MICROFINANCE INSTITUTIONS STRATEGIES AND ECONOMIC EMPOWERMENT OF WOMEN ENTERPRISES IN SIAYA COUNTY- KENYA

BY

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DECLARATION

By Student

I, the undersigned declare that this research thesis is my original work and has not been presented in any other University or institution other than the Catholic University of Eastern Africa, for academic credit.

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DEDICATION

My special appreciation goes to the Almighty God for his divine strength and wisdom. I dedicate this thesis to my beloved mother, Phelistus for the love, lots of sacrifices, encouragements and inspiration that she accorded me. May the almighty God bless you abundantly.

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LIST OF ABBREVIATIONS

AfDB	African Development Bank
AMFI-K	Association of Microfinance Institutions in Kenya
AWIB	African Women in Business Program
BRAC	Bangladesh Rural Advancement Committee
KNBS	Kenya National in Bureau of Statistics
KIPPARA	Kenya Institute for Public Policy Research and Analysis
KWFT	Kenya Women Finance Trust
MSMEs	Micro, small, and medium-sized enterprises
MFIs	Micro Finance Institutions
PEOU	Perceived Ease of Use
PU	Perceived Usefulness
SHGs	Self-Help Groups
SPSS	Statistical Package for Social Sciences
TAMT	Technology Acceptance Model Theory
USSD	Unstructured Supplementary Service Data
WHO	World Health Organization
AWIB	Association of Women in Business Program

OPERATIONAL DEFINITIONS OF TERMS

Capacity Building It is the method of improving women entrepreneurs' abilities, competencies and knowledge through company development services, financial literacy initiatives, mentorship, and training is known as capacity building. One essential non-financial service for MFIs is capacity building, which aids women in managing risks, using financial products efficiently, and maintaining company expansion. These involves financial literacy and business advisory training (Lwesya, 2023).

Empowerment This is to boost the aptitude of a person or group to make meaningful choices and turn those choices into actions that lead to the anticipated results (The World Bank, 2023).

Economic Empowerment of Women It involves the aptitude to participate equally in present markets, access to and control over productive resources, access to decent employment, and control over their own time and lives. It also includes increased voice, agency, and meaningful participation in economic decision-making at all levels, from the family to international Institutions. (UN Women, 2021)

Microfinance It entails financial service available to people without access to standard financial services or from lower economic backgrounds. It is a technique of giving minimal loans to people without collateral, a credit history, or a reliable source of income. Additionally, it seeks to assist and jumpstart business owners who lack the funds to launch a small company or develop an idea (Lavakush, 2023).

Microfinancing Institutions Strategies They refer to the specific methods and approach that microfinancing Institutions (MFIs) employ to provide financial services to underserved populations, particularly focusing on low-income people and small businesses that do not have access to traditional financial services (Anurag, 2024). This study we focused on Product Diversification, Capacity building, Technology Adoption and Risk Management Strategies.

Micro Small and Medium Enterprises (MSMEs) Are industries operating on a very small scale but significantly contribute to a country's economy. that include and not limited to grocery shops, market stalls, Boutiques and second-hand clothing sales, Cosmetic beauty supply stores, Mobile money agency business (Capital, 2024).

Product Diversification In this study, it entails to the extension of financial products and services beyond traditional microcredit to include savings, insurance, digital financial services, and business development support. This strategy helps microfinance institutions (MFIs) cater to the diverse needs of women entrepreneurs and reduce financial exclusion (Kinoti, 2024).

Risk Management The practice of detecting, evaluating, and reducing financial risks related to microfinance institutions (MFIs) and their customers especially female entrepreneurs is known as risk management. In addition to lowering loan default rates and fostering the economic empowerment of women-owned businesses, effective risk management techniques guarantee that MFIs can offer sustainable financial services. This is through credit risk model, group lending model and insurance backed lending (Otieno, Wangui, & Njagi, 2020).

Sustainable Economic Empowerment It is a process that equips individuals and communities with the ability to improve their economic well-being over the long term. It's about creating a situation where people can not only meet their basic needs but also thrive and contribute to a just and equitable society while considering environmental sustainability. (Madgavkar, 2023)

Technology Adoption It denotes to the development and application of new or enhanced technological solutions that boost the competence, accessibility, and usefulness of microfinance services. In the context of this study, technology innovation encompasses tools and strategies that microfinance institutions (MFIs) use to empower women economically by overcoming traditional barriers to financial inclusion and participation (Jain, 2023). In this study, Mobile Money Platforms, Digital Banking and AI Credit Scoring technologies was be looked at.

Women Enterprises These are businesses that are owned, managed, or predominantly operated by women with the intention of making money, becoming financially independent, and endorsing economic advancement. In the context of this study dealt with Micro and Small and Medium Enterprises (Hewitt, 2024)

ABSTRACT

Economic empowerment of women enterprises in evolving countries is a transformation point to reduce poverty, expand business, advance in economic development and a full realization of vision 2030. In spite of their significant presence and ability, women-owned enterprises in rural Kenya report stagnant or declining business performance due to financial constraints and lack of strategic support. This study explored on the effects of MFIs Strategies and economic empowerment of women enterprises in Siaya County, Kenya. Focused on four main strategies of: Product diversification, capacity building, technology adoption and risk management. The study was supported by feminist empowerment theory, financial literacy theory, technology acceptance model (TAM) theory and financial intermediation theory. The research employed a descriptive cross-sectional survey design by utilizing quantitative research methodology. The target population consisted of 5 MFIs branch Managers in Siaya County and 1000 women accessing services of these MFIs. A sample size of 105 respondents was used,(5 MFIs branch managers and 100 women), censers method was used to select MFIs branch managers and simple random sampling procedure was used to select the women. Data was collected using structured questionnaires. Statistical Package for Social Sciences (SPSS) was used for processing data. Descriptive statistics such as percentages, means and standard deviations were utilized to summarize data. For Inferential statistics, diagnostic tests (normality, heteroscedasticity and multi-collinearity) were done, analysis such as multi linear regression was used to examine the relationship between MFIs strategies and the economic empowerment in Siaya County - Kenya. The Study found out that the four strategies used by MFIs have a statistical significance on economic empowerment of women enterprise in Siaya County. Product diversification strategy having the strongest significance ($\beta = 0.52$, $p = 0.001$), followed by Capacity building strategy ($\beta = 0.38$, $p = 0.001$), Risk management strategy ($\beta = 0.31$, $p = 0.0015$) and last but not least, Technology adoption strategy ($\beta = 0.28$, $p = 0.002$). The study concludes that MFI strategies are principal drivers of rising income growth, business expansion, and women's economic independence as business owners. The study recommends that MFIs invest more in gender-responsive product innovation, strengthen capacity-building efforts, and leverage technology to increase outreach. Policymakers are called upon to develop enabling regulatory frameworks for inclusive, diversified, and sustainable microfinance systems responsive to women's enterprise development.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Economic empowerment of women enterprises has become crucial aspect of the programs and activities offered by several non-government and organizations. Women play a crucial role in the economic development of their families, communities and the society as a whole, (JEFFAfrica, 2023). The call to solidify economic empowerment of women in developing countries is a transformation point to reduce poverty, expand business, advance economic development and a catalyst for sustainable development and full realization of the 2030 Agenda (Girma, 2024). Unquestionably, MSMEs take a fundamental part in numerous countries' economic growth, they are the centre of most nations' economic development, they are among the leading sources of entrepreneurial talent, invention and employers' accounting for the largest number of businesses in the world.

MSMEs are important contributors to job creation and global economic development, representing 90% of businesses and more than 50% of employment worldwide (Morales, 2021). Inadequate access to capital and financial resources are significant challenges in economic empowerment of women enterprises particularly in marginalized and low-income communities. However Micro Finance Institutions (MFIs) have emerged as a solution by offering tailored financial services to these women. In emerging economies, MFIs have been essential in advancing economic empowerment, especially for women owning MSMEs. As earlier noted, these are key champions of economic growth, business expansion, innovation, employment opportunities and social integration to the enterprise and the entire economy.

Despite these efforts, challenges like high interest rates, inadequate financial literacy, and inadequate market access persist, highlighting the need for innovative strategies such as product diversification, capacity building, technology adoption, and robust risk management frameworks to maximize the economic empowerment of women entrepreneurs (Association of Microfinance Institutions in Kenya (AMFI-K), 2021). Through these strategies, they empower women to participate in the economy, increase financial inclusion, expand their businesses, earn a living and become financially independent (Sangeetha.G, 2023). Acknowledging that economic empowerment of women enterprises is a major force behind sustainable development, restricted credit availability, low financial knowledge, insufficient technology, market connections and economic involvement, especially in rural regions persist despite the expansion of microfinance services (Anurag, 2024).

1.1.1 Microfinance Institutions' Strategies and Economic Empowerment of Women Enterprises.

Recognizing the need to involve women in the development process for sustainable growth, governments, development workers and donor organizations are turning to these institutions as a way to reach and empower women. They understand that women often face the toughest challenges in poverty and tend to invest a significant part of their income in their families' well-being (Hoorunnisa, 2024). The strategic initiatives of product diversification, capacity building, technology adoption and risk management have shown how women's lives may be drastically changed by allowing them to support their families, launch or grow their businesses and rise the economic ladder. They are designed to empower economically marginalized groups such as women by offering financial products and services that support entrepreneurship, income generation and economic stability (Anurag, 2024).

In microfinance, product diversification is the practice of providing a range of non-financial and financial products in addition to standard microcredit in order to satisfy the various demands of female entrepreneurs. These include microcredit, micro savings micro insurance to mention but a few which are tailored to women needs that aids their entrepreneurial development, increase financial inclusion, lower risk, and foster their economic empowerment (Mwakolobo, 2023). Barricades such as limited financial literacy, absence of business capital, and exposure to financial risks are faced by many women entrepreneurs. Therefore, by ensuring women have access to financial solutions tailored to their unique business needs through diversified product offering addresses these challenges (World Bank Group, 2024).

Studies have shown that access to credit on its own is insufficient for economic empowerment, this is because MFIs initially focused on microcredit, but Women entrepreneurs need complementary financial tools that help them accumulate capital, manage business risks, and build resilience (Morales, 2021). They have progressed from offering credit-centric models to offering comprehensive financial solutions services that essentially address the unique challenges faced by women entrepreneurs which include lack of collateral, inadequate financial literacy, market instability, vulnerability to financial shocks among and over 70% of financially excluded women globally cite lack of appropriate products as a key barrier, (World Bank, 2020). Through the provision of diversified financial products, they create a helpful financial ecosystem that enhances women's involvement in economic activities and endorses sustainable business growth.

Capacity building is another aspect that is a critical strategy employed by MFIs to increase the entrepreneurial skills, financial literacy, and management capabilities of women engaged in MSMEs. This strategy is vital for guaranteeing that women not only access financial resources but also attain the necessary knowledge to successfully utilize loans, manage businesses, and

achieve financial sustainability (Ofori, 2022). In order to guarantee that women can successfully run their enterprises, make wise financial decisions, and attain long-term economic sustainability, it extends beyond financial support and includes training, mentorship, and technical assistance. MFIs therefore embrace capacity building as a strategic way to improve the financial literacy, expertise, and understanding of women entrepreneurs (Mulyungi, 2019).

Compared to women who merely receive microcredit, research indicates that those who receive proper training and mentorship have greater rates of financial independence and business success (Kariuki, 2024). These institutions are essential in helping women develop more resilient and risk-taking skills by offering networking opportunities, advisory services, and organised training programs. They facilitate networking events, trade fairs, and peer-learning platforms to connect women with business leaders and investors. For instance, the Women Enterprise Fund (WEF) in Kenya links female entrepreneurs with well-established market leaders by using mentorship and company incubation programs (World Bank, 2020).

Technological adoption on the other hand has become a game-changer for expanding financial inclusion and giving women entrepreneurs a greater economic power. Through the use of digital platforms, women can access global markets and manage their finances independently. It has transformed access to financial services, especially for marginalized groups like countryside women, by utilizing digital tools, data-driven solutions and mobile platforms. (Hammad, 2023). They are now able to save, obtain credit and carry out transactions without relying on traditional banking systems, which regularly present hindrances such as overpriced fees, complex processes and collateral requirements with the advent of digital financial solutions like mobile banking, fintech apps and e-commerce platforms. In addition, public transport has also made life easier for

women traders, boosting their productivity and income through the introduction of a cashless payment system (Odonkor, 2024).

Women-led businesses benefit from technological adoption by using technologies that improve their competitiveness and efficiency, including customer relationship management, inventory control, and digital marketing. Without the need for physical shopfronts, public media platforms like Facebook, Instagram, and WhatsApp, allows female entrepreneurs to connect with clients, market their goods and services, sell their goods, and boost sales. Furthermore, the growth of online training programs and e-learning has equipped women with the knowledge and abilities necessary to successfully run and expand their businesses (Lee-Ying Tay, 2022). The full advantages of technological progress are nevertheless hampered by issues including insufficient digital literacy, lack of smartphone ownership and poor internet connectivity in rural areas. Economic empowerment and sustainability can be further improved by growing digital literacy initiatives, enhancing internet connectivity and encouraging women to participate in digital finance and e-commerce (World Bank Group, 2024).

A key element of MFIs is risk management, which guarantees the long-term viability of both lenders and borrowers, especially female business owners. MFIs performance a pivotal part in fostering economic empowerment amongst women entrepreneurs by providing access to financial services that are often unavailable through traditional banking channels. However, the sustainability and efficiency of these institutions are most of the time pointedly influenced by their ability to accomplish various risks inherent in microfinance operations. (Kegne, 2024). In emerging nations in particular, credit restrictions, economic volatility, and sociocultural hurdles put women-led businesses at more risk financially. Effective risk management techniques in

MFIs guarantee that female entrepreneurs can obtain long-term financial assistance by reducing loan default, financial losses and business failures, (Botchwey, 2023).

Women entrepreneurs often struggle with access to credit as most studies confirm due to perceived risk by financial institutions. On the other hand, through structured risk management strategies like credit risk models, group lending arrangements, insurance-backed lending, financial literacy initiatives, and technology-driven risk assessments risk management techniques are used by MFIs to play a critical role in de-risking lending to women-owned businesses (World Bank, 2020). These methods support the financial management, business sustainability, and general economic empowerment of female entrepreneurs. Women form small borrowing groups, ensuring joint liability for loan repayment, studies show that women entrepreneurs in group lending models exhibit higher loan repayment rates compared to individual borrowers due to peer accountability through group lending risk management strategy (Robert, 2024).

Globally, MFIs have risen as an important instrument for enhancing economic empowerment of women and entrepreneurship. These institutions provide financial services and support to women-owned enterprises, particularly in developing countries where access to traditional banking services is limited (Ambeeen, 2022). These institutions have implemented various strategies to lift the economic empowerment of women entrepreneurs. Product diversification is a key focus, with MFIs offering variety of financial services beyond just credit, as well as savings accounts, insurance, and remittance services. They have reached over 200 million clients, the majority of whom are women, illustrating the widespread influence of these institutions on the economic empowerment of women entrepreneurs (World Bank, 2021). In addition, in financial institution or mobile money provider universal 76% of adults have an account with MFIs. Notable gender disparities still exist especially in poorer nations. By

promoting accessible financial systems, initiatives such as the G20 Financial Inclusion Action Plan seeks to close these disparities (Global index databass, 2021).

The Global Findex data surveyed in 2019 indicated a noticeable gap in gender on bank account possession in sub-Saharan Africa. About 72% of men have a bank account, while only 65% the of women do. This gap has actually widened since 2020, when 37% of the women had accounts compared to 48% of men, showing a nine-point difference. It's clear that this issue has been growing over the past few years (World Bank, 2021). The situation is even more defective in North Africa, around two-thirds of adults don’t have access to banking services and there's an 18% gender gap in financial access, which is the highest globally (International Monitory Fund (IMF), 2022). The aforementioned discrepancy can be attributed to numerous factors, including women's restricted access to financial services. health care, education, technology, information, their propensity for engaging in unpaid or low-wage occupations and informal activities.

Regionally, the impact of microfinance on women empowerment differs. Studies show that while female business owners do not face significant discrimination in accessing loans, female managers tend to self-select out of the loan application process in North Africa. This highpoint the necessity to address both supply-side and demand-side factors in promoting women's access to finance by targeted interventions (International Monetary Fund (IMF), 2020). The capability of MFIs to promote economic empowerment on a big scale has been demonstrated by the success of models like Self-Help Groups (SHGs) in India and the broad reach of organizations like Bangladesh Rural Advancement Committee (BRAC) in Bangladesh (Suri, 2019). Furthermore, in Sub-Saharan Africa, 37% of women have access to formal financial services, while that number is higher for men at 48%, this shows how microfinance has expanded rapidly to bridge financial gaps for women, especially in rural areas in that (FSDAfrica, 2022). Limited

access to mobile technology is a major barrier to financial inclusion. While 86% of men in Africa own a mobile phone, only 77% of women do. In addition, 37% gender gap in mobile internet usage means that over 190 million African women remain disconnected from vital financial services (AfricaNenda Foundation, 2025)

A rapid expansion of MFIs as a means of bridging the financial service provides a gap among women entrepreneurs as witnesses in Sub-Saharan Africa. Facing credit constraints, inadequate business training, and limited access to financial technology, women-led enterprises still contribute significantly to economic growth (African Development Bank (AfDB), 2022). MFIs includes micro lending, insurance-backed lending, and mobile-based financial services through product diversification strategy in African, ensuring that women entrepreneurs can access tailored financial products that suit their business needs. Moreover, capacity-building programs have been emphasized, with institutions such as the AfDB launching initiatives like the African Women in Business Program (AWIB), which focuses on entrepreneurial training, market linkages, and leadership development (African Union, 2023). Despite these initiatives, high loan default rates and financial instability pose significant risks to MFI operations. In response, MFIs have integrated risk management strategies such as group lending models, collateral-free credit options, and financial education programs to mitigate credit risks. Technology adoption, especially mobile banking and digital payment platforms such as M-Pesa in Kenya and Paga in Nigeria, have enhanced access to microfinance services, reducing reliance on traditional banking models (Osuma, 2024).

