowerment. Consequently, governments worldwide have in recent times recognized the overwhelming contribution of SSEs to economic growth and women economic empowerment (OECD, 2005).

A study conducted by Mwabobia (2012) in Kenya on the challenges facing small scale women entrepreneurs established that women face various challenges in conducting their business activities which include lack of finance, financial skills, poor access to justice, lack of education among others. The government of Kenya initiated the Women Enterprise Fund in 2006 to look into the challenges facing women in business. The fund was mandated to disburse loans to women to run various businesses and hence participate in the development of the nation. However, results from the field indicate that most women are not going for the loans despite the government efforts to persuade them to do so. Moreover, uptake of loans, seem to vary from region to region with some regions recording significant progress and others not ready to go for the loans (GOK, 2013).Equity Bank and MasterCard Foundation

partnered to offer financial literacy programmes to small scale traders to improve their financial literacy levels (Equity Group Foundation, 2011).

In South Mugirango, small scale women traders experience low turnover and their economic levels are not improving for the last four years (Kisii CIDP, 2013-2017). This is an indication that they experience challenges that derail their upward trend in their businesses. According to the Global Entrepreneurship Monitor (GEM) Reports (2001-2010), SSEs in Kenya suffer from poor business management skills resulting from insufficient financial literacy skills and knowledge. This leads to most businesses collapsing inhibiting economic empowerment of women. In light of this, the study endeavoured to determine the impacts of financial literacy on economic empowerment on small scale women traders in South-Mugirango sub-county.

OBJECTIVES OF THE STUDY

The objectives of the study were:

- i. To find out the relationship between budgeting practices and economic empowerment among small scale women traders in South Mugirango Sub-County.
- ii. To investigate effects of book-keeping practices on economic empowerment among small scale women traders in South Mugirango Sub-County.
- iii. To find out the effects of credit management practices on economic empowerment among small scale women traders in South Mugirango Sub-County.
- iv. To establish the challenges experienced by women in accessing financial literacy training programmes in South Mugirango Sub-County.

RESEARCH QUESTIONS

The following research questions were addressed in order to realize the objectives of the study.

- i. What is the relationship between budgeting and economic empowerment among small scale women traders in South Mugirango sub-county?
- ii. What are the effects of credit management practices on economic empowerment among small scale women traders in South Mugirango sub-county?
- iii. What are the effects of book-keeping practices on economic empowerment among small scale women traders in South Mugirango sub-county?
- iv. Which challenges are experienced by women in accessing financial literacy training programmes in South Mugirango Sub-County?

LIMITATIONS AND DELIMITATIONS OF THE STUDY

The participants were initially hesitant to reveal information about their business records and transactions. However, they were assured of the confidentiality and they accepted to share their business information. The researcher also allowed the women to continue with their chores as they responded. Most women were engaged in their daily economic activities. They had to be reassured that it would take a little of their time to respond to the interview.

LITERATURE REVIEW

This review of literature focuses on the following areas: women economic empowerment and financial literacy, gender related challenges in financial literacy training, the global status and trends in Small Scale Enterprises (SSEs); strategies for enhancement of financial literacy skill, , theoretical and Conceptual frameworks used in the study.

Women's Economic Empowerment and Financial Literacy

Increasing women's financial literacy skills is especially important as women disproportionately experience poverty, stemming from unequal divisions of labor and a lack of control over economic resources. Many women remain dependent upon their husbands, and about one in three married women from developing countries has no control over household spending on major purchases (United Nations, 2015).

Financial literacy facilitates the decision making processes such as payment of bills on time, proper debt management which improves the credit worthiness of potential borrowers to support livelihoods, economic growth, sound financial systems, and poverty reduction (Miller, 2009). Equity Bank (2012) set up Kshs in an article called Equity Bank. A billion bids to increase financial literacy is a project launched by the Equity Group Foundation in partnership with the MasterCard Foundation to bring personal and corporate financial literacy to more than one million Kenyans, especially women and young people. Details of. The African Financial Knowledge (FIKA) training project teaches participants basic economic concepts and helps them understand how to use various financial services such as savings, insurance and credit products. The program builds financial capacity through a comprehensive 12-week financial education program that includes budgeting, accounting, savings, debt / credit management, financial negotiations, and banking services.