In Kenya, Vision 2030 on empowerment initiatives through microfinance institutions offering financial services as key pillars of Kenya's national development plan, aiming to increase access, and encourage saving programs, financial literacy and technology innovation to citizens. MFIs

such as Kenya Women Finance Trust (KWFT), Faulu Kenya and SMEP have integrated digital lending, mobile savings, and financial literacy programs to empower women economically, but women's access to financial services remains limited due to issues including low digital literacy, cybersecurity threats, gender biases in technology use, geographical locations, socio-cultural and economic restrictions (Richard, 2023). The State Department for Gender, UN Women and UNICEF in partnership with Kenya National in Bureau of Statistics (KNBS), has a thorough and organized approach to women's and girls' emancipation in Kenya. Women in urban regions of Kenya are often more empowered than women in rural areas, at 40% on average. Widespread poverty in our society has led to the rise of microfinance programs that focus on empowering women and giving them more entrepreneurial autonomy. In Kenya, while 48% of MSMEs are women-owned, many are restricted to accessing only microcredit, neglecting savings or insurance products which could enhance financial security (World Bank, 2020) . Siaya county in its strategic plan of 2025- 2026 has also seen the need to economically empower people with special need and women being the most identified because MSMEs in the region are critical drivers of economic progress, and enhancing women's participation in business accelerates economic development. In Siaya County, a needs assessment showed that less than 30% of women entrepreneurs had access to more than one type of financial service from MFIs. (County Government of Siaya, 2024).

1.1.2 Women Enterprises in Siaya County Kenya

Siaya County has a population of 993 183 with 521496 women and 471687 men living there overall and the vast majority of people are younger than 14 years old (KNBS , 2019) . It has a significant population engaged in economic activities which include MSMEs such as fishing, agricultural, groceries, transport and retail stores with limited chances in commercial ventures

and public service. As more young people enter the workforce due to rapid population change, the pressure on available employment opportunities is expected to grow (Muriithi, 2020)

The Siaya County Annual Development plan, 2017-2018, noted that the rural poverty rate of the county stands at 57.9% and 37.9% in urban areas, a situation that disproportionately affects women and forces them to enter into entrepreneurship (Siaya County Government, 2020). These businesses, predominantly in services, trade, and agriculture, are highly significant for livelihoods at the local level but are likely to suffer from systemic issues, including poor access to formal financial services and a competitive informal market sector environment that limits their growth and profitability.

Siaya County has identified in its 2025–2026 strategic plan the economic empowerment of women, especially those running MSMEs, as a means of driving inclusive growth. Even though 48% of Kenya's MSMEs are women-owned (World Bank, 2020), the majority in rural counties like Siaya rely solely on microcredit and lack access to diversified financial products like savings, insurance, or digital platforms, which would enhance financial resilience. The study therefore attempts to fill the empirical gap by an examination of how MFI strategies, such as product diversification, capacity development, technology adoption, and risk management, influence the economic empowerment of women enterprises in this under-researched region.

Despite the positive impact of MFIs in promoting economic empowerment, existing literature lacks localized studies that evaluate the effectiveness of specific MFIs strategies within rural Kenyan communities especially in Siaya county. Most previous researches have focused on the general role of microfinance but have not isolated the impact of key strategies such as product diversification, Capacity building, financial literacy programs, and risk management. Furthermore, while global researches have extensively recognized the function of microfinance

in women's empowerment, there is limited empirical data on its long-term effects on sustainable economic empowerment in Siaya County. This study intends to address these loop holes by assessing the efficiency of the strategies in economically empowering women entrepreneurs in Siaya County. It offers insights for financial organizations, policymakers, and development agencies in quest of enhancing financial inclusion and economic stability for women in similar rural settings.

1.2 Statement of the Problem

Economic empowerment of women in developing countries is a transformation point to reduce poverty, expand business, advance economic development and a catalyst for sustainable development and full realization of the agenda 2030 (Girma, 2024). Women-owned enterprises play a pivotal role in Kenya's economy, particularly within the MSMEs sector. They account for nearly half, 48% of all SMEs, contribute approximately 20% to the country's gross domestic product (GDP) and of the 462,000 jobs created annually since 2000 in Kenya (Wairimu, 2020). In spite of their significant presence and ability, (Kenya National Bureau of Statistics (KNBS), 2023) noted that over 60% of women-owned MSMEs in rural Kenya report stagnant or declining business performance due to financial constraints and lack of strategic support. Statistical gaps further underscore the problem, while women contribute approximately 48% to Kenya’s informal sector, only 35% of women entrepreneurs’ report experiencing business growth or improved income levels from microfinance services (Association of Microfinance Institutions in Kenya (AMFI-K), 2021). MFIs have emerged as key drivers of economic empowerment of women enterprises, offering diversified services. However, despite their presence especially in the rural regions of Kenya, many women entrepreneurs still struggle with underutilized customer tailored services, limited access to capital, low financial literacy, high loan default rates, and

inadequate risk management strategies. These challenges not addressed hinders the economic empowerment and achievement of the 2030 agenda for Sustainable Development goals (SDGs) especially SDG 5 on Gender Equality and SDG 8 on Decent Work and Economic Growth (Chitale, 2024), and the achievement of Siaya county development plan 2025-2029 on economic empowerment of women entrepreneurs.

Amongst this social need, existing literature demonstrates inconsistencies in the conceptualization, context and findings. For instance, (Mwobobia, 2022) conducted research in Nairobi County on the Challenges Facing Small-Scale Women Entrepreneurs. Conversely, (Mwangi, 2022) examined the impact of group-based lending models in rural Kenya, finding inconsistent outcomes depending on county-level infrastructure and market access. Similarly, Onyango and Wairimu (2023) comparative analysis of four major Kenyan MFIs found dramatic differences in empowerment outcomes based on interest rate structures, repayment periods, and loan use restrictions, suggesting program design matters as much as access to credit. These findings highlight the need to comprehensive investigation to address the existing gap on conceptualization, context and findings. Therefore, this study evaluated on the effect of MFIs and economic empowerment of Women enterprises in Siaya County- Kenya.

1.3 Research Objectives

1.3.1 General Objective

The general objective of this study was to determine the effect of microfinance institutions strategies on the economic empowerment of women enterprises in Siaya County- Kenya.

1.3.2 Specific Objectives

i. To establish the effect of product diversification on the economic empowerment of women enterprises in Siaya County- Kenya.
ii. To ascertain the influence of capacity building on the economic empowerment of women enterprises in Siaya County- Kenya.
iii. To evaluate the effect of technology adoption on the economic empowerment of women enterprises in Siaya County- Kenya.
iv. To determine the influence of risk management on economic empowerment of women enterprises in Siaya County- Kenya.

1.4 The Research Hypothesis

i. Ho_1- Product diversification has no significant effect on the economic empowerment of women enterprises in Siaya County- Kenya.
ii. Ho_2- Capacity building has no significant influence on the economic empowerment of women enterprises in Siaya County- Kenya.
iii. Ho_3-Technology adoption has no significant effect on the economic empowerment of women enterprises in Siaya County- Kenya.
iv. Ho_4- Risk management has no significant influence on the economic empowerment of women enterprises in Siaya County- Kenya.

1.5 Significance of the Study

1.5.1 Microfinance Institutions (MFIs)

The study provides MFIs with empirical knowledge on how different strategies like product diversification, capacity development, technology adoption, and risk management and there impact women enterprises' economic empowerment. The study assists MFIs in choosing and

refining strategies that most powerfully advance women entrepreneurs' business growth and survival.

1.5.2 Policy Formulation and Government Planning

The findings offer policymakers in Siaya County and Kenya at large data-informed advice for designing policies that enhance women's access to financial services and entrepreneurial opportunities. It supports the achievement of national development goals and United Nations Sustainable Development Goals (SDGs), particularly SDG 5 (Gender Equality) and SDG 8 (Decent Work and Economic Growth).

1.5.3 Empowerment of Women Entrepreneurs

The research identifies strategic interventions that enhance directly women's financial independence, decision-making power, and overall socio-economic status. It offers practical solutions to overcoming barriers such as limited financial literacy, lack of collateral, and low access to digital financial tools.

1.5.4 Academic Contribution

Scholarship develops on current literature in microfinance strategies by integrating four main strategies under a single conceptual model, filling the conceptual gap previously identified in current research. It gives a point of reference for future studies on rural women enterprises and the effectiveness of MFI strategy.

1.5.5 Non-Governmental Organizations (NGOs) and Development Partners

The study gives NGOs and donor agencies practical recommendations for program design, ensuring interventions are congruent with the real needs of women entrepreneurs in rural areas.

1.6 The Scope and Delimitation of the Study

MFIs have several strategies used to economically empower women, this study explored on only four strategies: product diversification, capacity building, technology adoption and risk management and their effects on economic empowerment of women enterprises. The study covered MFIs operating in Siaya county. Siaya County has been selected due to its high prevalence of women-owned MSMEs and limited access to financial resources despite the presence of various MFIs. Many women entrepreneurs in the region struggle with untailored or underutilized financial services, lack of business training, technological illiteracy and financial risk management constraints that hinder their economic advancement (Kenya Institute for Public Pulicy Research and Analysis (KIPPARA), 2020).

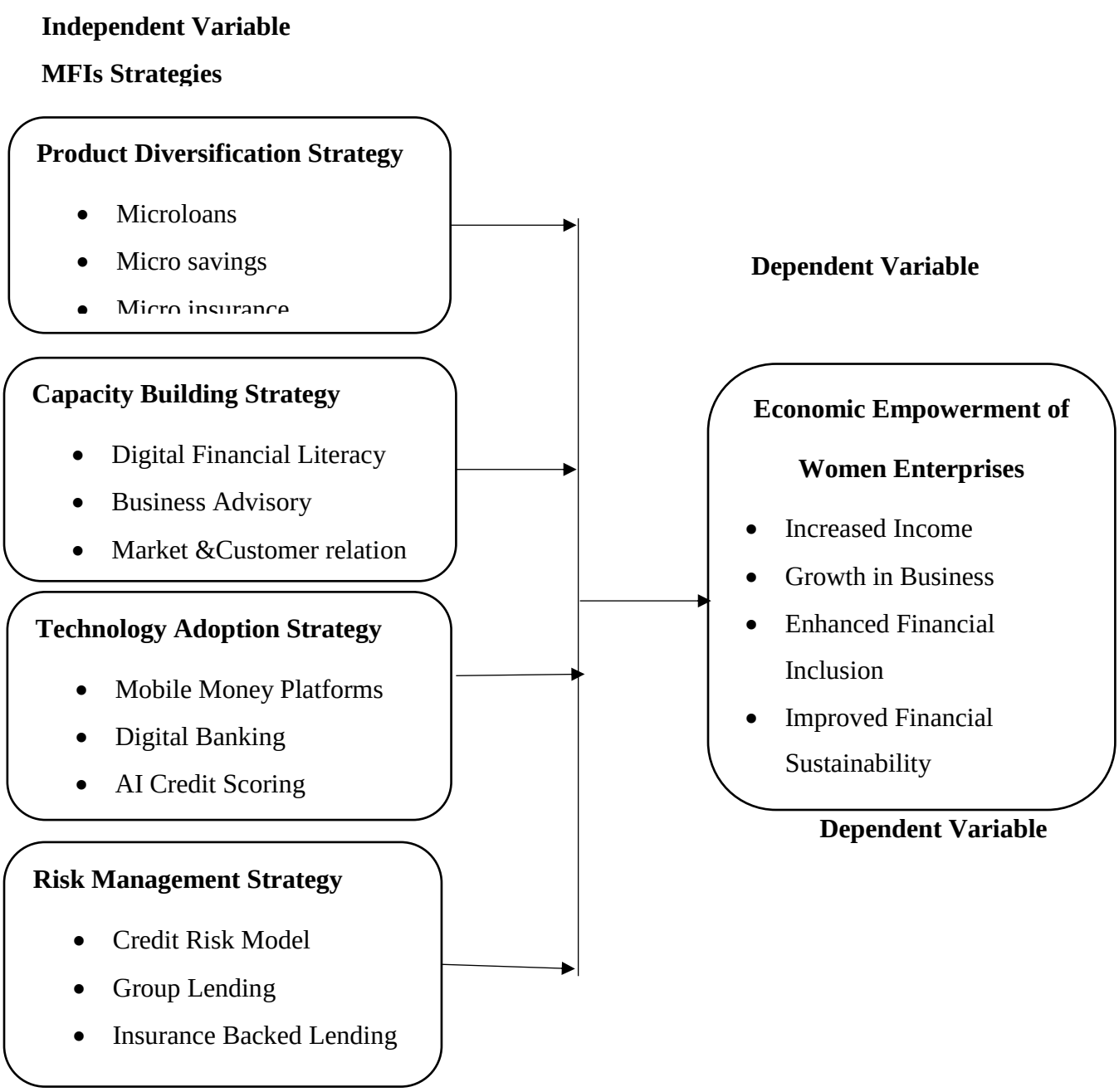
1.7 Theoretical Framework

The theoretical framework is a summary of all theories that outline and clarify the boundaries of the study, the theories are developed to explain phenomena, draw connections, and make predictions by the researcher (Eckel, 2025). This study integrates Feminist Empowerment Theory, Financial Literacy Theory, Technology Acceptance Model (TAM) Theory, and Financial Intermediation Theory to evaluate the effect of MFIs strategies and the economic empowerment of women enterprises in Siaya County, Kenya. By providing women entrepreneurs with financial inclusion, financial independence and decision-making power, feminist empowerment theory underscores the role of microfinance in challenging gender inequalities. Financial literacy theory on the other hand highlights the need of training programs that equip women with knowledge on business management, investment, savings and risk management essential for sustainable business growth.

The adoption of digital monetary services like mobile banking and digital loans is supported by technology acceptance model (TAM), enhancing women's accessibility to financial resources. Lastly, MFIs bridge the gap between lenders and women entrepreneurs by offering diverse financial products while mitigating risks through strategies like group lending and insurance-backed credit is explained through financial intermediation theory. By integrating these theories, the study assessed how product diversification, capacity building, technology adoption, and risk management strategies affect the economic empowerment of women entrepreneurs in Siaya County.

1.8 Conceptual Framework

It's the result of a thoughtful process of creating systems that link different concepts together, helping to make sense of a particular phenomenon or set of phenomena. In addition, it is an outline of ideas, assumptions, expectations, beliefs and theories that guides research and shows how they all connect. The ideas within this context support each other, elucidate their specific topics, and create a unique philosophy that summaries how the independent and dependent variables relate to one another (Hassan, 2024). The purpose of the research was to determine the effect of Microfinance Institutions Strategies and Economic Empowerment of Women Enterprises in Siaya county. Four independent study variables: product diversification, capacity building, technology acceptance and risk management essential to economic empowerment women enterprises were identified. The diagram below clearly shows the association of the study variables.



Conceptual Framework

Source: Researcher 2024

Figure 1: Conceptual Framework

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

It provides an outline of the pertinent theoretical and empirical evaluation of the study. On the theoretical review, it covers some of the important classical theories in line with Microfinance Institutions strategies and economic empowerment of women enterprises. The empirical literature on the other hand highlights several studies mainly on the specific objectives and finally the knowledge gaps.

2.2 Review of Theories

The research was supported by feminist empowerment theory, financial literacy theory, technology acceptance Model (TAM), and Financial Intermediation theory.

2.2.1 Feminist Empowerment Theory

The feminist empowerment theory in microfinance was primarily developed by Linda Mayoux in the 1990s, though it builds on earlier feminist scholarship. Mayoux (2002; 2006) distinguished it from other microfinance paradigms and positioned it within broader feminist development theories, individual, household, community, market and state. This theory views microfinance not merely as a financial service but as a potential entry point for broader feminist organizing and consciousness-raising (Mayoux, 2023). It assumes that Gender-based disparities are deeply embedded in societal structures, necessitating systemic change to achieve true empowerment, empowerment involves enhancing women's agency enabling them to make strategic life choices previously denied due to societal constraints and factors such as race, class, and ethnicity

intersect with gender influencing the experiences and empowerment processes of different groups of women (Guy, 2024).

Proponents who used this theory in their studies are; (Kabeer, 2020)Kabeer who studied on the affiliation between Women's Empowerment and Economic Growth in Sub-Saharan Africa and the variable had a positive correlation, used this theory to show the importance of empowerment on economic growth. Chime & Amaka (2020) who explored on the Dimensions and drivers of women's empowerment in rural Nigeria found out that they are microfinance programs, vocational training and women's self-help groups and the theory focuses on challenging systemic inequalities and empowering women and Kamau (2019), investigated the Influence of Microfinance Services on Women Empowerment in Kikuyu Kenya, found that microfinance services significantly contribute to women's ability to start and expand businesses, the theory focuses on challenging systemic inequalities and enhancing women's agency, autonomy and participation in economic.

Feminist empowerment theory often focuses too much on the individual level especially women neglecting structural and systemic barriers that women face. In addition, the theory might not fully account for cultural, political, psychological differences in how empowerment is perceived and achieved which can vary significantly across different and while theoretically sound, feminist empowerment approaches are rarely fully implemented by mainstream MFIs due to resource constraints and institutional priorities (Mwasiga, 2019). The theory was used to provide a framework to establish the effect of Product diversification on the Economic Empowerment of Women Enterprises in Siaya County- Kenya.

2.2.2: Financial Literacy Theory

The notion of this theory has stood extensively developed by scholars and advanced by Swiecka Beata in 2017. The research highlighted the duty of financial literacy in influencing economic behaviour, particularly in savings, investment, and credit management (Swiecka, 2019). Financial literacy theory concentration on an individual's capacity to manage individual finances based on their actions associated to financial abilities, awareness and attitudes. Furthermore, the theory claims that personal financial management and economic well-being is dependent on financial training and literacy (Williams, 2024). It is based on some key assumptions, it assumes that knowledge leads to better financial decisions since one with developed financial literacy are extra probable to save, invest wisely, and evade debt traps, financial literacy is not inborn but learned as people acquire financial literacy through education, experience, and financial exposure and Low financial literacy leads to economic vulnerability since poor financial knowledge results in bad financial decisions, leading to issues such as over-indebtedness and lack of savings.

Proponents who used this theory in their studies are; Kumari(2020) studied on the Impact of Financial Literacy Training and Reminders on Micro-businesses in Sri Lanka and the study revealed that those who became literate demonstrated significant improvements, the theory highlights importance of financial literacy in business decisions. Kanchi, Phalke, Joglekar & Kadam (2024) explored on Women empowerment in financial literacy in Pune- India, the study concluded that community-based financial inclusion programs, focused financial education programs empowered women, the theory places of interest on the value of financial literacy in business administration. Nyamagwain (2021) deliberated on Effects of Financial Literacy on Economic Empowerment of Small -Scale Women Traders in Kisii County, Kenya, the study

found out that financially literate women are more likely to save and make wise financial decisions. The theory stress on financial education that enhances financial literacy, better decisions making and financially independent.

Financial literacy places too much burden on individuals rather than addressing systemic financial barriers, such as predatory lending and economic inequality are among the critiques. Some studies criticize this theory of change in that the usefulness of financial education programs can differ depending on how and when they are delivered. Moreover, lack of access to financial services, employment instability and financial literacy alone may not be sufficient, to overcome broader economic barriers such as income inequality, (Ahmad, 2023). It is relevant to the study in understanding the baseline of how Capacity Building strategy helped to tailor microfinancing plans to cater for the specific requirements and gaps in knowledge of the women in Siaya County.

2.2.3 Technology Acceptance Theory.

The Technology Acceptance Theory (TAM) was developed by Fred Davis (1986, 1989) and later on expanded by Venkatesh & Davis (1996, 2000). The theory explicates how users receive and use technology based on their perceptions. It advocates that two primary factors determine technology adoption (Zuva, 2024). Perceived Usefulness (PU) is to what degree a person feels that using a particular technology enhances their job or life, Perceived Ease of Use (PEOU) is to what degree a person feels that using a technology is simple. These factors influence Behavioural Intention (BI) to use the technology, which in turn governs Actual Use (AU). The theory assumes that User adoption of technology is driven by PU and PEOU. Behavioural Intention (BI) leads to Actual Usage (AU) (Gaddi, 2021).

Proponents who used this theory in their research include; Zhou, Wang &Wei (2024) explored on digital technologies and corporate green innovation: The study concluded that, businesses that use digital technologies are nimbler in reacting to consumer demands. The study applies the theory on digital technologies and corporation of green innovation in China. Oluyemi, Ayodele &Ifunanya (2020) studied on Innovation capabilities of women enterprise in informal settings in Nigeria, the study found a positive correlation between the two variables, the theory was used to appreciate the adoption of new ideas, technologies, or practices in their businesses and Kimotho (2019) deliberated on effects of technology on financial performance of micro finance institutions in Kenya and the results indicate that technology innovations can greatly improve MFI performance, the theory was used to understand how it is important for MFIs in Kenya to adopt to new technologies and services to ease their processes.

The theory is criticized on over-simplification in that it ignores social, cultural, and environmental factors influencing adoption. In addition, lack of context-specific variables since it does not fully address the role of financial constraints, trust issues, or regulatory barriers in financial technology adoption and limited predictability since it explains intentions but it does not always predict actual usage accurately. The theory was applied to understand how microfinance strategies can adopt technology to economically empower women enterprises in Siaya County. By addressing its limitations and tailoring its application to local contexts, the theory can guide effective implementation and scaling of innovative financial services.

2.2.4 Financial Intermediation Theory.

The theory has its origin in 1960 by Gurley & Shaw and later expanded by Diamond & Dybvig 1983. Financial Intermediation theory explains how financial institutions such as MFIs act as intermediaries between borrowers and lenders by managing risk, enhancing liquidity, and

reducing transaction costs (Kithandi, 2024). The theory assumes that there is existence of Transaction Costs where borrowers and lenders cannot transact cost-free, making financial intermediaries e.g., MFIs, banks necessary to reduce costs and facilitate financial transactions. Asymmetric information exists since lenders lack complete information about borrowers' creditworthiness so financial institutions mitigate information gaps through credit risk models, borrower assessments and monitoring mechanisms and risk transformation by financial intermediaries pooling funds from depositors and redistribute them as loans, spreading risk across different borrowers, in microfinance, group lending and insurance-backed lending help mitigate default risks (Kithandi et al, 2024).

Proponents who used this theory in their research include; Yosa, Baleke, Lubega, Yourougou and Amani (2021) studied on Financial Intermediation of Microfinance Banks in Rural Sub-Saharan Africa. Based on the theory of financial intermediation, market penetration and worth of financial services as proportions of financial intermediation comprehensively explained the 22 % of the financial inclusion gap of the poor in rural Uganda. The theory was used to linking the transaction between the lenders and borrowers. Kithandi et al., (2025) explored on the Theory of Financial Intermediation: A Millennial Perspective of Theory and Practice, depicts the importance of financial structure in intermediation process. It depicted how crucial the financial institutions intermediate between household, firms and government. Kirima and Omagwa (2019) investigated the impact of microfinance services on the financial performance of SMEs. The results contributed to Financial Intermediation Theory by highlighting MFIs as vital sources of SME funding, enhancing financial performance through accessible and affordable loans.

Critiques to the theory are; It assumes MFIs can always balance financial sustainability and social goals, but in practice, some prioritize profit over empowerment and overlooks market competition and regulatory barriers in microfinance. This theory is appropriate to the study in understanding the risk management strategy by MFIs through embracing credit risk model, group lending and insurance backed lending.

2.3 Empirical Review

2.3.1 Product Diversification and Economic Empowerment of Women Enterprises

Ambereen (2022) studied on the obligation of microfinance on women's empowerment and innovative advancement in rural Pakistan. The study investigated on the impact of their economic activity, decision-making power and general economic standing through access to financial services like as micro-loans and reserves accounts employing women empowerment theory. Mixed methods approach was used, a sample of 500 women involved in some forms of microfinancing were engaged to bring quantitative data, focus groups and interviews contributed to qualitative insight to examine the impact of microfinance on women's empowerment. The study resolved that microfinance has a significant optimistic consequence on economic empowerment of women as it positively affects the financial inclusion of women, independent income of women, level of asset possession and the monthly savings amounts.

Adebuason (2024) With emphasis on the Women's Microfinance Initiative (WMI) in Buyobo, North Eastern Uganda, investigated how microfinance affects women's entrepreneurial empowerment. Feminist empowerment theory was used. The research approach was a cross-sectional exploratory. A sample of 1,380 loan recipients participated in the study. Techniques used to collect data were focus groups, interviews, and structured questionnaires. WMI's microfinance services greatly increased the entrepreneurial empowerment of women in the area

according to the results. Women began and expanded small to medium-sized firms, leading to higher income and improved socio-economic status due to access to financing. The report stresses how crucial microfinance is a means of aiding female business owners in rural Uganda.

The influence of microcredit on the resilience and growth of women-owned businesses in Kenya was explored by Otieno, Wangui, and Njagi (2020). Using financial inclusion theory, the research underscored how access to microfinance empowers female entrepreneurs, enabling them to infiltrate new markets, particularly in sectors such as retail and agro-processing. A strong correlation between microcredit access and the expansion capabilities of women-led businesses by employing a mixture of qualitative and quantitative data analysis was uncovered in the research. The results indicated that those who utilized microcredit were not only more likely to enter new markets but also earned bigger firmness and resilience within their enterprises. Finally, this research underlined on the central role of microfinance in fostering economic empowerment of women enterprises and indorsing for policy measures that support women's entrepreneurship in evolving economies.

Busolo (2020) researched on Microfinance Services and Performance of Women Owned Business Enterprises in Busia County, Kenya. Micro credit, financial education and savings programs in women-owned business performance were the main variables. Among others, resource-based view theory and Institutional theory also guided research to a great extent. 500 women-owned business entrepreneurs in Kenya's Busia County were the target group and descriptive survey research design was used. A sample size of 100 respondents through the use of quantitative stratified random sampling was deemed appropriate because it reached 20% of the target population at large. Questionnaires were used as a primary method of data collection, and SPSS version 23.0 was used in applying both qualitative and quantitative data analysis

methods. The conclusion was that women-owned businesses partake a substantial responsibility in Kenya's economic development. The study also suggests emphasising training programs to improve financial literacy management for the businesses' excellent performance.

2.3.2 Capacity Building on Economic Empowerment of Women

Naoyuki & Morgan (2020) investigated the interaction between financial inclusion, regulatory frameworks, financial education to back up economic empowerment women in South and Southeast Asia. The study adopted financial literacy theory, the fact that financial exclusion continues to be a main obstacle to women's economic participation in these areas, how focused financial mastery initiatives might increase reception to financial services by women and advance the economic results was explored. They concluded that women access to and use of financial goods and services is greatly improved by financial acquaintance grounded on an exhaustive scrutiny of data gathered from several South Asian and Southeast Asian nations. In addition, women became more proficient at managing their finances, saving more money and engage in more entrepreneurship through financial literacy programs. The degree of financial segregation is higher in countryside areas where these gains were more visible.

Bruhn & Love (2021) used a randomised controlled trial to examine the effects of high school financial education in Brazil on the financial literacy, saving behaviours, and overall economic well-being of the women who participated in the programs. The study surveyed 1,500 women in various regions of Brazil who completed financial literacy classes in high school. According to the findings, women who got financial education were much more likely to participate in formal saving practices and were 40% more likely to have a formal savings account than those who did not. Subsequent investigation showed that increased financial independence and more control over household decisions as a result of acquired financial knowledge indicated an increase in

economic empowerment. The study pointed out that policymakers and educators should give priority to financial literacy programs to improve young women's financial skills and support sustainable economic development.

Kanchi, Phalke, Joglekar, and Kadam (2024) conducted research on financial literacy on empowering female. By outlining the main causes of the gender gap and providing strategies for empowerment. Using feminist theory, the study clarifies the effects of women's access to financial education from personal, cultural, and economic bases. Through utilizing secondary data obtained from various sources, the findings show that women largely have lesser financial knowledge, which is often connected to their education, their involvement in financial learning opportunities and the resources available to them. There was a positive connection between empowerment and financial literacy, stressing the need for targeted initiatives as revealed in the study. It is therefore crucial to integrate financial literacy into digital programs, education and inclusive strategies to help bridge the gender gap as recommended.

Wambui, Kihiu & Otieno (2022) investigated how economic empowerment of women in Kenya was impacted by financial literacy programs aimed at microfinance clients. by using a mixed research method, the research looked at the effect of the overall business performance and the financial management skills gained from these programs of women's skills in managing credit and saving money by using a mixed research method. Via financial literacy theory, through surveys and comprehensive interviews, data was gathered from 800 women across different regions of Kenya. It demonstrated that women who participated in financial literacy classes saw significant improvements in their financial management according to the results. In particular, these women increased their savings rates by 30% and improved their credit administration practices by 25% compared to those who didn’t take the classes. The study also found that

financial literacy training enhanced the performance of women entrepreneurs, resulting in a 35% increase in sales and a higher likelihood of future growth. The qualitative results showed that women's financial literacy increased along with their confidence and control over their economic activities, that led to improved financial policymaking.

2.3.3. Technology Adoption and Economic Empowerment of Women Enterprises

Wulandari & Kassim (2025) conducted a study on how Indonesian female entrepreneurs, particularly those at the lowest of the economic pyramid, are empowered by digital financial services offered by MFIs in Indonesia. The study investigated the connection amongst women's economic empowerment and access these services using logistic regression analysis and embracing technology acceptance theory. 1,644 women entrepreneurs operating ultra-MSME businesses from Daerah Istimewa Yogyakarta, Nusa Tenggara Barat, and Sulawesi Selatan, provided the data. Results indicated that participants' economic and social empowerment is greatly improved when they have access to digital microfinance programs. On the other hand, there was no discernible impact on political empowerment. The research provides insights for policymakers looking to increase women's engagement in economic events and underlines the critical role that MFIs play in advancing women's empowerment through digital financial inclusion.

Mabrouk, Binsuwadan, Bousrih, Manal &Hind (2023) explored on how digital financial inclusion can help empower women particularly in light of the COVID-19 pandemic in Saudi Arabia. Using the theory of technology acceptance model, planned behaviour and innovation diffusion theory. Qualitative method through ordered probit models was used, data collected from the Global Financial Inclusion Database for 2017 and 2021. In conclusion, there was a pandemic's acceleration of the embracement of digital financial systems, women's participation

in credit access, investments, and savings increased. Advancements in mobile technology, efforts to boost digital literacy, and supportive government policies were the key factors that helped this shift. Ultimately, they concluded that targeted efforts are necessary to ensure everyone can access and use these services fairly because digital financial inclusion holds great promise for empowering women. They urge financial institutions policymakers and to tackle these issues to fully harness uplifting women around the globe through the potential of digital financial services.

Malanga and Banda (2021) investigated on how incomes of women running microbusinesses in rural Malawi increased through the use of information and communication technologies (ICTs). Using technology acceptance model and to collect insights from these business owners, qualitative interpretive philosophical approach was used. A sample size of 25 women who operated different microbusinesses in three rural Karonga district locations in Malawi were specifically chosen and a mixture of surveys and interviews was applied. Through the use of ICT, they experienced lower operating costs, improved communication with suppliers and customers, and better access to market information. Additionally, by growing their enterprises and reaching a wider audience, many women were able to increase their wages and achieve financial independence. Low digital literacy, a lack of reasonably priced ICT equipment, and unstable infrastructure were some of the issues identified as preventing these technologies from reaching their full potential. The study concluded that in order to fully utilize ICTs for empowering women economically in rural areas, activities such as training in digital literacy and developing ICT infrastructure must be prioritized.

United States Agency for International Development (USAID, 2023) conducted a study on how to foster sustainable economic development and growth. It highlighted USAID's initiatives to support women’s participation in digital economy using cutting-edge technology. The study

demonstrated how the transformative impact of digital financial helped women overcome obstacles, progress the worth of life and guarantee to the economic growth. The advantages of leveraging technology to tie the gender gap in financial services and promote inclusive growth in the region was highlighted in the finding.

Tiony (2023) investigated how digital financial services have changed the landscape of financial inclusion in Kenya. the game for financial inclusion in Kenya has been transformed by digital financial services. The Technology Acceptance Model and Theories of Planned Behaviour (TPB) were applied. The approach entails examining current data from sources like the Financial Sector Deepening (FSD) Kenya, Safaricom, KNBS and other pertinent organizations. Report noted that formerly underserved groups, particularly women, can now access financial services through mobile money platforms like M-Pesa. Because digital services offer safe means to manage credit, savings, and transactions, they have significantly increased women's financial independence and economic involvement. The results of the study demonstrate how digital innovation has greatly enhanced the function of fostering economic resilience, reducing disparities in financial inclusion, and improving the socioeconomic empowerment of Kenyan women. Infrastructure limits, low financial literacy, security issues, and regulatory considerations are just a few of the obstacles and limitations that exist.

2.3.4. Risk Management and Economic Empowerment of Women Enterprises

Mohamed& Mohammed (2023) explored on the impact of borrowing strategies on credit risk within Islamic MFIs, focusing on the roles of women, group lending, and rural borrowers. International dataset of MFIs over a 20-year period was utilized in the study, the study variables were proportion of lending to women, group lending practices, and loans to rural borrowers across various countries where Islamic MFIs operate, the research found that Islamic MFIs

experienced a bridged credit risk by offering more group loans, serving a higher proportion of female clients, and extending services to rural borrowers. On the other hand, traditional MFIs gain from a higher focus on female customers, fewer group loans, and less lending to rural borrowers. These results demonstrate how Islamic microfinance can improve financial inclusion and reduce loan risk by utilizing social factors within Muslim communities.

The impact of transitioning women borrowers from group liability to individual liability in microcredit programs in Philippines was studied by Innovations for Poverty Action (IPA, 2022). Employing randomized controlled trial (RCT) methodology and collected data on various outcomes; group meeting attendance, client retention, loan payment rates and the general financial performance of the microfinance institution. Group liability has long been relied on as a risk management strategy by microcredit programs, assuming that communal responsibility nurtures repayment discipline. However, this study contests this assumption. Findings denotes that this change did not lead to increased default rates, suggesting that individual liability can be equally effective in ensuring loan repayment. Additionally, creating a more favourable atmosphere for female entrepreneurs cultivate their trades, transition alleviated social pressures and potential conflicts within borrowing groups. These findings point out the need for microfinance institutions to re-evaluate traditional group-based lending models and adopt more elastic repayment structures to boost financial inclusion and women's economic empowerment.

Erica &Rohini (2024) discussed the impact of repayment frequency on default rates in Indian

microfinance loans. Authors employed a field experiment method of a randomized controlled trial (RCT), to compare client behaviour and loan performance for different repayment schedules using empirical data from microfinance institutions, authors investigate whether altering repayment schedules affects loan performance and borrowing behaviour. The findings reveal that

repayment frequency has no significant impact on default or delinquency rates, refuting the common view that frequent and stringent repayments are essential for maintaining financial discipline among borrowers. Instead, the study reveals that less tightly coupled repayment schedules are capable of reducing transaction costs among borrowers as well as financial institutions without increasing credit risk. Such flexibility is particularly beneficial to women entrepreneurs, as it lightens economic burden, enhances resource allocation and promotes business investment and growth. The study highlights the necessity of crafting borrower-friendly microfinance policies to facilitate sustainable economic empowerment.

Adebuason et al, (2024) explored on microfinance and entrepreneurial empowerment of women: The Case of Women's Microfinance Initiative in Uganda (WMI). Exploratory cross-sectional research approach was embraced and was informed by Participatory Development Theory. In order to allow for the generalisation of the results, the study also used a quantitative technique. Women engaged in economic activity who were recipients of the Women's Micro Finance Initiative (WMI) made up the target group. The initiative primarily utilizes group lending models, enabling women to access affordable, collateral-free loans that help them establish and expand micro-businesses. By combining financial services with entrepreneurial training, WMI enhances women's business acumen, promotes sustainable income generation and strengthens economic independence. The study demonstrated significant success in improving household financial stability, increasing business profitability, and empowering women to take active roles in decision-making within their communities. Findings suggest that group lending and localized financial management are effective strategies in progressing women's economic empowerment and fostering long-term financial sustainability.