Women Economic Empowerment Indicators

Women economic empowerment can be measured through the following indicators (Nair, 2013):

Table 1: Women Economic Empowerment Indicators

| ELEMENTS | INDICATORS |
|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| Women's participation in economy | Establishing business (increased women entrepreneurs) Ownership of credit for economic activities Creating work opportunities for other women |
| Women's success | Effectively and efficiently implemented the business activities Support from family members for economic activities Growth in business |
| Control over assets | Ownership of productive assets Contribution to household income Control over some cash and saving |
| Productivity and skills | Access to market Access to financial literacy training |

The process of women's economic empowerment illustrated in Table 1 shows that women can achieve economic empowerment if;

1. The resources are available and women have the knowledge and skills to utilize them;
2. They have access to economic opportunities and control over the economic benefits of those opportunities; and
3. They can use those benefits to make strategic choices leading to positive changes in their lives.

SIDA (2014) describes women's economic empowerment as a process that empowers women to make real decisions that affect their lives and priorities in society. Women's economic

empowerment can be achieved through equal access and management of key economic resources and opportunities, and elimination of structural gender inequality in the labor market, including a better share of unpaid long-term care work. I can do it.

Gender-related Challenges in Financial Literacy Programmes

Kabeer (2008), argues that women work longer hours and their work is more arduous than that of men. Whether it is subsistence farming or commercial agriculture-when measured in terms of the number of tasks performed and the time spent, working hours put by women are greater than men. He further pointed out that, legal protections of women's rights have little effect in the face of prevailing patriarchal traditions. The situation of women is affected by the degree of their autonomy or capacity to make decisions both inside and outside their own household. Furthermore, structural and cultural factors make it more difficult for women to access financial literacy programmes due to their care-giving responsibilities and societal expectations about their participation in business activities (OECD, 2011). Hira & Mugenda (2000) found that men and women have different views on money issues, and women are more likely than men to be dissatisfied with their current situation and spending habits. But, not all news is bad: Barber & Odean (2001) also pointed out that men were more confident than women when making investment decisions, but this manifested itself as overconfidence, leading them to trade more often than women, reducing their overall returns.

Encouraging women's financial inclusion is not just about providing products and services that better meet their needs. It also improves women's financial literacy and skills. Therefore, improving financial knowledge and economic skills can be seen as one of the key tools needed to promote economic empowerment. Financial literacy is often offered through microfinance and other programs and must take into account the underlying social and cultural factors. The low levels of education and business literacy among women contributes to unfair competition from their male counterparts. It also means they cannot have the same level of access to finance as their male counterparts. Most women use their own sources of income, which are frequently meagre, to raise capital for their business. This may be supplemented through borrowing from their neighbours and families as well as their own savings. The requirements for bank credit tend to be cumbersome and women are consequently side-lined. Women are also sometimes categorized as a high risk group for credit.

Impact of Women's Economic Empowerment on Financial Literacy Skills

Boomgard & Angell (2011) indicated that women in income generating activities if supported with credit will help the women to save, pay their children's school fees, provide clothing and also improve their nutritional status of the family. This sentiment was echoed by the American President Barack Obama while addressing the Global Entrepreneurship Summit in July, 2015 in Nairobi where he reiterated his support for women entrepreneurs who are powerhouse entrepreneurs; they invest more in their families and communities. A 68 billion fund will be committed to women to avail resources, financial education and training for economic empowerment in Kenya. (Daily Nation, July, 2015). Although, microcredit is considered to be an instrument that promotes economic empowerment by stabilizing livelihoods, broadens choices, provide start-up funds for productive investment, it can also lead to indebtedness and increased exclusion unless programmes are well designed (OECD, 2010). Chant & Brickell (2014) while evaluating patriarchal structures suggested the need to remove discriminatory practices towards women in small scale enterprises. They indicated

the need to facilitate women's access to information exchange among women in financing, technological and skills development in entrepreneurship.