Ngahu & Wagoki (2019) evaluated the impact of group lending on the control of loan default rates among Microfinance Institutions (MFIs) in Nakuru Town, Kenya. The study looked at how group administration can decrease loan defaults. Descriptive research and structured questionnaires to gather data from different MFIs in Nakuru Town was engaged. The study's focus was Nakuru town, and its target population of 119 was selected from among the employees of the 18 MFIs that operate there. A sample of 85 officers was selected using basic random selection. The results show that loan default rates are considerably decreased by efficient group administration, which is defined by appropriate group formation, frequent meetings, and peer monitoring. The study proposes that MFIs use strong group administration procedures to reduce default risks and concludes that group lending methods, when properly managed, improve loan repayment performance.

2.4. Knowledge Gap

Literature reviewed clearly demonstrate that studies have been done across the globe in various sectors and places concerning different aspects of Microfinance institutions strategies and economic empowerment of women enterprises. It identified both contextual and conceptual gaps. The contextual gap was identified in studies that were done in various sectors that do not relate to MFIs. For instance, (Mwobobia, 2022) conducted research in Nairobi County on the Challenges Facing Small-Scale Women Entrepreneurs. Mwangi et al., (2022) examined the impact of group-based lending models in rural Kenya and Tiony et al., (2023) examined into how the game for financial inclusion in Kenya has been transformed by digital financial services. In addition, while abundant research has investigated the impact of microfinance services on women's economic empowerment in several Kenyan regions, there is a notable scarcity of research focusing specifically on Siaya County. For instance, research conducted in Busia

County by Busolo et al., (2020) concluded that women-led enterprises significantly contribute to economic development, emphasizing the importance of financial training and credit access. Similarly, studies in Kilifi County demonstrated that micro-lending and micro-saving services positively affect women's economic empowerment. However, the socio-economic and cultural dynamics unique to Siaya County may influence the effectiveness of MFI strategies differently. Therefore, this study addresses the need to explore how MFIs impact women's enterprises within the specific context of Siaya County. Conceptual Gap is demonstrated with existing literature often concentrates on direct financial services, such as microcredit and micro savings, when assessing their effects on women's empowerment. Study carried out in Mogotio Constituency by Mwangi et al., (2022) examined the impact of microcredit, micro savings, and training on women's empowerment. However, there is limited exploration of a broader range of MFI strategies, including product diversification, capacity building, technology adoption, and risk management, and how these collectively result the economic empowerment of women entrepreneurs. This study filled this conceptual gap by providing an in-depth analysis of various MFI strategies and their combined impact on women's enterprises in Siaya County.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter brings forward the methodology employed to carry out the study. It defined the research design, type and source of data, population of interest, sampling technique and designs that would be employed for selecting the sample size. It also defined how data was collected, validity and reliability of data collection instruments, how data was processed and represented and ethical consideration.

3.2 Research Design

It specifies how to carry out a research study. It gives the overall plan of action and what one does to gather and analysed data and to answer your study questions or hypotheses (Sunaina, 2023). To reveal the research purpose, the study utilized descriptive cross-sectional design in order to facilitate the collection of information at a single moment to assess the association between microfinance institutions strategies and women enterprise economic empowerment. The design was appropriate because it assisted the researcher to gather data regarding the present position of the phenomena. It portrayed a true outline of persons, events or situations. This was achieved through utilizing a quantitative approach.

3.3 Target Population

This refers to the specific group of population that share similar characteristics and is identified as the intended audience for research (Gesami, 2023). The population for the study was 1005 respondents , this included 1000 women entrepreneurs in Siaya County Kenya, who are currently accessing microfinance services from the MFIs branches in the county who were the unit of

observation, the group was instrumental for understanding the impact of MFI strategies on their enterprises and 5 branch managers operating in MFIs in Siaya region and are registered by the Association of Microfinance Institutions in Kenya who were the unit of analysis, these institutions provided insights on MFI strategies employed to empower women enterprises in Siaya county. MFIs branches operating in Siaya county are 5: KWFT (4 branches & SMEP I branch) (County Government of Siaya, 2024)

The target population provided by the MFIs operating in Siaya County Head offices (2024) as attached in the appendices (E&F) is as follows;

Table 3. 1 Sampling Frame

#	Respondents	KWFT				SMEP	Total
	Branches	**BONDO**	**SIAYA**	**MADIANI**	**UGUNJA**	**BONDO**	
1	Branch Managers	1	1	1	1	1	5
2	Women entrepreneurs accessing microfinance services	153	236	225	170	216	1000
	TOTAL	**154**	**237**	**226**	**171**	**217**	**1005**

Source: MFIs Head offices Nairobi (2025)

3.3.1 Sample Size

Sampling is a procedure of choosing a small group of individuals to represent a larger group in a study (Muhammad, 2024). The sample size for the study was 105 respondents (5 branch managers and 100 women entrepreneurs). Census method was used to select all the five branch managers from the MFIs because they were in custody of the relevant information on the strategies used by their respective institutions to economically empower women enterprises and

10% rule for the women entrepreneurs. Mugenda & Mugenda (2019) recommends a sample size of 10% to 30% of the accessible population to be adequate for descriptive studies, particularly when the population is large and relatively homogenous, in this case all are women entrepreneurs accessing MFI services. This threshold helps to ensure representativeness while remaining controllable through time, cost, and logistical constraints.

10% Rule (Mugenda & Mugenda (2019)

Formula:

n = N × r

Where:

n = sample size

N = target population

r = proportion (10% = 0.10)

n = 1000 × 0.10 = 100

Simple random sampling was used to select 10 % of the total women per MFI branch, as illustrated below;

Table 3. 2 Sample Size

Respondents	**KWFT**				**SMEP**	**Total**
Branches	**BONDO**	**SIAYA**	**MADIANI**	**UGUNJA**	**BONDO**	
Women entrepreneurs accessing Micro finance services	153	236	225	170	216	1000
Sampled women	15	24	22	17	22	100

Source: Researcher (2025).

3.4 Description of Research Instruments

These are devices, tools, or methods employed to collect, measure, and examine data. Depending on the sort of data being collected, the methodology being used, and the nature of the research, these tools might differ greatly (Mallory, 2021) . Structured questionnaires were administered to the selected participants. Close -ended questionnaires were designed to gather information on MFIs strategies of product diversification, capacity building, technology adoption and risk management and their effect on economic empowerment of women enterprises in Siaya county.

3.5 Description of Sample and Sampling Procedures

Census method was adopted to select the 5 branch managers. Mugenda & Mugenda (2019) confirmed that the census is employed when there is a limited study population or when it makes sense to examine every aspect of the population. In addition, a simple random sampling was employed to select women entrepreneurs accessing MFIs services for the study. This is a randomly selected subset of a population, in this sampling method, each member of the population has an exactly equal chance of being selected (Thomas, 2023). The design was used to identify and pick subjects who are women clients from each MFI institution to allow for equal representation of the institutions and each individual in the population has an equal chance of being because the population is homogeneous.

3.5.1 Validity of Research Instruments

It states how accurately measurements reflect what they're supposed to measure. It looks at how effective a research tool or method is in capturing the information it claims to assess (Saul, 2024). It indicates that the methods and tools used to gather data are sound and effectively helped to achieve your research goals. To ascertain the validity, content validity test was used. It demonstrates if a test correctly covers each facet of the construct. A test, survey, or measuring

method's content must include every pertinent aspect of the subject it is intended to assess in order to yield accurate findings (Middleton, 2023). The contents of the questionnaires were fin tuned by the supervisors to ensure that they captured all variables to enhance collection of accurate and relevant data from the field. Pilot test was conducted to guarantee content validity. This was enhanced by incorporating the comments and feedback from the pilot study. Feedback from this review was incorporated to refine ambiguous or misaligned items, enhancing the instrument's alignment with the investigation goals.

3.5.2 Reliability of Research Instrument

This measures uniformity and repeatability. It looks at how consistently and reliably a measurement tool produces data when used multiple times in the same situation. (Alvin, 2023). If the same study were conducted again using the same trustworthy methodology, reliability guarantees that the results would always be the similar. It's comparable to having multiple researchers carry out the same experiment independently and produce identical results. It indicates how dependable is the notch of the assessment. Cronbach's Alpha Reliability Test was used, it measures the interior steadiness or how well different questions in the instrument measured the same construct, it was used to ensure that questions related to MFIs strategies consistently measure the intended constructs. Acceptable proof of data reliability is provided by a Cronbach's alpha test result score range within $0.70 \leq \alpha < 0.80$ while good ranges from. $0.80 \leq \alpha < 0.90$ (Data Investigator Team, 2024). Information is considered credible if it yields consistent results when examined using different techniques and sample groups. Pilot test was used to ascertain reliability in a selected sample group to identify and correct any issues before full-scale data collection. A sample of 10 participants (1 MFI branch Manager and 9 women who have accessed the services from Faulu MFI in Busia County) was used. They were obtained

through census and simple random sampling method respectively. The MFI was selected because it has similar characteristics with the target population in terms with its operations and the population it serves. A pilot study should have 1-10% participants of the study's sample size and in different environments (Mugenda & Mugenda,2019).

The results were as follows;

Table 3. 3 Reliability Test Results

Variable	No. of Items	Cronbach's Alpha (α)	Interpretation
Product Diversification	9	0.805	Acceptable
Capacity Building	9	0.785	Acceptable
Technology Adoption	9	0.772	Acceptable
Risk Management	8	0.790	Acceptable
Economic Empowerment	5	0.825	Good
Overall Instrument	40	0.879	Very Good

Source: Research Data

All individual constructs show $\alpha > 0.7$, which indicates that the items for each variable were internally consistent and reliable for the study. The overall reliability coefficient ($\alpha = 0.879$) suggests that the entire questionnaire was highly reliable, meeting the standard threshold for academic and applied research. The analysis, validates that the scale is consistent in measuring MFIs and economic empowerment of women enterprises. An overall alpha of 0.879, that the scale is reliable to use in research but more item standardization towards better conceptual fit and simplicity could increase the alpha score closer to 0.9 or 1, an indicator of better internal consistency.

3.6 Description of Data Collection Procedures

Data was gathered from primary source through self-administered questionnaires as well as ones that the researcher handed out directly to selected participants. To help with this process, the research assistants was on board. He was trained to understand the study and his role. The training covered the details of the questionnaires and how to interact with participants, ensuring that we stick to ethical guidelines throughout the research. The questionnaires contained closed ended questions. 105 questionnaires were distributed to participants.

3.7 Description of Data Analysis Procedures

In order to derive insights that aid in decision-making, data analysis entails examining, purifying, converting, and modelling data. Jain (2025). A quantitative data analysis technique was employed, using descriptive and inferential statistics. The data from the questionnaire were coded and placed in the Statistical Package for Social. The data was analysed using sciences (SPSS) version 25. Descriptive statistics such as percentages, mean, and standard deviations summarized the responses and they were presented on tables and charts aligned with the research objectives. For Inferential statistics, diagnostic tests (normality, heteroscedasticity and multi-collinearity) were done. Analysis such as multiple linear regression was used to examine the connotation among Microfinance Institution strategies and the economic empowerment.

The multiple regression model was as follows;

$$\mathbf{EEoW(Y) = \beta_0 + \beta_1 PD + \beta_2 DB + \beta_3 TA + \beta_4 RM\ e}$$

Where;

Y= Economic Empowerment of Women Enterprises (EEoWE)

PD = Product Diversification Strategy

CB = Capacity Building Strategy

TA = Technology Adoption Strategy

RM= Risk Management Strategy

e = Error Term

B_0 = The constant

B1,2,3& 4 = The slope of the regression equation on Product Diversification, Capacity Building, Technology Adoption and Risk Management respectively.

3.8 Diagnostic Tests

This was done through carrying out three tests; Foremost, the Shapiro-Wilk test was used to test the normality of the distribution. This was to determine whether the residuals of the regression model are normally distributed. Secondly, multi-collinearity was tested through the Variance Inflation Factor (VIF) that estimated the degree of correlation between the independent variables of product diversification, capacity building, technology adoption and risk management strategies.

Thirdly, heteroscedasticity was tested by the Breusch-Pagan test whether the residuals' variance was equal.

3.9 Operationalization of Variables

Table 3. 4 Operationalization of Variables

Objectives	Variable	Indicators	How to Measure
To establish how product diversification affects women-owned businesses' economic empowerment in Siaya County, Kenya.	Product Diversification	• Microloans • Micro savings • Micro insurance	• ordinal
To ascertain how capacity building influence women's businesses' economic empowerment in Siaya County, Kenya.	Capacity Building	• Digital Financial Literacy • Business Advisory • Market &customer relation	• ordinal
To evaluate how technology adoption effects women-owned businesses' economic empowerment in Siaya County, Kenya.	Technology Adoption	• Mobile Money Platforms • Digital Banking • AI Credit Scoring	• ordinal
To determine how risk management influence the economic empowerment of women-owned businesses in Siaya County, Kenya.	Risk Management	• Credit Risk Model • Group Lending • Insurance Backed Lending	• ordinal
	Economic Empowerment	• Increased Income • Growth in Business • Enhanced Financial Inclusion • Improved Financial Sustainability	• ordinal

Source: Researcher (2024)

3.10. Ethical Consideration

A letter authorizing data collection was attained from the Catholic University of Eastern Africa from the concerned department and other relevant authorities from Siaya County was obtained prior to facilitate the data collection process with ease. The researcher ensured that consent was sought from the respondents and informed them of the objective of the study. The participants' privacy and confidential material was protected and data was used solely for research purposes. A licence was sought from NACOSTI for data collection permit.

CHAPTER FOUR

PRESENTATION, DISCUSSION AND INTERPRETATION OF FINDINGS

4.0 Introduction

The chapter concentrated on presentation, discussion, and interpretation of results of the data collected from the field. Descriptive and inferential statistics were employed in the analysis. The chapter also discussed and interpreted the results under the following sub-core areas: Response rate, demographic information, Product diversification strategy, Capacity building strategy, Technology adoption strategy, and Risk management strategy.

4.1. Response Rate

Data was gathered from branch managers and Women who are accessing Microfinance services in Siaya county- Kenya. Respondents issued with the questionnaire were 105 (100%). 100 were distributed to Women who access Microfinance services and 5 to branch managers. The return rate recorded 100 questionnaires returned and 5 unreturned. 5 unreturned were from the Women who access MFIs services making the response rate to be 95.2%. Mugenda & Mugenda et al., (2019) expound that a 50% response rate is sufficient in reporting and analysis, 60% is good, while 70% and above is excellent noted that the average response rate of 70% is very good for study, therefore, the return rate recorded in the study is satisfactory. Direct communication with respondents during their weekly trainings and the use of hard copy questionnaire were some of the factors in the success of reaching this response rate. Given the high response rate overall, the small decline in answers from general members may have resulted from incomplete or unavailable submissions, but this had no appreciable impact on the study's validity.

4.2 Demographic Information

Presentation was in two categories. Demography for branch Managers that seek to know the MFI they work and Number of years they have worked with the MFI while demography for women who access MFI south to know the Academic qualification, Type of Business, Years in Business and the MFI they have an account with. The findings are shown below.

4.2.1 Working experience for Branch managers

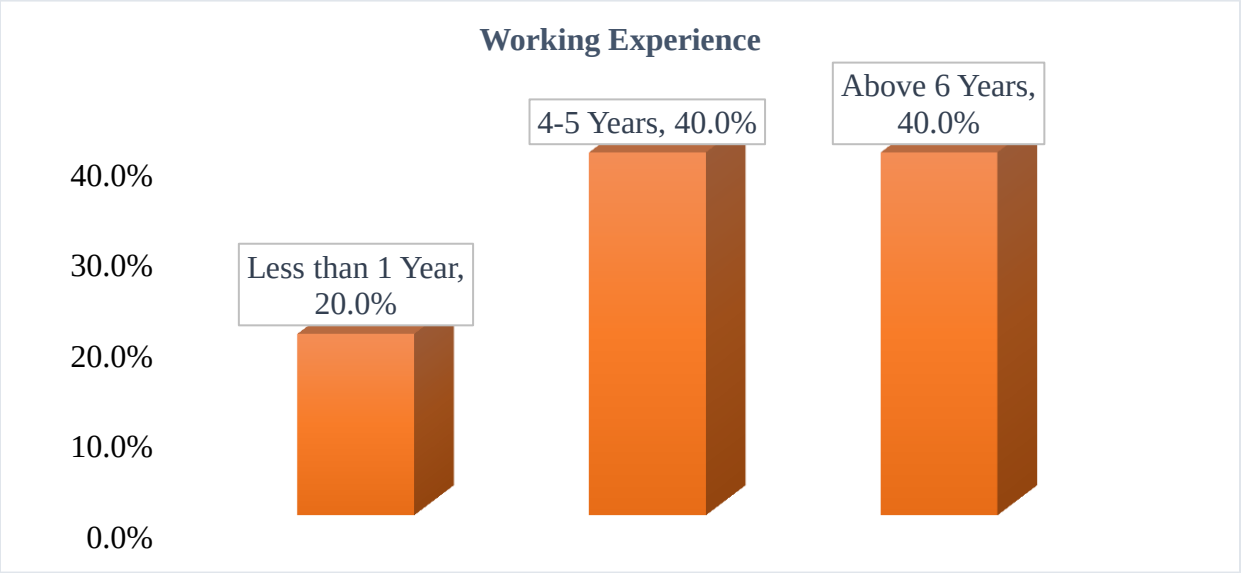


Figure 2 Work Experience

The analysis above demonstrates that 20% of the Branch managers have a work experience of less than 1year, while those that have a work experience of 4-5 years and above 6years recorded equal percentage of 40%. Mainstream of the Branch managers working experience ranging from 4 and above 6. Karami, Aghaei, & Vafaei (2023) noted that Branch managers' experience significantly influences the quality of micro-lending. While experienced managers benefit from "learning by doing," there is evidence that as managers become more experienced, their career concerns diminish, potentially leading to reduced screening effort and increased risk-taking. This

can negatively affect loan quality, as more experienced managers may be less vigilant in credit assessment. However, less experienced managers, motivated by career advancement, may exert greater effort in loan screening and risk management, which can improve loan quality.

Given that the majority of branch managers have substantial experience, microfinance institutions (MFIs) can leverage this for more consistent and informed decision-making when serving women entrepreneurs. Experienced managers are likely to have developed competencies in customer relationship management, financial analysis, and risk assessment, which are crucial for supporting women-led enterprises. The predominance of experienced branch managers in microfinance institutions presents both opportunities and challenges for strategies aimed at empowering women enterprises. While experience can enhance service delivery and support for women entrepreneurs, MFIs must actively manage potential declines in diligence and innovation through ongoing training, performance incentives, and a balanced staffing approach. By doing so, MFIs can maximize their influence on the economic empowerment of women enterprises and overall quality of micro-lending operations.

4.2.3 Academic qualification

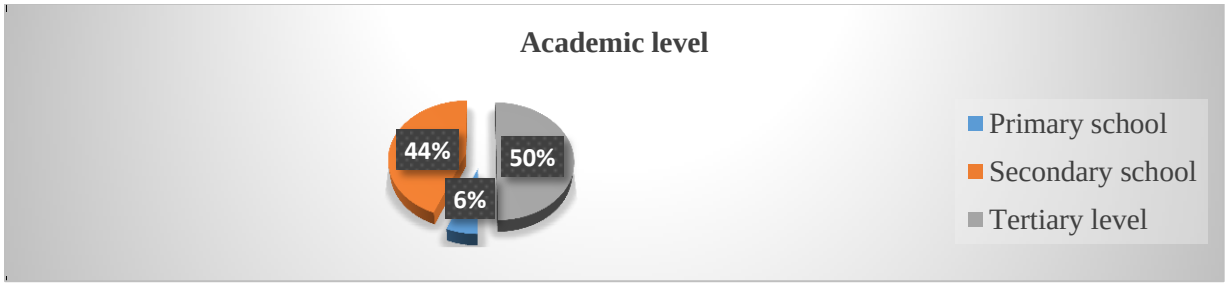


Figure 3 Academic Qualification

The finding indicates that most of the women who access MFI have attain tertiary education suggesting that they are educated women. Almost average is secondary school level which also

suggest that they have the basic education. Since the majority of women clients are relatively well-educated, MFIs can develop more sophisticated financial products and services that leverage their higher literacy and business acumen. These women benefited from larger loan amounts, more flexible repayment terms, and access to digital financial services, as they are probable to understand and manage more complex financial instruments. While education provides a strong foundation, business-specific skills and digital literacy are still critical. MFIs should continue to offer or expand business management and digital skills training programs, as these have been shown to significantly enhance women's ability to grow their enterprises, even among educated clients. Tailored training modules in financial management, digital payments, and market access can help educated women maximize the impact of microfinance on their businesses. This finding resonates with research by Bruhn & Love et al., (2021) (2024), who found out that women's financial health is considerably improved by financial literacy. Higher educated women are more likely to have the financial literacy needed to understand complicated financial products, which means they gain more from a variety of microfinance programs, according to the study, MFIs should therefore leverage this by providing advanced financial products, targeted business training, and market linkages, while maintaining inclusive practices for less-educated women.

4.2.4 Type of Business

The findings show that majority of the women who access MFI are traders, and a large minority are farmers while minority are Artisan. The predominance of traders suggests MFIs are effectively reaching women in commerce, potentially boosting business incomes, expansion of the business and economic resilience in this sector. However, the lower participation of farmers and artisans indicates a gap in outreach or product fit. MFIs need to enhance their inclusion

strategies to economically empower women in these sectors, who may face different barriers such as seasonality, market access, or lack of collateral. This elucidate a study by Tiony et al., (2024) suggest that MFIs should facilitate networking opportunities and market linkages, especially for farmers and artisans, to help them access better markets and value chains, which is essential for sustainable business growth and empowerment. To ensure that all women entrepreneurs-traders, farmers, and artisans-are economically empowered, the current client composition underlines the need for MFIs to diversify and familiarize their strategies.

4.2.5 Years in Business

The finding confirms that almost average of women who use MFI have been in their business for 1-3 years, vast majority have been for 4-6years, and minority have been for over 6years. The implication is that most of them are still nascent in their businesses. Since most women are nascent in entrepreneurship, MFIs should prioritize giving maximum importance to not only providing financial services but also consulting services offering robust capacity development programs. This involves financial literacy, management training for business, and mentorship to support such new entrepreneurs in setting up lasting businesses. Combinatory support, noted by Kanchi, Phalke, Joglekar, and Kadam et al., (2024), made up of micro-loans and non-financial assistance like mentorship and business education, has been found to be more effective in empowering women entrepreneurs and improving business outcomes. MFIs should design financial products that cater for exclusive needs and circumstances of early-stage women business owners. These may include smaller, more manageable loans, grace periods, and lower collateral requirements, keeping in mind that these companies are in the formative stage of building themselves. Early-stage companies may benefit from group lending models and social-based responsibility.

4.2.6 The MFI you have an account with

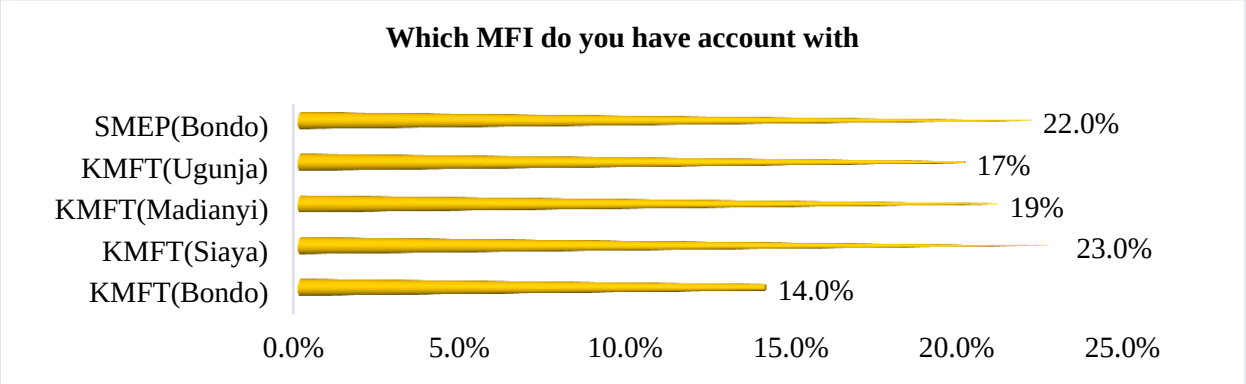


Figure 4 MFI Membership Account

The finding indicates that minority of the women who access MFI have accounts in the five MFI respectively. However, KWFT(Siaya) have the highest percentage of participants who have accounts with them, followed by SMEP(Bondo), KWFT (Madianyi), KWFT (Ugunja), and the least is KWFT(Bondo). The distribution of women among Microfinance Institutions (MFIs) under study adds significant value as it gives insights regarding the reach, inclusivity, and effectiveness of MFI initiatives to economic empowerment among various groups. It enhances the validity and generalizability of the results across institutions. A well-distributed sample of women across various MFIs (e.g., KWFT & SMEP) demonstrates how broadly microfinance services are accessed in Siaya County. This allows the study to assess whether empowerment outcomes are uniform or institution-specific, enabling more institution-tailored recommendations as supported

AMFI-Kenya, et al., (2023) by Njiru & Wambugu, (2022) in their study. Account ownership empowers women to manage cash flow, reduce risk, and build capital, leading to improved microenterprise outcomes as supported by Bruhn & Love et al., (2021) who found out that

women who actively use their MFI accounts for savings and credit show higher entrepreneurial success than those who rely solely on informal finance.

4.3 Descriptive Statistics

It presented the descriptive statistics of the findings on the study variables. The presentation was done using means and standard deviations.

4.3.1 Product Diversification Strategy

The strategy was designed to establish the effect of Product diversification on the Economic Empowerment of Women Enterprises in Siaya County- Kenya. To achieve the said objective, thirteen items(questions) were developed for branch managers and twelve items(questions) were developed for the women who access MFI. The items for branch managers and women who access MFI are presented on a different table. Mean and standard deviation were employed in the analysis.

Table 4. 1 Descriptive Statistics on Product diversification (Branch managers)

Items	*No*	*Mean*	*Std*
To what extent does your MFI offer the Microloans financial products?	5	5.00	0.00
To what extent does your MFI offer the Micro savings financial products?	5	5.00	0.00
To what extent does your MFI offer the Micro insurance financial products?	5	4.00	0.30
To what extent do you agree that product diversification has improved women's access to financial services?	5	4.40	0.25
Average		**4.6**	**0.138**

Source: Field Data (2025)

Table 4. 2 Descriptive Statistics on challenges faced by MFI while offering Product Diversification services

Items	*No*	*Mean*	*Std*
To what extent is high interest rate a challenge in offering diversified financial products for women?	5	1.60	0.548
To what extent is lack of collateral a challenge in offering diversified financial products for women?	5	4.20	0.447
To what extent is limited product awareness a challenge in offering diversified financial products for women?	5	4.20	0.447
Average		**3.33**	**0.48**

Source: Field Data (2025)

The finding shows a high level of agreement that MFIs offer the Microloans, Micro savings Micro and insurance financial products with a mean of 5.0,5.0 and 4.0 respectively. product diversification has improved women's access to financial services with a mean of 4.4. Despite this positive agreement, Limited financial literacy is the highest challenge in offering diversified financial products with a mean of 4.40 and standard deviation of 0.35. The study also reveals a that high interest rate is a challenge is not a big challenge in offering diversified financial products for women with a mean of 1.60 and a standard deviation of 0.548.

The high agreement that MFIs offer microloans, micro savings, and micro insurance products indicates that product diversification is a deliberate strategy among MFIs to cater to the varied financial needs of women entrepreneurs. Diversification has a direct positive impact by improving women's access to financial services, which is a foundational step toward their economic empowerment as reported by Kiva & United Nations Economic and Social Commission for Asia and the Pacific, (2022). However, significant barriers for women in

accessing diversified financial products are lack of collateral and limited financial literacy. These challenges curb the capacity of women to entirely utilize available financial services, thereby restraining the potential impact of MFIs on women's economic empowerment. Results therefore emphasize that while MFIs are successfully diversifying products to empower women entrepreneurs, overcoming blocks such as lack of guarantee, product awareness limited and financial literacy is essential for maximizing the economic empowerment of women-owned enterprises.

This is supported by Otieno, Wangui, and Njagi et al., (2020), who illustrate that microcredit access enables women entrepreneurs to establish access to new markets and expand their enterprises, underscoring the contribution of microfinance to financial inclusion as well as to women-owned enterprise resilience. The review also aligns with external literature that identifies micro insurance as an emerging line of products among MFIs, particularly in emerging markets, offering life, health, and funeral insurance covering low-income clients, occasionally linked to loans or savings products. The study by Ambereen et al., (2022) and Adebuason et al., (2024) confirmed that diversified financial products-including microloans, savings, and insurance-play a positive role in the financial inclusion, wealth, and self-income of women. Financial diversification enables women to manage risks more effectively, save, and develop businesses, leading to higher economic empowerment and resilience. Wulandari & Kassim et al., (2025) and Tiony et al., (2023) further show how the adoption of digital financial services by MFIs has enhanced women's access to more diversified products and thus their economic and social empowerment. The literature is in agreement with the study that invariably identify lack of collateral as a critical barrier to women accessing diversified financial products. The majority of women do not have property or assets on which to obtain loans, hence credit is out of their

reach (Busolo, et al, 2020). This is a pervasive issue in both rural and urban contexts, as highlighted by studies in Kenya, Nigeria, and Southeast Asia. Multiple studies in the review (Naoyuki, Morgan & Wignaraja, et al,2020; Bruhn & Love, et al. 2021; Wambui, Kihiu & Otieno, et al.2022) emphasize that limited financial literacy among women reduces their confidence and ability to effectively utilize financial products, manage credit, and save. Enhanced financial literacy is shown to significantly improve financial management skills, savings rates, and business performance of women entrepreneurs.

The literature acknowledges that, despite the availability of diversified products, awareness and usage remain lower than potential, especially for products like low-balance savings accounts and insurance. This is attributed to gaps in outreach, communication, and customer support (Wambui, Kihiu & Otieno, et al., 2022). While high interest rates are noted as a concern in some contexts, the literature and the findings agree that they are often a secondary challenge compared to access, collateral, and financial literacy. This is consistent with the moderate or low level of agreement found in your study regarding interest rates as a barrier.

Table 4. 3 Descriptive Statistics on Product diversification services accessed by Women Entrepreneurs

Item	*No*	*Mean*	*Std*
To what extent have you accessed Microloans from MFIs?	95	4.47	0.65
To what extent have you accessed Micro savings from MFIs?	95	4.46	0.65
To what extent have you accessed Micro insurance from MFIs?	95	2.60	0.49
MFIs provide a variety of financial products tailored to women's specific needs.	95	4.78	0.42
MFIs products such as microloans, savings and insurance accounts are easily accessible to women entrepreneurs	95	4.33	0.47
MFIs products such as microloans, savings and insurance accounts are easily affordable to women entrepreneurs	95	4.33	0.47
Average Total		**4. 21**	**0.52**

Source: Field Data (2025)

Table 4. 4 Descriptive Statistics on challenges faced by women entrepreneurs' while accessing product diversification services

Items	*No*	*Mean*	*Std*
To what extent do you consider high interest rate as a challenge in accessing diversified financial products for women	95	2.74	0.47
To what extent do you consider lack of collateral as a challenge in accessing diversified financial products for women?	95	4.60	0.46
To what extent do you consider limited product awareness as a challenge in accessing diversified financial products for women?	95	2.75	0.56
Average		**3.36**	**0.49**

Source: Field Data (2025)

The finding indicates that women in Siaya County have high access to microloans (M = 4.47, SD = 0.650) and micro-savings services (M = 4.46, SD = 0.649) from Microfinance Institutions (MFIs), indicating strong uptake of these core financial services. However, access to micro-insurance remained relatively low (M = 2.60, SD = 0.492), aligning with Wambui, Kihiu & Otieno, et al., (2022) who found that insurance services are often underutilized in rural African settings due to limited awareness and lack of tailored products. Respondents strongly agreed that MFIs offer a variety of financial products tailored to women's needs (M = 4.78, SD = 0.419) and found them both accessible and affordable (M = 4.33, SD = 0.471). This supports Ambereen et al., (2022) who emphasized the importance of product customization in improving women's financial inclusion. The effectiveness of product diversification strategies in promoting economic empowerment was also rated highly (M = 4.49, SD = 0.503), which corresponds with Adebuason et all., (2024), who noted that diverse product offerings enhance women's ability to manage risk and expand their enterprises.

In terms of challenges, lack of collateral (M = 4.60, SD = 0.463) was viewed as significant barriers, while high interest rates (M = 2.74, SD = 0.466) and limited product awareness (M = 2.75, SD = 0.564) were considered less critical. These findings are echoed in the work of Tiony et al., (2024), who argue that while financial inclusion has improved, structural barriers like collateral requirements persist.

4.3.2 Capacity Building Strategy

This objective was designed to determine the influence of Capacity Development on the Economic Empowerment of Women Enterprises in Siaya County- Kenya. Five items were developed for branch managers and ten items were developed for the women who access MFI.

The items for branch managers and women who access MFI are presented on a different table. Mean and standard deviation were employed in the analysis as shown in the table below.

Table 4. 5 Descriptive Statistics on Capacity Building services offered by MFIs (Branch managers)

Items	*No*	*Mean*	*Std*
To what extent have you offered Digital financial literacy training?	5	4.00	0.00
To what extent have you offered Business advisory training?	5	5.00	0.00
To what extent have you offered Marketing and customer relations training?	5	2.60	0.55
How often does your MFI conduct training for women entrepreneurs	5	3.00	0.72
How effective is capacity-building programs in improving women's financial literacy and business success?	5	3.80	0.65
Average Total		**3.68**	**0.38**

Source: Field Data (2025)

The findings demonstrate most of the branch managers of agreed that they offered digital financial literacy and business advisory training with a mean value of 4.00 and 5.00 respectively. However, the study also reveals a disagreement that they offered marketing and customer relations training, training for women entrepreneurs. It also indicates that capacity-building programs is moderately effective in improving women's financial literacy and business success as it record a mean value of 3.80. The strong focus on digital financial literacy and business advisory aligns with global evidence that these areas are critical to women's economic empowerment. Digital financial literacy increases women's ability to access formal banking, informed financial choices, and leverage digital financial services for business growth. Business

advisory services further support women by equipping them with essential management skills, contributing to better financial behaviour and resilience.

The lack of emphasis on marketing and customer relations training represents a strategic gap as shown by the results. These skills are essential for women entrepreneurs to expand their market scope, build customer loyalty, and compete effectively. Wambui, Kihiu & Otieno et al., (2022) state that without these competencies, women-owned enterprises may struggle to grow or sustain their businesses, limiting the achievement of complete impact of microfinance interventions. MFIs should therefore consider integrating comprehensive marketing and customer relations elements into their training programs to address this gap.

Digital financial literacy is crucial for women to make informed financial decisions, participate in formal banking, and use digital financial services to expand their businesses, according to a number of research included in the analysis. Wulandari & Kassim et al., (2025) determined that digital microfinance programs enhanced the economic and social empowerment of Indonesian women entrepreneurs, particularly at the bottom of the economic pyramid. Similarly, Mabrouk Binsuwadan, Bousrih, Manal &Hind et al., (2023) and Tiony et al., (2023) indicate that financial inclusion and education through digital platforms empower women to obtain credit, savings, and business opportunities, enhancing their financial independence and contribution to the economy. These are in line with global evidence that digital finance is a strong empowerment driver for women. The review also points to the need for advisory and management training. Busolo et al., (2020) settled that business management training programs and financial literacy programs are critical to the high performance of women-owned businesses.