Mosedale (2005) indicates the urgency to establish women's programmes that promote financial literacy and entrepreneurial skills in order to increase understanding and critical thinking about business, and economic policies. Duvendack's (2011) findings pointed to the fact that there is need to promote opportunities, rights protection and the establishment of informal women business organizations and ensure representation in policy making, collective bargaining negotiations and business policy negotiation teams. She noted the importance to promote the collection and utilization of gender disaggregated data at all levels of the national economies. In spite of the success stories recorded on the increase of women entrepreneurship in developing countries, the literature on women entrepreneurship in Africa literally depict women-owned small enterprises as being under financed and thus continue to record poor performance compared to male owned SSEs (Richard & Adams 2004). Only 30% of the small businesses in Sub-Saharan African countries have access to affordable and proper financial capital (World Bank 2005).

Research Gaps

A study by Nyaboga et al. (2014), "Assessment of the role of financial literacy on loan repayment by small and microenterprises in Ngara, Nairobi County", established the performance of SMEs was affected by skills related to book-keeping, credit management and budgeting. The study assumed a direct linear relationship between financial literacy and loan repayment. The current study examined the effects of financial literacy on women economic empowerment among small scale women traders.

Sieki et al. (2013), carried out a study on, "An assessment of the role of financial literacy on the performance of small and microenterprises. The study established that trainings in financial analysis, budgeting and credit management improved the performance of micro enterprises. However, this study was uni-dimensional and assumed a direct relationship between financial literacy and performance of SMEs. The current study uses a multi-dimensional model which shows that women economic empowerment influenced by financial literacy.