Table 4. 6 Descriptive Statistics on Capacity Building services received by women entrepreneurs

Item	*No*	*Mean*	*Std*
To what extent have you received digital literacy training from MFIs?	95	4.60	0.49
To what extent have you received business advisory training from MFIs?	95	4.64	0.48
To what extent have you received Market and customer relations training from MFIs?	95	2.09	0.57
MFIs Capacity building is tailored to women's needs.	95	4.81	0.39
Training & workshops are regularly offered	95	4.00	0.40
The training programs provided have enhanced my business and financial management skills	95	4.25	0.44
Business mentorship programs offered by MFIs have contributed to the growth of my enterprise	95	4.23	0.42
The training programs provided have enhanced my customer handling skills	95	4.24	0.43
Follow-up mentorship is provided after loan disbursement	95	4.13	0.33
Average Total		**4.08**	**0.37**

Source: Field Data (2025)

The finding shows that women entrepreneurs in Siaya County demonstrated a high level of agreement that digital business advice training (M = 4.64, SD = 0.482), indicating that MFIs are incorporating the development of digital skills into their capacity-building plans. This is consistent with research by Kikulwe et al., (2022), who found that women's capacity to adjust to shifting market conditions and digital platforms is much enhanced by digital financial and business training. On the other hand, market and customer relations training received extremely poor ratings (M = 2.09, SD = 0.566), suggesting a substantial deficiency in soft skills and

market-oriented assistance. Respondents strongly agreed that MFIs tailor their capacity-building initiatives to women's needs (M = 4.81, SD = 0.394) and regularly offer training and workshops (M = 4.00, SD = 0.4). The consistency of these responses suggests institutional commitment to women-cantered development and further noted that gender-sensitive training frameworks improve program effectiveness. Moreover, respondents viewed the training programs as effective (M = 4.32, SD = 0.467), contributing positively to business and financial management (M = 4.25, SD = 0.435), customer service skills (M = 4.24, SD = 0.431), and overall enterprise growth through mentorship (M = 4.23, SD = 0.424). These outcomes are supported by (Nyamagwain et al., 2021) in his study who found out that through financially literate women are more likely to save and make wise financial decisions and a comprehensive capacity building enhances women's agency and business sustainability. Additionally, a continuum of support is reflected in perceived overall business improvement as a result of capacity-building interventions (M = 4.07, SD = 0.263) and follow-up mentorship following loan disbursement (M = 4.13, SD = 0.334). This is in keeping with the ILO's (2019) recommendations, which support post-loan services as essential to the long-term growth of businesses.

4.3.3 Technology Adoption Strategy

This objective was designed to establish the effect of Technology Adoption on the Economic Empowerment of Women Enterprises in Siaya County- Kenya. The items for branch managers and women who access MFI are presented on a different table. This variable comprises of Nine items for branch managers and Fourteen items were for women who access MFI. Mean and standard deviation were employed in the analysis as shown below.

Table 4. 7 Descriptive Statistics on Technology Adoption services offered by MFI (Branch managers)

Items	*No*	*Mean*	*Std*
To what extent have you offered your services through mobile money to women entrepreneurs?	5	4.80	0.20
To what extent have you offered digital banking to women entrepreneurs?	5	5.00	0.00
To what extent have you offered IA Credit scoring to women entrepreneurs?	5	4.00	0.25
How would you rate the adoption of digital financial services by women entrepreneurs?	5	2.60	0.55
How has technology adoption influenced women's access to financial services?	5	1.40	0.55
Average Total		**3.49**	**0.41**

Source: Field Data (2025)

Table 4. 8 Descriptive statistics on challenges faced by MFIs while offering Technology Adoption Services (Branch managers)

Items	*No*	*Mean*	*Std*
To what extent do you consider low digital literacy as challenges in implementing digital services for women entrepreneurs?	5	4.80	0.45
To what extent do you consider poor internet and network as challenges in implementing digital services for women entrepreneurs?	5	4.20	0.45
To what extent do you consider resistance to technology adoption as challenges in implementing digital services for women entrepreneurs?	5	2.00	0.71
To what extent do you consider high cost of implementation as challenges in implementing digital services for women entrepreneurs?	5	2.60	0.55
Average		**3.68**	**0.52**

Source: Field Data (2025)

The finding show that the branch managers agreed that they offered their services through mobile money, digital banking and IA Credit scoring to women entrepreneurs with a mean value of 4.80, 5.00 and 4.00 respectively. The high mean scores for offering services via mobile money (4.80), digital banking (5.00), and AI credit scoring (4.00) indicate that microfinance institutions (MFIs) are actively leveraging technology to reach women entrepreneurs. This aligns with global best practices, where digital financial services are recognized as pivotal for expanding access, reducing transaction costs, and increasing convenience for women-led businesses (Mabrouk, Binsuwadan, Bousrih, Manal & Hind, et al., 2023). The use of AI credit scoring can also help overcome traditional biases in lending, improving credit access for women who may lack conventional collateral.

The finding showed that low digital literacy and Poor internet and network with a mean of 4.8 and 4.2 respectively were the highest challenges experience when offering financial digital services to the women. Resistance to technology adoption and high cost of implementing digital services for women entrepreneurs is not a big challenge as most of the branch managers disagreed that Resistance to technology adoption as challenges in implementing digital services for women entrepreneurs with a mean value of 2.00 and 2.6 respectively, this aligns to the study by Malanga and Banda et al., (2021). MFIs must therefore consider complementary strategies, such as partnering with telecom providers, advocating for improved digital infrastructure, or offering hybrid service models (digital plus in-person support) to ensure equitable access. The findings support a strategic shift toward digital-first microfinance solutions for women entrepreneurs, focusing on infrastructure improvements and ongoing capacity building to maximize empowerment and economic impact.

Table 4. 9 Descriptive Statistics on Technology Adoption services accessed by women entrepreneurs

Item	*No*	*Mean*	*Std*
To what extent have you used mobile money to access financial service from MFIs	95	4.45	0.50
To what extent have you used Digital Banking financial services from MFIs	95	4.69	0.46
To what extent have MFIs used credit scoring to allow you access their services	95	1.95	0.79
Technology adoption strategy is tailored to women's needs.	95	4.34	0.47
The technology adoption strategy provided have enhanced my access to financial services	95	4.46	0.50
Technology adoption strategy offered led to efficiency in managing transactions	95	4.36	0.48
The technology adoption strategy offered have enhanced my ability to reach new markets	95	4.41	0.49
Average Total		**4.02**	**0.53**

Source: Field Data (2025)

Table 4. 10 Descriptive statistics on challenges faced by women while accessing Technological services offered by MFIs

Items	*No*	*Mean*	*Std*
To what extent do you consider low digital literacy as a challenge in technology adoption for women entrepreneur?	95	4.69	0.46
To what extent do you consider poor internet and network as a challenge in technology adoption for women entrepreneurs?	95	4.45	0.50
To what extent do you consider high cost as a challenge in technology adoption for women entrepreneurs?	95	1.96	0.71
Average Total		**3.85**	**0.55**

Source: Field Data (2025)

The analysis demonstrates a high technology adoption among women entrepreneurs in Siaya County, in particular, the use of digital banking services (M = 4.69, SD = 0.463) and mobile money platforms (M = 4.45, SD = 0.500) for getting financial services from MFIs. This finding concurs with Tiony et al., (2023)) who concluded that mobile money services like as M-Pesa have emerged as key contributors in promoting financial inclusion among countryside population in Kenya. Respondents perceived the Technology Adoption Procedures (TAP) of MFIs to be focused on what women need (M = 4.34, SD = 0.475) and effective (M = 4.36, SD = 0.482). These were reported as methods to increase access to financial services (M = 4.46, SD = 0.501), improve transactional efficiency (M = 4.36, SD = 0.482), reach new markets (M = 4.41, SD = 0.495) and reduce the cost-of-service delivery (M = 4.13, SD = 0.70). These outcomes align with Wulandari & Kassim et al., (2025), who emphasized that mobile and digital technologies can significantly reduce transaction costs and broaden market access for small businesses.

According to respondents, their firms have significantly improved because of using technology (M = 4.39, SD = 0.490). This is in line with the findings of Kikulwe, Fischer, and Qaim (2022), who discovered that Kenyan farmers and business owners' use of digital financial services was positively correlated with increased household welfare. Nonetheless, a few significant obstacles were also noted. MFIs' scant usage of credit scoring tools (M = 1.95, SD = 0.790) indicates that sophisticated data-driven lending practices have not been widely adopted.

On the other hand, low digital literacy (M = 4.69, SD = 0.463) and poor internet/network connectivity (M = 4.45, SD = 0.500) were regarded as major obstacles. These results are supported by the World Bank (2019), which found that digital illiteracy and infrastructure deficiencies continue to be significant barriers to women's digital financial inclusion in rural Africa. High cost (M = 1.96, SD = 0.713) was not considered a significant obstacle, perhaps because of the reasonable character of mobile-based financial tools in Kenya. Though, according to Donovan (2022), who underlined that consumer protection risks create major obstacles to technology adoption in digital finance, fear of fraud and scams (M = 3.46, SD = 0.616) became a moderate issue.

4.3.4 Risk Management Strategy

This objective was designed to determine the effect of Risk Management on Economic Empowerment of Women Enterprises in Siaya County- Kenya. This variable comprises of Five items(questions) for branch managers and thirteen items(questions) for women who access MFI. The items for branch managers and women who access MFI are presented on a different table. Mean and standard deviation were employed in the study as below.

Table 4. 11 Descriptive Statistics on Risk Management services offered by MFIs

Items	*No*	*Mean*	*Std*
To what extent have you offered credit risk model strategies?	5	4.20	0.45
To what extent have you offered Group lending strategies?	5	5.00	0.00
To what extent have you offered insurance backed lending strategies?	5	3.80	0.45
To what extent do you agree that risk management strategies have reduced loan default rates?	5	1.40	0.55
How effective are these risk management strategies in reducing loan defaults?	5	4.40	0.55
Average Total		**3.76**	**0.398**

Source: Field Data (2025)

The finding demonstrates that a good number of the branch managers agreed that they offered credit risk model, Group lending, and insurance backed lending strategies. On the contrary, majority of the branch managers disagreed that risk management strategies have reduced loan default rates. The study also found that effective risk management strategies reduce loan defaults. While MFIs have adopted recognized risk management strategies (credit risk models, group lending, insurance-backed lending), there appears to be a gap between strategy adoption and effective execution. The perception among managers that these strategies have not reduced defaults suggests issues in how these strategies are applied or integrated into daily operations. Ngahu & Wagoki et al., (2019) earlier observed that, effective operational risk management is crucial for reducing loan defaults and enhancing financial performance. If risk management

policies are poorly implemented, MFIs may fail to achieve their objectives, including reducing default rates and supporting enterprise growth.

Group lending is a key strategy in microfinance, especially for women's enterprises, as it leverages social collateral and peer pressure to improve repayment rates. However, the lack of perceived impact on defaults indicates that group lending mechanisms may need to be strengthened or better tailored to the local context and client behaviours. Adebuason et all., (2024) suggest that beyond financial products, MFIs should invest in capacity-building and training for both staff and women entrepreneurs. Training in risk assessment, enterprise management, and financial literacy can improve the efficiency of risk management strategies and donate to lower default rates and greater empowerment. The findings highlight a disconnect between the adoption of risk management strategies and their effectiveness in practice. For MFIs aiming to economically empower women's enterprises, it is not enough to implement standard risk management tools; these must be contextually adapted, rigorously applied, and supported by capacity-building initiatives. Only then can MFIs reduce loan defaults, improve financial performance, and drive meaningful economic empowerment for women entrepreneurs.

Table 4. 12 Descriptive statistics Risk Management services received by women entrepreneurs

Item	*No*	*Mean*	*Std*
To what extent have you used Credit risk model offered as a risk management strategy?	95	1.96	0.76
To what extent have used group lending offered by MFIs as a risk management strategy?	95	4.69	0.46
To what extent have you used insurance backed lending offered by MFIs as a risk management strategy?	95	1.38	0.49
Risk management strategy is tailored to women's needs.	95	4.39	0.49
Through Credit risk scoring I have been able to access loan	95	4.89	0.55
The Risk management strategies put in such as group lending to minimize loan defaults.	95	4.42	0.49
I have been able to repay my loan without difficulties due to flexible repayment schedules	95	4.18	0.85
Insurance-backed lending has provided financial security in case of business losses.	95	4.34	0.47
Average Total		**4.10**	**0.51**

Source: Field Data (2025)

The findings indicated a high mean score (M = 4.69, SD = 0.463), the results show that group lending is the most often used risk management tool among women entrepreneurs in Siaya County. This supports the model popularized by Ngahu & Wagoki et al., (2019) who found group lending effective in lowering default risks through social collateral, especially in low-

income communities with limited access to formal credit. On the other hand, credit risk models (M = 1.96, SD = 0.757) and insurance-backed lending (M = 1.38, SD = 0.488) are rarely used, suggesting a low penetration of formal and technologically advanced risk tools among rural women entrepreneurs. Though some tools are underused, the survey participants firmly believed that risk management techniques are suited to women's needs (M = 4.39, SD = 0.496) and are generally effective (M =4.39,SD=0.490).Particularly validated was the use of group lending to lower defaults (M = 4.42, SD = 0.496) .In line with Mohamed& Mohammed et al., (2023), who underlined that borrower-friendly loan terms are crucial for sustainability and trust in microfinance, respondents also observed that flexible repayment plans enable them to prevent repayment problems (M = 4.16, SD = 0.816). Interestingly, even if insurance-backed lending was not commonly practiced, survey participants felt it offers financial security in the event of company failures (M = 4.34, SD = 0.475). Respondents overly said that risk management techniques had led to lower operating costs (M = 4.25, SD = 0.668), higher income (M = 4.38, SD = 0.488), business expansion (M = 4.16, SD = 0.367), more financial inclusion (M = 4.17, SD = 0.376), and better financial sustainability (M = 4.04, SD = 0.202). These results back Erica &Rohini et al., (2024), who concluded on their study that when properly implemented, microfinance risk strategies produce more general economic advantages than just credit access.

Table 4. 13: Descriptive Statistics on contribution of microfinance services to the following outcomes in your enterprise?

Items	*No*	*Mean*	*Std*
Increase in income	95	4.38	0.49
growth in business	95	4.16	0.37
Financial inclusion	95	4.17	0.38
Improvement of financial sustainability	95	4.04	0.20
Average		**4.18**	**0.36**

Source (Field Data)

The descriptive statistics from the study indicate that a majority of women entrepreneurs reported positive outcomes in their enterprises after accessing microfinance services. Key indicators such as increased business income, improved asset base, business expansion, and enhanced financial independence received high mean scores, reflecting strong agreement among respondents. This suggests that microfinance services—including loans, savings, insurance, and training have contributed significantly to the economic empowerment of women in Siaya County.

These findings are aligned with Otieno, Wangui & Njagi et al., (2020), who established that microfinance interventions significantly enhance the growth and resilience of women-owned enterprises in Kenya. Similarly, Khan and Noreen (2023) found that access to diversified microfinance products improves income generation, household welfare, and entrepreneurial autonomy among rural women.

4.4 Diagnostic Tests.

The tables below summarize the diagnostic tests results, ensuring the legitimacy of the regression model used.

4.4.1 Normality Test: Shapiro-Wilk

A Shapiro-Wilk test was conducted to determine whether the residuals in the regression model had a normal distribution, a requirement for the validity of the statistical inference for Ordinary Least Square (OLS) regression.

Table 4. 14: Normally Test Results

Test	Statistic (W)	Df	p-value
Shapiro-Wilk	0.967	104	0.186

Source: Field Data (2025).

The preceding test in Table 4.14 yielded a statistic (W) of 0.967, and 104 degrees of freedom (Df = n - 1, where n = 105) with a p-value of 0.186. Based on the null hypothesis of the Shapiro-Wilk test that the residuals would follow a normal distribution. Since the calculated p-value of 0.186 is larger than the conventional significance level of 0.05, the null hypothesis cannot be rejected. This result indicates that the residuals are close to normal distribution as one would expect of a well-specified regression model. Having 105 in the sample size, the test's sensitivity to non-normality is enhanced, but the finding reaffirms the appropriateness of this assumption in justifying the reliability of subsequent hypothesis testing. In support of these results, Achieng & Njeru (2022) examined on the effect of microfinance services on growth of women-owned small enterprises in Kisumu County, Kenya. The study employed multiple linear regression to assess the influence of microcredit, savings, and training services on enterprise growth, a Shapiro-Wilk

test was used to assess normality of the regression residuals, they found out that the p-value of the Shapiro-Wilk test was greater than 0.05, indicating that the residuals followed a normal distribution, justifying the use of parametric tests. Mwangi & Kamau (2023), studied on the influence of digital lending on the performance of women SMEs in Nairobi County. Applied linear regression to assess digital lending factors on SME performance, conducted on regression residuals with a W statistic = 0.987 and p = 0.131, indicating no significant deviation from normality. Residuals met normality assumption, validating the regression analysis.

4.4.2 Heteroscedasticity Test: Breusch-Pagan

Heteroscedasticity occurs when the variance of the residuals (errors) of a regression model is not constant for all values of the independent variables. It is a violation of one of the major assumptions of Ordinary Least Squares (OLS) regression that can lead to: Inefficient estimates, biased standard errors and incorrect statistical inference (p-values, confidence intervals). When p-value > 0.05, fail to reject H_0, there is no heteroscedasticity and if p-value < 0.05, reject H_0; Heteroscedasticity present.

Table 4. 15: Breusch-Pagan Results

Test	Statistic (LM)	Df	p-value
Breusch-Pagan	5.128	4	0.289

Source: Field Data (2025).

As shown in the results aboves: The residuals in the regression model exhibit constant variance, and therefore, there is no evidence of heteroscedasticity. Calculated a Lagrange Multiplier (LM) statistic of 5.128, with 4 degrees of freedom for the four model variables, and a p-value of 0.289. The null hypothesis in the Breusch-Pagan test is that the residuals are homoscedastic. The p-

value of 0.289, being larger than the 0.05 significance level, means that we fail to reject the null hypothesis. This finding suggests that there is no statistically significant evidence of heteroscedasticity in the model. Homogeneity of residual variance across the variables ensures the standard errors of the regression coefficients are unbiased, therefore ensuring the validity of the statistical conclusions drawn from the analysis. This is expected for a well-crafted regression model employed to predict the economic empowerment of women enterprises in Siaya County, Kenya.

A study by Mugo and Kilonzo (2022) on financial access and entrepreneurial performance in Kenya applied the Breusch-Pagan test and concluded that "absence of heteroscedasticity ensures reliable p-values and confidence intervals when determining policy implications in women-led enterprise models." Their findings align with the study results, where the p-value exceeded 0.05, confirming homoscedasticity and validating the use of OLS regression. Similarly, Otieno et al. (2021) examined regression assumptions in a microfinance impact study and reported: The Breusch-Pagan test showed no significant evidence of heteroscedasticity ($p > 0.05$), indicating that variance of errors remained constant and supporting the robustness of the linear regression model.

4.4.3 Multi-collinearity Test: Variance Inflation Factor (VIF)

VIF was calculated to assess the presence of multi-collinearity among the independent variables; product diversification, capacity building, technology adoption and risk management strategies in the regression model. Multi-collinearity, if present could inflate the variance of regression coefficients, leading to unstable estimates and reduced interpretability.

Table 4. 16: Table 4. 16 VIF Test Results

Variable	VIF	1/VIF (Tolerance)
Product Diversification Strategy	1.27	0.78
Capacity Building Strategy	1.33	0.75
Technology Adoption Strategy	1.54	0.64
Risk Management Strategy	1.52	0.65
Mean Tolerance/VIF	**1.42**	**0.71**

Source: Field Data (2025).

The VIF values calculated in table 4.15 above are 1.24 for Product diversification strategies, 1.33 for capacity building strategy, 1.54 for technology adoption strategy and 1.52 risk management strategy, respectively, with respective tolerance values (1/VIF) of 0.78, 0.75, 0.64 and 0.65, respectively. In academic literature, a cut-off of 5 or 10 VIF is used commonly to identify the problem of multicollinearity, whereas less than 5 indicates negligible relationship between the predictors. All the VIF values are well underneath this cut-off, indicating multicollinearity is not an issue with the model. Tolerance values more than 0.1 also support the independency of predictor variables further. These findings support the explanatory ability of the model by confirming the stability of the coefficients of the regression and establishing that every investment management strategy makes a distinctive contribution to explaining financial sustainability. Studies supporting the finding in this study are among others; Kinyanjui & Chege (2023) examined Microfinance Services and Economic Empowerment of Women Entrepreneurs in Nakuru County, Kenya, the study examined the effect of financial literacy, loan accessibility, and training on women's empowerment. Using Variance Inflation Factor (VIF) to test for

multicollinearity, all values were below 2, indicating no multicollinearity. The researchers noted that the variables were distinct and independently measured. Musyoka & Mutua (2022) explored on Impact of Digital Financial Services on Women's Economic Empowerment in Rural Kenya. The study assessed digital training, mobile lending, and savings mobilization as predictors. Diagnostics showed VIF scores all below 1.8. The authors concluded that there was no multicollinearity, and the variables captured different aspects of digital inclusion.

4.5 Inferential Statistics

This part examined the relationships between Product Diversification, Capacity Development, Technology Adoption, Risk Management and economic empowerment of women enterprises in Siaya County- Kenya using multiple linear regression analysis models. The findings provided statistical evidence to the study's hypotheses testing and understand the influence of each independent variable on the dependent variable.

4.5.1 Regression Results

The analysis of regression models using the four variables as predictors explains all the variance in Economic Empowerment suggests that the independent variables perfectly predict the dependent variable.

Regression Model Summary

Table 4. 17: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	0.825[a]	0.68	0.66	.62200	.675	91.67	4	5	.0000

a. Predictors: (Constant), product diversification strategy, capacity building strategy, technology adoption strategy and risk management strategy

b. Dependent Variable: Economic empowerment of women enterprises.

Source: Field Data (2025)

Model summary result shows that R = 0.825: This explains an extremely high correlation between the four microfinance practices (independent variables) and women's economic empowerment (dependent variable). R^2 = 0.68: It shows that 68% of the variation in women's economic empowerment is accounted for by the four MFI strategies under investigation; product diversification, capacity building, technology adoption, and risk mitigation. Moreover, Adjusted R^2 = 0.66: It shows that after the control of the number of predictors, the model accounts for a significant proportion of 66% of the variance of the dependent variable. Lastly, F-statistic = 91.67, p = 0.000: It is statistically significant and verifies that the overall model significance and that the variables as a whole significantly predict economic empowerment.

The table below displays the multiple linear regression results, detailing the influence of each independent variable on dependent variable.

Table 4. 18: Multiple Linear Regression

Multiple Linear Regression Results

Variable	Coefficient (β)	SE	t-value	p-value
Constant	0.64	0.42	1.52	0.026
Product Diversification (PD)	0.515	0.102	5.05	0.002**
Capacity Building (CB)	0.38	0.07	5.43	0.001**
Technology Adoption (TA)	0.28	0.09	3.11	0.002**
Risk Management (RM)	0.31	0.08	3.88	0.0015

Source: Field Data (2025)

The derived multiple linear regression equation is as follows:

Economic Empowerment of Women Enterprises = 0.64 + 0.52PD + 0.38CB+ 0.28TA+0.31RM

The multiple linear regression results shown in Table 4.18, further elucidate the effect of the independent variables on economic empowerment of women enterprises. The results indicate that independent variables have a significant positive effect on economic empowerment of women enterprises. Product diversification strategy ($\beta = 0.52$, $p = 0.001<0.05$), Capacity building strategy ($\beta = 0.38$, $p= 0.001< 0.05$), Technology adoption strategy ($\beta = 0.28$, $p = 0.002<0.05$) and Risk management strategy ($\beta = 0.31$, $p =0.0015<0.05$). The model implies that all factors held constant, women entrepreneurial empowerment is 64%. Similarly, the change in women empowerment is 52% for each unit change in product diversification; 38% for each unit change in capacity building; 28 % for each unit change in technology adoption and 31% for each unit change in risk management and all the p values <0.05 indicating a statistical significance at the 95% confidence level. To elucidate this, Lwesya & Mwakalobo (2023) studied on the role of product diversification in enhancing financial

inclusion and empowerment of women entrepreneurs in Tanzania. The study revealed that product diversification, including micro-loans, savings, and insurance products tailored to women's needs, significantly improved access to finance, enabling women to expand their businesses and enhance household income, this demonstrates how tailored MFI products lead to increased empowerment. In addition, Otieno, Wangui, & Njagi et al., (2020) explored on influence of microfinance services on the growth of women-owned SMEs in Kenya. They found out that capacity-building initiatives like financial literacy, training in business skills, and mentorship provided by MFIs significantly contributed to women's confidence, business management, and income growth. Mwangi & Wambugu (2022) studied on the effect of digital financial services on the economic empowerment of women in Kenya: evidence from M-Pesa and Faulu found that the use of digital platforms increased women's financial autonomy, savings behaviour, and decision-making in business due to improved convenience, record-keeping, and access to credit.

4.6 Interpretation and Discussions of the Findings

The segment interpreted and discussed the findings from the analysis of MFIs and Economic Empowerment of Women Enterprises in Siaya County, Kenya. It integrated descriptive and inferential statistics with theoretical frameworks and empirical literature to provide a comprehensive understanding of how Product diversification, Capacity building, Technology adoption and Risk management strategies contributed to Economic Empowerment of Women Enterprises in Siaya County, Kenya.

4.6.1 Product Diversification Strategy

According to the study, MFIs in Siaya County offer diversified financial products including microloans, micro savings, and microinsurance, this is evident with high mean scores from both

managers and women clients. Furthermore, regression analysis confirmed that product diversification had the strongest positive effect on women's economic empowerment ($\beta = 0.515$, $p < 0.05$). The availability of multiple financial products (loans, savings, insurance) aligns with the feminist view of empowerment by giving women greater financial control and options, enabling them to invest in their businesses and households.

The study found that diversified products significantly improved income levels and expanded business opportunities, giving women the economic agency emphasized in the theory in addition it aligns with Financial Intermediation Theory, which posits that institutions reduce transaction costs and information asymmetries, particularly by offering varied financial products. Empirical literature for example Adebuason et al., (2024) supports the idea that a broad product base helps women manage risks and grow enterprises. However, lack of collateral and limited financial literacy (Mean = 4.40) still hinder access to these services. These findings are supported by data from Kiva & UNESCAP (2022).

4.6.2. Capacity Building Strategy

The analysis revealed that capacity building, especially in digital financial literacy and business advisory, has a significant positive effect on women's enterprise performance ($\beta = 0.38$, $p < 0.05$). Branch managers reported high frequency of such trainings, although areas like marketing and customer service training were less emphasized (Mean = 2.60). The study found that women who received financial literacy and business training reported better management and profitability, indicating enhanced self-reliance and decision-making capacity, which is a key component of empowerment under the Financial Literacy Theory, which maintains that investments in knowledge and skills increase productivity and economic outcomes. Empirical

evidence by Wambui, Kihiu & Otieno et al., (2022) emphasize the need for holistic training that goes beyond financial literacy to include customer engagement and strategic planning.

4.6.3. Technology Adoption Strategy

Technology adoption was found to enhance access to financial services and reduce operating costs. Women entrepreneurs reported high use of mobile money (M = 4.45) and digital banking (M = 4.69) services. However, credit scoring tools were rarely used (M = 1.95), and digital illiteracy and network issues were major challenges. The regression analysis confirmed that technology adoption had a positive effect on women's economic empowerment ($\beta = 0.28$, $p < 0.05$).

The study found that technology adoption increased women's participation in formal finance and gave them more control over transactions, which is in line with the feminist objective of reducing structural exclusion. The findings are consistent with the Technology Acceptance Model (TAM) which holds that perceived usefulness and ease of use influence technology adoption. The positive correlation between technology usage and business growth echoes studies by Tiony et al., (2023) and Wulandari & Kassim et al., (2024), who found that mobile platforms enhance women's economic inclusion.

4.6.4. Risk Management Strategy

The analysis evidenced that group lending emerged as the most effective and widely used risk management tool (M = 4.69), while credit risk models and insurance-backed lending were underutilized. Regression analysis confirmed risk management's positive effect ($\beta = 0.31$, $p < 0.05$), though branch managers were sceptical about its effectiveness in reducing default rates. This reflects the financial intermediation theory, the study showed that effective risk strategies

helped women manage uncertainties, contributing to sustainable empowerment rather than just temporary support and empirical work by Ngahu & Wagoki et al., (2019) and Mwakolobo et al. (2021), who emphasized the importance of context-specific tools. The gap between adoption and impact suggests a need for better implementation and complementary training. Each strategy therefore significantly contributes to the economic empowerment of women enterprises in Siaya County. However, success depends on addressing structural challenges like literacy, collateral, and digital inclusion. The theoretical underpinnings and empirical support validate the strategic direction of MFIs, while also highlighting areas for policy and operational enhancement.

4.7: Hypothesis testing

Table 4. 19: Hypothesis Test Results

Hypothesis	Variable	Test Result	Interpretation
H_{01}: Product diversification strategy has no significant effect on economic empowerment of women owned business in Siaya County- Kenya	Product Diversification	$\beta = 0.515$, $p < 0.01$ (**Significant**)	**Reject the null hypothesis- Therefore,** Product diversification strategy significantly has effect on economic empowerment of women enterprises in Siaya County- Kenya.
H_{02}: Capacity Building has no significant influence on the Economic Empowerment of Women Enterprises in Siaya County- Kenya.	Capacity Building	$\beta = 0.380$, $p < 0.05$ (**Significant**)	**Rejected the null hypothesis - Therefore,** Capacity-building strategy significantly has influence on economic empowerment of women enterprises in Siaya County- Kenya.
H_{03}: Technology adoption has no significant effect on women's economic empowerment of women enterprises in Siaya County- Kenya	Technology Adoption	$\beta = 0.277$, $p < 0.05$ (**Significant**)	**Rejected the null hypothesis- Therefore,** Technology Adoption strategy significantly has effect on economic empowerment of women enterprises in Siaya County- Kenya.
H_{04}: Risk management strategy has no significant influence on women's economic empowerment of women enterprises in Siaya County- Kenya	Risk Management Strategy	$\beta = 0.311$, $p < 0.05$ (**Significant**)	**Rejected the null hypothesis- Therefore,** Risk management strategy significantly has influence on economic empowerment of women enterprises in Siaya County- Kenya.

R^2 Value (0.68) indicates that a considerable proportion of the discrepancy in economic empowerment is explained by the four MFI strategies. In addition, all p-values < 0.01, indicating a strong statistical significance of all four independent variables. Each hypothesis tested showed a statistically significant relationship with the dependent variable economic empowerment of women enterprises. It confirms that MFI strategies such as product diversification, capacity building, technology adoption and risk management strategies positively contribute to increase in income, growth in business, enhanced financial inclusion improved financial sustainability of women entrepreneurs in Siaya County.

CHAPTER FIVE

SUMMARY, CONCUSION AND RECOMMENDATIONS

5.1. Introduction

The chapter provides an overview of the key conclusions from the study on the economic empowerment of women-owned businesses in Siaya County, Kenya, and the methods of microfinance institutions. It drew conclusions grounded on the research objectives and hypotheses linking the results to the theoretical and empirical works. The chapter also offered recommendations for MFIs, policymakers, financial institutions, and future researchers. It concluded with suggestions for further study.

5.2: Summary of the findings

5.2.1: Product diversification strategy

MFIs in Siaya County offer a diversity of financial products like microloans, savings, and insurance as per the results. The branch managers and most women respondents showed that most women had accessed at least one of these products, and regression analysis showed that product diversification had the strongest positive influence on economic empowerment of women enterprises in Siaya County- Kenya. On the other hand, the challenges experienced included high interest rates, limited awareness, and lack of collateral. The inferential statistical analysis further indicated that there was a statistically significant positive relationship between product diversification and economic empowerment of women entrepreneurs. This implies that offering diversification in financial products such as micro-loans, savings accounts and insurance is capable of meeting the diverse needs of women entrepreneurs and thus causing them to expand their businesses as well as become financially independent.

5.2.2: Capacity building strategy

Capacity-building programs such as financial literacy, business management, and digital training are offered by MFIs, with evidence showing positive impacts on business performance and financial management from both the respondents from the descriptive statistics. However, gaps still exist in areas such as marketing, customer service. The inferential statistics results on the other hand indicated a significant effect of capacity-building interventions on women's empowerment. Financial literacy training, mentorship, and business skills development provided by MFIs were found to contribute meaningfully to better decision-making, enhanced business performance, and long-term sustainability of women-owned enterprises.

5.2.3: Technology adoption strategy

As much as Microfinance institutions offered Mobile Money Platform, Digital Banking and AI Credit Scoring, women entrepreneurs reported high use of mobile money and digital banking services. However, credit scoring tools were rarely used. Digital illiteracy and network issues were major challenges in both offering and accessing these services. Statistical analysis supported a positive and significant correlation between the utilization of financial technologies (i.e., mobile banking and online platforms) and women's empowerment. Technology facilitated easier access to financial services, reduced transactions' costs, and improved record-keeping and customer management, thereby expanding women's business activities.

5.2.4: Risk management strategy

The study showed that group lending was the most used and most effective risk management strategy. However, there was limited adoption of credit scoring tools and insurance-backed lending. Risk mitigation strategies were not uniformly applied across MFIs. Risk management strategies have a significant positive effect on economic empowerment of women enterprise, this is because outcomes showed that risk management practices of MFIs including group lending, insurance-backed loans, and credit monitoring mechanisms had a profound effect on the economic performance of women. Such practices reduced defaulting and increased the confidence of women to borrow and repay the loan, hence improving business stability and their financial independence.

5.3: Conclusions

5.3.1: Product Diversification Strategy

Product diversification significantly has influence on economic empowerment of women enterprises in Siaya county as conclude by the study for the first objective, an increase in access to financial services by women and support on entrepreneurial growth was evidenced. MFIs in Siaya County have introduced a variety of financial products for instance microloans, insurance and savings, which have been instrumental in expanding women-owned businesses and improving income levels. However, barriers such as limited awareness, collateral requirements and high interest rates hinder full utilization of these products. The results are consistent with feminist empowerment theory, which holds that women's agency and decision-making ability are increased when they have access to a variety of financial services, resulting in empowerment outcomes.

5.3.2 Capacity Building Strategy

The second objective concludes that capacity building strategy emerged as another crucial significant enabler of economic empowerment. Women who received training in financial literacy and business management reported improved business performance and financial decision-making. Despite this, there remains a gap in training areas like marketing, digital skills, and customer relations that are vital for sustaining enterprise growth in modern markets. This affirms the Financial Literacy Theory, which links increased financial knowledge with improved business performance and personal empowerment.

5.3.3 Technology Adoption Strategy

The research concludes that technology adoption has substantial influence on economic empowerment of women especially through mobile banking and digital financial tools. These tools have improved women's access to credit and savings platforms, reducing geographical and logistical barriers. Nevertheless, low digital literacy and poor infrastructure continue to restrict some women from fully benefiting from these technologies. The results are in line with the Technology Acceptance Model (TAM), which highlights that the effective adoption of financial innovations is determined by perceived utility and usability.

5.3.4 Risk Management Strategy

Lastly, risk management strategy significantly has effect on economic empowerment of women enterprises in Siaya, through group lending and insurance backed lending, which have contributed positively to loan security and business sustainability, yet the limited adoption of modern credit scoring systems and risk-mitigating instruments suggests a need for broader implementation. This strategy strengthened women entrepreneurs' capacity to expand their enterprises by reducing default risks and providing a safety net. The Financial Intermediation

Theory, which describes how MFIs lower risks and make financing more accessible, is supported by this.

To conclude therefore, the four MFI strategies of product diversification, capacity building, technology adoption and risk management play a significant and statistically measurable part in the economic empowerment of women enterprises in Siaya County, though each requires contextual enhancements for optimal impact.