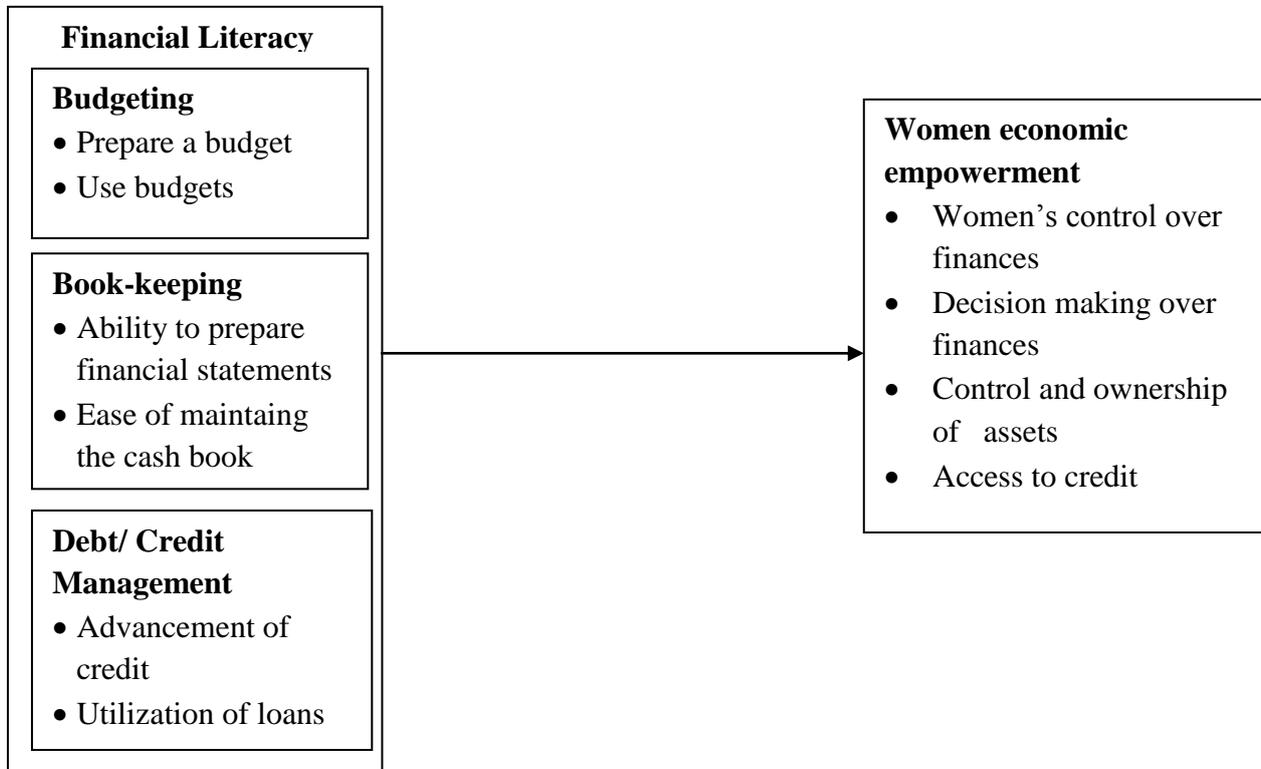
Theoretical Framework

Financial literacy theory is an emerging theory that draws theoretical perspectives from other theories including economics, psychology, sociology and management to explain the financial behavior of individuals. Financial literacy as a construct was first championed by the Jumpstart coalition for personal financial literacy in its inaugural study of financial literacy among high school students (Hastings et al, 2013). In this study, financial literacy theory will be used to examine the influence of entrepreneur financial literacy on various outcomes including the performance of microenterprises and financial access.

Conceptual Framework

A Conceptual Framework helps simplify the proposed relationships between the variables in the study and shows the same graphically or diagrammatically (Mugenda & Mugenda, 2003). The study conceptualized that financial literacy is closely related to economic empowerment of women via the identified independent, intervening and dependent variables. Accordingly, financial literacy greatly influences women economic empowerment via adoption of appropriate business skills and practices provided by financial institutions and organizations

(Equity Group Foundation). Nevertheless, the effectiveness of the financial literacy may need intervening conditions like Government policies including initiatives, support from the family and MFIs. The measurable empowerment of women enterprises included women participation in business growth, control of productive assets as well as productivity and skill attainment. The relationships are illustrated in figure 1.



Independent Variables

Dependent variable

In this study, financial literacy is conceptualized as a multi-dimensional construct comprising of three dimensions namely budgeting which comprises of preparing a budget and use of budgets; book-keeping comprising of ability to prepare financial statements and ease to maintain cash books; debt/credit management which involves advancement of credit and utilization of loans. Women economic empowerment comprises of women's control over finances, decision making on finances both at home and at their business and ownership of assets.

RESEARCH METHODOLOGY

The study employed the survey research design because of its ability to capture the complexities of the issues under study using only a small sample of the population. Both the qualitative and Quantitative research methodologies were used to gather information about two groups; small scale women traders who undertook the financial literacy programme which was the test group and those who did not go through the financial literacy programme which was the control group.

Target Population

The study population constituted small scale women traders operating in the study area. Over 1,500 women traders operate in South Mugirango Sub-County (Department of Trade and Industry, Kisii County, 2014). In addition, the study population involved both small scale

women traders who had successfully undergone the financial literacy as well as others who had not (as a control group), and had been in business not less than four years (Equity Group Foundation, 2012). Other study participants included key informants in the study area; including credit officers from Equity bank, women group leaders, officials from the Ministry of Trade in the county and community leaders.

Data Collection Instruments and Procedures

Primary and secondary data were collected. Secondary data sources included books, journals, theses, and e-resources. The instruments used in collecting primary data were; Questionnaires; key informant interviews; and limitations during data collection.

Validity of the Instruments

Validity has been defined as the degree to which a test or measuring instrument actually measures what it purports to measure or how well a test or a meaning instrument fulfills its function (Anastasi et al, 1997). While this definition focuses on the instrument itself, recent views of validity focus on the on the interpretation and measuring of the scores derived from the instruments. To uphold content validity, the researcher discussed the contents of the questionnaires with the supervisors before going to the field. This ensured that the instruments elicit consistent and reliable responses.

Reliability of the Instruments

The instruments were piloted in Bomachoge Sub-County with similar characteristics to the actual study respondents. The reliability of the instruments was determined by computation of Cronbach's coefficient alpha. This coefficient determines how items correlated among themselves, and hence tested the internal consistency of the instrument in measuring the construct of interest (Oliver, 2010). In this study a reliability coefficient of 0.86 was obtained implying that the items were suitable to measure the underlying construct. The instrument was therefore acceptable for use in the study and yielded consistent results during the pilot testing (Mugenda & Mugenda, 2003).

Data Analysis and Presentation

Descriptive statistics summarized and described the responses. The descriptive statistics used included frequency distributions and standard deviation. Further, inferential analysis was used to determine the relationship between the variables of the study. The T-test was used to determine whether there were statistically significant differences in the financial literacy between the test and control groups. Additionally, Pearson correlation analysis determined the effects of financial practices on the level of women economic empowerment among small scale women traders. Consequently, this was used to verify if there was an impact of financial literacy training regarding the financial practices by women small scale traders.

RESULTS AND DISCUSSIONS

The study sought to analyze the impact of financial literacy on economic empowerment of small scale women traders in Kisii County, Kenya. This was established by focusing on women who had undergone the Equity Group Foundation financial literacy training in Kisii County (test group) as well as a control group which constituted small scale women traders in the same region but had not undergone the financial literacy training. The study sample size constituted 134 women out of which 128 responded to the study questionnaires. Therefore, the study response rate was 95.5%. The high response rate was achieved because of the high level of involvement of the researcher in the administration of the questionnaires.

Economic Empowerment of Women Traders

The study sought to assess the effect of financial literacy training on the economic empowerment of women traders in South Mugirango sub-county, Kisii County. There was need to examine the level of economic empowerment and determine whether differences emerged on empowerment between women traders who underwent the EGF training and those who did not as discussed below:

i) Level of Economic Empowerment among Women Traders

The study investigated levels of economic empowerment among Women Traders through response to questions items associated with economic empowerment of women traders in their respective businesses.

Table 2: Women Economic Empowerment

| | SA | A | N | D | SD |
|---------------------------------------------------------------|------------|--------------|--------------|--------------|--------------|
| I control of my own finance. | 0 (0.0) | 21 (16.4) | 50 (39.1) | 54 (42.2) | 3 (2.3) |
| I am involved in making financial decisions for the family | 0 (0.0) | 34 (26.6) | 31 (24.2) | 48 (37.5) | 15 (11.7) |
| I have assets such as land and business registered in my name | 3 (2.3) | 50 (39.1) | 19 (14.8) | 43 (33.6) | 13 (10.2) |
| I can afford to pay for education and health for my family. | 7 (5.5) | 26 (20.3) | 48 (37.5) | 37 (28.9) | 10 (7.8) |

ii) Comparative Analysis of Economic Empowerment among Women Traders

In order to determine whether the EGF financial literacy training impacted on the economic empowerment of Women Scale Traders in South Mugirango Sub-County, a comparison of means on the indicators of empowerment was done for women Traders who underwent the training and those who did not using the t-test.

Table 3: Comparison of Women Economic Empowerment

| | Test Group | | Control Group | | T | P |
|---------------------------------------------------------------|------------|----------|---------------|----------|-------|------|
| | Mean | Std. Dev | Mean | Std. Dev | | |
| I control my own finance | 3.73 | 0.70 | 2.88 | 0.58 | 7.605 | .000 |
| I am involved in making financial decisions for the family | 3.83 | 0.81 | 2.86 | 0.94 | 6.251 | .000 |
| I have assets such as land and business registered in my name | 3.70 | 1.00 | 2.50 | 0.85 | 7.305 | .000 |
| I can afford to pay for education and health for my family. | 3.67 | 0.91 | 2.59 | 0.79 | 7.155 | .000 |

Comparing the two groups, the indication is those who were in control of their own finances was significantly higher ($t = 7.605$, $p < 0.05$) in the category that underwent the EGF financial literacy training (Mean = 3.73) compared to those who were not trained (Mean = 2.88). The difference was also significant in women's involvement in making financial decisions for their families ($t = 6.251$, $p < 0.05$) as well as in the acquisition of assets and names of their business ($t = 7.305$, $p < 0.05$). Women who were trained also manifested

higher ability to afford basics for their family such as education and health care ($t = 7.155$, $p < 0.05$) and better control over their spending ($t = 4.225$, $p < 0.05$). These indicators point out to a wide range in the level of economic empowerment between women who were trained on financial literacy who scored higher than those who were not trained.

Effects of Budgeting Skills on Economic Empowerment of Women Traders

The study sought to determine the extent of budgeting skills and practices as well as their effect on economic empowerment of women small scale traders in the study area as discussed below:

i) Level of Budgeting Skills and Practices among Women Traders

The study obtained the following responses by allowing the women traders to respond to questions associated with budgeting skills in their respective businesses. The responses were analyzed using Likert scale of; strongly disagree (1), Disagree, (2), Neutral (3), Agree (4) and strongly agree (5). The responses were analyzed and summarized in Table 4.

Table 4: Respondents' Budgeting Skills and Practices

| Budgeting Practices | SA | A | N | D | SD |
|-------------------------------------------------------------------------------------|------------|--------------|--------------|--------------|--------------|
| I prepare annual and monthly budgets for my business | 7 (5.5) | 41 (32.0) | 36 (28.1) | 39 (30.5) | 5 (3.9) |
| I have documented all the regular expenditure for my business | 8 (6.3) | 47 (36.7) | 23 (18.0) | 27 (21.1) | 23 (18.0) |
| I allocate revenue towards the goods and other costs; rent, taxes, insurance(s) etc | 3 (2.3) | 30 (23.4) | 57 (44.5) | 21 (16.4) | 17 (13.3) |
| I have a defined limit for all regular expenses in my business | 8 (6.3) | 19 (14.8) | 60 (46.9) | 35 (27.3) | 6 (4.7) |
| I have a list of long term and short term goals for my business | 3 (2.3) | 28 (21.9) | 18 (14.1) | 62 (48.4) | 17 (13.3) |
| I prioritize budget items according to their strategic importance | 8 (6.3) | 37 (28.9) | 55 (43.0) | 26 (20.3) | 2 (1.6) |

ii) Comparative Analysis of Budgeting Practices among Women Traders

The comparative analysis was to establish if there were any statistical difference in the budgeting practices between women traders trained by the EGF on budgeting and those who had not. The results of T-test are in Table 5.

Table 5: Comparative Analysis on Budgeting Skills among Women Traders

| | Trained Traders | Women | Control Group | | T | P |
|--------------------------------------------------------------------------------------|-----------------|----------|---------------|----------|-------|-------|
| | Mean | Std. Dev | Mean | Std. Dev | | |
| I prepare annual and monthly budgets for my business | 3.81 | 0.69 | 2.28 | 0.60 | 13.40 | 0.000 |
| I have documented all the regular expenditure for my business | 3.70 | 0.83 | 2.14 | 1.11 | 9.09 | 0.000 |
| I allocate revenue towards the goods and other costs; rent, taxes, insurance(s) etc. | 2.92 | 0.98 | 2.78 | 1.03 | 0.79 | 0.431 |
| I have a defined limit for all regular expenses in my business | 3.02 | 1.13 | 2.80 | 0.65 | 1.34 | 0.182 |
| I have a list of long term and short term goals for my business | 2.78 | 1.17 | 2.25 | 0.84 | 2.95 | 0.004 |
| I prioritize budget items according to their strategic importance | 3.55 | 0.88 | 2.81 | 0.73 | 5.16 | 0.000 |

Effect of Book Keeping Practices on Economic Empowerment of Women Traders

In this regard, the study determined the extent of book keeping practices among study respondents as well as their effect on economic empowerment on the women traders as discussed below:

i) Level of Book Keeping Skills and Practices among Women Traders

Book keeping practices of women traders were assessed by subjecting 10 questions on a likert scale for them to indicate the extent to which they adopted the practice.

The questions were based on the scale of 5 – Strongly agree, 4 – Agree, 3 – Neutral or not decided, 2 –Disagreed and 1 – Strongly disagreed; Table 4.9 shows the findings.

Table 6: Level of Book Keeping Practices

| Book Keeping Practices | SA | A | N | D | SD |
|-----------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| I keep documents for my business | 13 (10.2) | 55 (43.0) | 25 (19.5) | 20 (15.6) | 15 (11.7) |
| I issue receipts for all transactions | 12 (9.4) | 37 (28.9) | 19 (14.8) | 44 (34.4) | 16 (12.5) |
| I ensure that I obtain a receipt for all transactions | 14 (10.9) | 74 (57.8) | 16 (12.5) | 16 (12.5) | 8 (6.3) |
| I reconcile and summarize all transactions of the day | 7 (5.5) | 45 (35.2) | 22 (17.2) | 40 (31.3) | 14 (10.9) |
| I know how to do basic accounting for my business | 6 (4.7) | 28 (21.9) | 25 (19.5) | 35 (27.3) | 34 (26.6) |
| I have a record of assets of the business and their value | 10 (7.8) | 56 (43.8) | 29 (22.7) | 30 (23.4) | 3 (2.3) |

ii) Comparative Analysis of Book keeping Practices among Women Traders

In comparing Book keeping practices between women who had training with those who had not been trained. Table 4.10, gives the t-test values comparing the difference in mean scores

of women book keeping practices between those who took the EGF financial literacy training and those who did not.

Table 4.10: Comparative Analysis on Women Book Keeping Practices

| | Test Group | | Control Group | | T | P |
|--------------------------------------------------------------|------------|----------|---------------|----------|-------|-------|
| | Mean | Std. Dev | Mean | Std. Dev | | |
| I keep documents for my business | 3.88 | 1.00 | 2.62 | 1.02 | 7.097 | 0.000 |
| I issue receipts for all transactions | 3.56 | 1.15 | 2.20 | 0.88 | 7.510 | 0.000 |
| I ensure that I obtain a receipt for all transactions | 3.86 | 0.94 | 3.23 | 1.07 | 3.519 | 0.001 |
| I reconcile and summarize all transactions of the day | 3.63 | 0.86 | 2.23 | 0.97 | 8.557 | 0.000 |
| I have a general ledger for recording all daily transactions | 3.50 | 1.31 | 2.16 | 0.92 | 6.881 | 0.000 |
| I know how to do basic accounting for their business | 3.25 | 1.11 | 1.77 | 0.83 | 8.552 | 0.000 |
| I have a record of assets of the business and their value | 3.70 | 0.94 | 2.92 | 0.90 | 4.819 | 0.000 |
| I do maintain a daily account of all my spending | 3.48 | 1.25 | 1.94 | 0.77 | 8.431 | 0.000 |

Effect of Credit Management Practices on Economic Empowerment

The study sought to find out the extent of credit management practices among study respondents as well as their effect on economic empowerment on the women traders as discussed below:

i) Level of Credit Management Practices among Women Traders

The level of budgeting practices allowed the women traders to respond to question items associated with budgeting skills in their respective businesses. The responses were analyzed and summarized in Table 7.

Table 7: Debt/Credit Management Practices

| Credit Management | SA | A | N | D | SD |
|--------------------------------------------------------------------------------|------------|--------------|--------------|--------------|--------------|
| I know how to determine the cost of credit before I take it | 0 (0.0) | 45 (35.2) | 51 (39.8) | 30 (23.4) | 2 (1.6) |
| I have a defined payment period for my credit customers | 2 (1.6) | 44 (34.4) | 37 (28.9) | 45 (35.2) | 0 (0.0) |
| I have credit limit for customers | 5 (3.9) | 34 (26.6) | 36 (28.1) | 36 (28.1) | 17 (13.3) |
| I prepare invoices for my customers promptly | 7 (5.5) | 39 (30.5) | 19 (14.8) | 43 (33.6) | 20 (15.6) |
| I ensure that I pay my debts on time | 5 (3.9) | 75 (58.6) | 25 (19.5) | 20 (15.6) | 3 (2.3) |
| I handle poor debts with care without damaging the relationship with the buyer | 5 (3.9) | 59 (46.1) | 50 (39.1) | 11 (8.6) | 3 (2.3) |
| I use all the loans granted in the business adequately utilized | 0 (0.0) | 29 (22.7) | 45 (35.2) | 47 (36.7) | 7 (5.5) |

ii) Comparative Analysis of Credit Management Practices among Women Traders

Besides the general response, the study further sought to compare the debt management practices between women traders who were trained under the EGF financial literacy training and those who were not. T-test analysis was used to compare means to determine whether there was a statistically significant difference in the scores between the two groups and results summarized in Table 4.12.

Table 4.12: Comparison of Credit Management Practices between Trained and Un-trained Women Traders

| | Test Group | | Control Group | | T | p |
|---------------------------------------------------------------------------------|------------|----------|---------------|----------|--------|------|
| | Mean | Std. Dev | Mean | Std. Dev | | |
| I determine the cost of credit before I take it | 3.59 | 0.68 | 2.58 | 0.56 | 9.208 | .000 |
| I have a defined payment period for my credit customers | 3.41 | 0.83 | 2.64 | 0.74 | 5.499 | .000 |
| I have credit limit for customers | 3.03 | 1.11 | 2.56 | 1.04 | 2.466 | .015 |
| I prepare invoices for my customers promptly | 3.64 | 0.97 | 1.89 | 0.65 | 12.055 | .000 |
| I ensure that I pay my debts on time | 3.59 | 0.81 | 3.33 | 0.94 | 1.708 | .090 |
| I handle poor debts with care without damaging the relationship with the buyer. | 3.33 | 0.80 | 3.48 | 0.80 | 1.109 | .270 |
| I use all the loans granted in the business adequately | 3.11 | 0.82 | 2.39 | 0.77 | 5.120 | .000 |
| I avoid loans with high interest rates | 3.19 | 1.07 | 2.42 | 0.83 | 4.526 | .000 |

SUMMARY, CONCLUSION AND RECOMMENDATION

Summary of Findings

The study set to investigate on the impacts of financial literacy on economic empowerment of small scale women traders in South Mugirango Sub-County, Kenya by focusing on the beneficiaries of the EGF financial literacy training conducted to women entrepreneurs.

Conclusions

From the foregoing findings and discussions, it was evident that women who were trained on financial literacy through the EGF in South Mugirango Sub-County performed significantly better in budgeting practices compared to those who were not trained. Moreover, budgeting practices were significantly related to women economic empowerment. Therefore, the study concludes that budgeting skills imparted through the EGF financial literacy training enhanced the budgeting practices which further enhanced the level of economic empowerment among the beneficiaries. However, there were weaknesses in the expenditure management skills and practices as there was no difference between those who were trained and those who were not. Although book keeping practices were observed among most of the small scale women traders in South Mugirango Sub-County, the practice was more intense and advanced among the beneficiaries of EGF financial literacy training. This implies that the training had an impact on the book keeping skills and practices of women traders. Credit management being

one of the components of sound financial practice was observed strongly among women who underwent the EGF financial literacy training. Therefore, in conclusion small scale women traders who had undergone the financial literacy training are more economically empowered, and hence, financial literacy has a direct outcome on their economic empowerment.

Recommendations

- i) The EGF and the department of gender and social services should focus on enhancing training on budgeting practices for business and individual budgets as well among small scale traders in order to enhance their businesses and the household economic empowerment. More importantly, the approaches used in training expenditure management should be strengthened and gendered to enhance the overall effect of the program to its beneficiaries.
- ii) Owing to the impact of book keeping skills and budgeting practices on small scale women traders leading to improvement on the level of economic empowerment, the EGF, the national and county governments should put more emphasis on the training of these skills to all women in business and other actors in the micro and small enterprises who may not have the skills.
- iii) There is need for the National government, County governments and the Non-Governmental organizations in South Mugirango Sub-County to come together to devise a financial literacy training fully financed like the EGF in order to bridge the gaps in knowledge for women in business while keeping the costs within reach. Whenever such trainings are designed, they should be well publicized through the local media and the women group leaderships to enable their interested members who are willing to participate.

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