5.4: Recommendations

Based on findings, several recommendations have been made. The study encourages MFIs to continue offering the all the four strategies of Product diversification, Capacity building, technology adoption and Risk management due to their positive significance on economic empowerment of women enterprises in Siaya county- Kenya.

5.4.1: To identify the impact of diversification of products on the economic empowerment of women businesses

MFIs should support product diversification such as micro-insurance, savings accounts, mobile loans, and business development services addressing women's business needs. The products should be tailored to address the specific women financial access gaps. More awareness and training on use and advantage of these diversified products needs to be increased in an effort to promote use and financial inclusion.

5.4.2: To establish the effect of capacity building on economic empowerment of women businesses.

MFIs need to invest in ongoing and systematic capacity-development programs focusing on financial literacy, entrepreneurship, digital skills, and market connectivity. The programs must be

localized to align with the education level, business stage, and socio-economic status of women in Siaya. Mentorship, advisory services, and business incubation partnerships must be supplemented with government and NGOs. Further, MFIs should institutionalize comprehensive training programs that go beyond financial literacy to include aspects such as digital marketing including e-commerce, customer care, inventory management, and business planning. These programs have to be long term and ongoing, need-based, and offered through local partnership with NGOs, government agencies, and women's associations for wider coverage and sustainability for full achievement of the goal.

5.4.3: To evaluate the economic empowerment of women businesses as a result of technology adoption.

MFIs need to speed up utilization of technology-based financial products by developing easy-to-use mobile banking systems, including USSD services for less smartphone-owning customers, and empowering women through digital literacy training. Technology infrastructure (e.g., connectivity) in the countryside needs to be upgraded together with telecom operating network coverage such as Unstructured Supplementary Service Data (USSD) platforms, mobile apps and remote support systems so that the digital divide is bridged. This should be accompanied by through targeted digital literacy campaigns to empower women in order to understand and utilize technology effectively in order to eliminate the digital divide and increase outreach.

5.4.4: To determine the effect of risk management on women business economic empowerment.

MFIs should improve risk management policies by implementing group lending strategies, credit scoring mechanisms, and insurance-backed lending products to reduce default rates and improve access to credit by women. Risk awareness and risk mitigation financial education should be

included in lending programs to familiarize women entrepreneurs with financial risks and repayment conditions. In addition, a broader application of diversified tools, including AI-based credit scoring, guaranteeing loans bundled risk insurance and offering financial risk planning training to women entrepreneurs. Moreover, these recommendations aim at bolstering the capacity of MFIs to empower women entrepreneurs more equitably and sustainably in Siaya County.

5.5: Areas for further Study

Though this research is enlightening, some areas should be further investigated.

First, studies comparing the performance of the microfinance institution (MFI) strategies with different counties or regions within Kenya for example Siaya versus Kisumu or Nairobi. This would evaluate whether the effectiveness of measures like product diversification or risk management varies on grounds of geographical, economic, or cultural circumstances. Secondly, a longitudinal study can examine the long-term effects of MFIs on the economic empowerment of women, tracking business expansion income stability, and long-term resilience. This would provide various insights of the sustainability of economic empowerment of women enterprises outcomes from MFIs support.

In addition, future research could examine how gender norms, household dynamics, and socio-cultural beliefs affect access to and utilization of MFI services by women. This could inform more inclusive and culturally sensitive financial models. Further research could explore on how internal institutional factors within MFIs for example staff training, governance and resource allocation influence the effectiveness of their strategies in empowering women entrepreneurs. Last but not least since R^2 was 68%, studies can be done to factor in 32% of the variables other

than Product diversification, Capacity building, technology adoption and Risk management strategies on economic empowerment of women enterprises in Siaya county Kenya that have not been included in this study.

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APPENDICES

Appendix A: Questionnaire

This research questionnaire aims to identify and collect data about **Microfinance Institutions Strategies and the Economic Empowerment of Women Enterprises in Siaya County, Kenya.** Your kind and objective responses will significantly contribute to this study. Your responses will be treated with the utmost confidentiality and used solely for academic purposes. To ensure confidentiality, do not write down your name on the **WOMEN WHO ARE ACCESSING MICROFINANCE SERVICES IN SIAYA COUNTY- KENYA**

SECTION A: DEMOGRAPHIC INFORMATION

1) **Academic qualification achieved**

Primary school level ( ) Secondary school level ( ) Tertiary/College level ( )

University Level ( )

2) **Type of Business**

Farmer ( ) Trader ( ) Artisan ( )

3) **Years in Business:**

Less than 1 year [ ] 1-3 years [ ] 4-6 years [ ] Above 6 years ( )

4) **Which MFI do you have an account with? (You can tick more than one option)**

KWFT (Bondo) ( )

KWFT (Siaya) ( )

KWFT (Mandianyi) ( )

KWFT (Ugunja) ( )

SMEP (Bondo) ( )

SECTION B: PRODUCT DIVERSIFICATION STRATEGY

5. To what extent have you accessed the following financial products from MFIs?

(Please tick the appropriate response for each)

	Statement	**Very large extent (5)**	**Large extent (4)**	**Moderate Extent (3)**	**Small extent (2)**	**Not at all (1)**
a	Micro Loans					
b	Micro savings					
c	Micro insurance					

6. By use of a (√), indicate your extent of agreement or disagreement on the following statements regarding Product Diversification and economic empowerment of women enterprises

	Statement	**SA**	**A**	**UD**	**D**	**SD**
a	MFIs provide a variety of financial products tailored to women's specific needs.					
b	MFIs products such as microloans, savings and insurance accounts are easily accessible to women entrepreneurs					
c	MFIs products such as microloans, savings and insurance accounts are easily affordable to women entrepreneurs					
	Key: SA- Strongly Agree, A- Agree, UD – Undecided, D- Disagree, SD- Strongly Disagree					

7. To what extent do you consider the following as challenges in accessing diversified financial products for women? (Please tick the appropriate response for each)

	Statement	**Very Major challenge (5)**	**Major challenge (4)**	**Moderate challenge (3)**	**Minor challenge (2)**	**Not a challenge(1)**
a	High interest rate					
b	Lack of Collateral					
c	Limited product awareness					

SECTION C: CAPACITY BUILDING STRATEGY

7.To what extent have you received the following financial training from MFIs?

(Please tick the appropriate response for each)

	Statement	**very large extent (5)**	**Large extent (4)**	**Moderate Extent (3)**	**Small extent (2)**	**Not at all (1)**
a	Digital Financial Literacy					
b	Business Advisory					
c	Marketing & Customer Relations					

8. By use of a (√), indicate your extent of agreement or disagreement on the following statements regarding Capacity Building and economic empowerment of women enterprises

	Statement	SA	A	UD	D	SD
a	MFIs Capacity building is tailored to women's needs.					
b	Training & workshops are regularly offered					
c	The training programs provided have enhanced my business and financial management skills.					
d	Business mentorship programs offered by MFIs have contributed to the growth of my enterprise					
e	The training programs provided have enhanced my customer handling skills					
f	Follow-up mentorship is provided after loan disbursement					
	Key: SA- Strongly Agree, A- Agree, UD – Undecided, D- Disagree, SD- Strongly Disagree					

SECTION D: TECHNOLOGY ADOPTION STRATEGY

9. To what extent have you used the following digital financial tools when receiving MFIs' services? (Please tick the appropriate response for each)

	Statement	Very large extent (5)	Large extent (4)	Moderate Extent (3)	Small extent (2)	Not at all (1)
a	Mobile money					
b	Digital Banking					
c	AI Credit scoring					

10. By use of a (√), indicate your extent of agreement or disagreement on the following statements regarding Technology Adoption and economic empowerment of women enterprises.

	Statement	**SA**	**A**	**UD**	**D**	**SD**
a	Technology adoption strategy is tailored to women's needs.					
b	The technology adoption strategies provided have enhanced my access to financial services					
c	Technology adoption strategies offered led to efficiency in managing transactions					
	Key: SA- Strongly Agree, A- Agree, UD – Undecided, D- Disagree, SD- Strongly Disagree					

11. **To what extent do you consider the following as challenges in technology adoption for women entrepreneurs?** (Please tick the appropriate response for each)

	Statement	**Very Major challenge (5)**	**Major challenge (4)**	**Moderate challenge (3)**	**Minor challenge (2)**	**Not a challenge (1)**
a	Low digital literacy					
b	Poor internet and network					
c	High cost					

SECTION E: RISK MANAGEMENT STRATEGY

12. To what extent have you used/ applied the following risk management strategies offered by MFIs? (Please tick the appropriate response for each)

	Statement	**Very large extent (5)**	**Large extent (4)**	**Moderate Extent (3)**	**Small extent (2)**	**Not at all (1)**
a	Credit Risk Models					
b	Group Lending					
c	Insurance Backed Lending					

13. By use of a (√), indicate your extent of agreement or disagreement on the following statements regarding Risk Management and economic empowerment of women enterprises

	Statement	**SA**	**A**	**UD**	**D**	**SD**
a	Risk management strategy is tailored to women's needs.					
b	Through Credit risk scoring I have been able to access loan					
c	Group lending strategy has minimized loan defaults.					
d	I have been able to repay my loan without difficulties due to flexible repayment schedules					
e	Insurance-backed lending has provided financial security in case of business losses.					
	Key: SA- Strongly Agree, A- Agree, UD – Undecided, D- Disagree, SD- Strongly Disagree					

14. To what extent has microfinance contributed to the following outcomes in your enterprise?

(**Tick all that apply)**

Outcome	Very High	High	Moderate	Low	Very Low
	------5-----	|---4---	|----3-----	|---2--	|-----1-----
Increase in income	[ ]	[ ]	[ ]	[ ]	[ ]
Growth in Business	[ ]	[ ]	[ ]	[ ]	[ ]
Enhanced Financial Inclusion	[ ]	[ ]	[ ]	[ ]	[ ]
Improvement on financial sustainability	[ ]	[ ]	[ ]	[ ]	[ ]

II. FOR MICROFINANCE INSTITUTION (MFIs) BRANCH MANAGERS

Study Title: Microfinance Institutions Strategies and Economic Empowerment of Women Enterprises in Siaya County, Kenya

INSTRUCTIONS: This questionnaire is designed to collect data from **MFI managers** on the strategies employed in supporting economic empowerment of women enterprises. The information will be treated with confidentiality and used strictly for academic purposes.

SECTION A: GENERAL INFORMATION

1. Which MFI do you work for?

KWFT (Bondo) ( )

KWFT (Siaya) ( )

KWFT (Mandianyi) ( )

KWFT (Ugunja) ( )

SMEP (Bondo) ( )

2. Number of years working with this MFI:

Less than 1 year [ ] 1-3 years [ ] 4-6 years [ ] Above 6 years [ ]

SECTION B: PRODUCT DIVERSIFICATION STRATEGY

3. To what extent does your MFI offer the following financial products?

(Please tick the appropriate response for each)

	Statement	**Very large extent (5)**	**Large extent (4)**	**Moderate Extent (3)**	**Small extent (2)**	**Not at all (1)**
a	Micro Loans					
b	Micro savings					
c	Micro insurance					

4. To what extent do you agree that product diversification has improved women's access to financial services?

Strongly Agree [ ]

Agree [ ]

Neutral [ ]

Disagree [ ]

Strongly Disagree [ ]

5. To what extent do you consider the following as challenges in offering diversified financial products for women?

6.	**Statement**	**Very Major challenge (5)**	**Major challenge (4)**	**Moderate challenge (3)**	**Minor challenge (2)**	**Not a challenge(1)**
a	High interest rate					
b	Lack of Collateral					
c	Limited product awareness					

SECTION C: CAPACITY BUILDING STRATEGY

6. To what extent have you offered the following financial training?

(Please tick the appropriate response for each)

	Statement	**Very large extent (5)**	**Large extent (4)**	**Moderate Extent (3)**	**Small extent (2)**	**Not at all (1)**
a	Digital Financial Literacy					
b	Business Advisory					
c	Marketing & Customer Relations					

7. How often does your MFI conduct training for women entrepreneurs?

Monthly [ ]

Quarterly [ ]

Annually [ ]

Irregularly [ ]

8. How effective is capacity-building programs in improving women's financial literacy and business success?

Very effective ( )

Effective ( )

Neutral ( )

Ineffective ( )

Very ineffective ( )

SECTION D: TECHNOLOGY ADOPTION STRATEGY

9. To what extent have you offered the following digital financial tools to women entrepreneurs?

(Please tick the appropriate response for each)

	Statement	**To a very large extent (5)**	**Large extent (4)**	**Moderate Extent (3)**	**Small extent (2)**	**Not at all (1)**
a	Mobile money					
b	Digital Banking					
c	AI Credit scoring					

10. **How would you rate the adoption of digital financial services by women entrepreneurs?**

Very High ( )

High ( )

Moderate ( )

Low ( )

Very Low ( )

11. How has technology adoption influenced women's access to financial services?

Improved significantly [ ]

Moderately Improved [ ]

Slightly improved [ ]

No effect [ ]

12 To what extent do you consider the following as challenges in implementing digital services for women entrepreneurs?

(Please tick the appropriate response for each)

	Statement	**Very Major challenge (5)**	**Major challenge (4)**	**Moderate challenge (3)**	**Minor challenge (2)**	**Not a challenge (1)**
a	Low digital literacy					
b	Poor internet and network					
c	Resistance to technology adoption					
d	High cost of implementation					

SECTION E: RISK MANAGEMENT STRATEGY

13. To what extent have you offered the following risk management strategies?

(Please tick the appropriate response for each)

	Statement	**Very large extent (5)**	**Large extent (4)**	**Moderate Extent (3)**	**Small extent (2)**	**Not at all (1)**
a	Credit Risk Models					
b	Group Lending					
c	Insurance Backed Lending					

14. **To what extent do you agree that risk management strategies have reduced loan default rates?**

Strongly Agree [ ]

Agree [ ]

Neutral [ ]

Disagree [ ]

Strongly Disagree [ ]

15. How effective are these risk management strategies in reducing loan defaults?

Very Effective 5 [ ]

Effective 4 [ ]

Neutral 3 [ ]

Ineffective 2 [ ]

Very Ineffective1 [ ]

SECTION F: ECONOMIC EMPOWERMENT OF WOMEN ENTERPRISES

16. **To what extent do you believe MFIs have contributed to the economic empowerment of women entrepreneurs in Siaya County?**

Very High [ ]

High [ ]

Moderate [ ]

Low [ ]

Very Low [ ]

Your insights are invaluable to this study and will contribute to understanding and improving the role of microfinance strategies in economic empowering women enterprises in Siaya County.

Thank you for your participation!

Appendix B: Time Frame

ACTIVITIES	OCTOBER-MARCH 2024	APRIL 2025	MAY 2025	JUNE 2025	JULY 2025	AUG 2025
Proposal writing and defense						
Data collection						
Data analysis and reporting						
Final thesis submission and defense						
Submission of final copies to the university						

Appendix C: Budget

#	ACTIVITY	AMOUNT (Kshs)
1	**Proposal Development**	
	Printing	10,000
	Photocopying	4, 000
2	**Data Collection**	
	Printing & Photocopying of questionnaire	3,000
	Research Assistance allowance	4,000
3	**Data Analysis**	
	Analysts allowance	20,000
4	**Final thesis Copies**	
	Printing	3,000
	Binding	1,000
5	**Publishing**	10,000
6	**Transport**	7,000
	Total	**62,000**

Appendix D: CUEA Introduction Letter

THE CATHOLIC UNIVERSITY OF EASTERN AFRICA
A.M.E.C.E.A

SCHOOL OF BUSINESS & ECONOMICS
Department of Graduate Business Studies

P.O. BOX 62157 00200 Nairobi – KEN
Tel: 020-2525811-5, 8890023-4,
Email: gbs@cuea.edu or hodgbs@cuea.edu
Website: www.cuea.edu

Our Ref: CUEA/SoBE/GBS/JM/mba.rec/368/2025

19th March 2025

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

RE: AKINYI OBAT JACQUELYNE – REG NO: 1052120

The above named is a student at The Catholic University of Eastern Africa, Nairobi—Kenya, in the School of Business & Economics, Department of Graduate Business Studies. She is pursuing Master of Business Administration degree (Finance Option).

As part of the MBA degree requirements, the University expects the student to write a research thesis. Jacquelyne requires your assistance in carrying out her research study by providing her with a research permit and/or the necessary information. Her thesis is entitled ***"Microfinance Institutions Strategies and Economic Empowerment of Women Enterprises in Siaya County-Kenya".***

Any assistance accorded to Jacquelyne will be highly appreciated. All the information provided will be used purely for academic purposes and will be treated with utmost confidentiality.

Thank you.

THE CATHOLIC UNIVERSITY OF EASTERN AFRICA
H.O.D.
19 MAR 2025
GRADUATE BUSINESS SCHOOL
P. O. BOX 62157 - 00200, NAIROBI

Yours faithfully,

Dr. Joseph Macheru, PhD., CPA-K
HEAD OF DEPARTMENT – GRADUATE BUSINESS STUDIES

Appendix E: SMEP MFI Target Population

THE CATHOLIC UNIVERSITY OF EASTERN AFRICA
A.M.E.C.E.A

SCHOOL OF BUSINESS & ECONOMICS
Department of Graduate Business Studies

P.O. BOX 62157 00200 Nairobi – KENYA
Tel: 020-2525811-5, 8890023-4,
Email: gbs@cuea.edu or bod@cuea.edu
Website: www.cuea.edu

Our Ref: CUEA/SoBE/GBS/JM/mba.rec/369/2025

1st April 2025

SMEP Microfinance Bank Limited
P. O. Box 64063 - 00620,
NAIROBI - Telephone: +254 - 020 – 3572799

SMEP MICROFINANCE BANK LIMITED
smep
11 APR 2025
HR & ADMIN
P.O Box 64063 - 00620, NAIROBI

Dear Sir/Madam

RE: JACQUELYNE AKINYI OBAT – REG NO 1052120

Greetings from the Catholic University of Eastern Africa!

The above named is a student at the Catholic University of Eastern Africa in the School of Business and Economics. She is pursuing Masters in Business Administration (Finance option), currently at proposal stage. Her research study is on **"Microfinance Institutions Strategies and Economic Empowerment of Women Enterprises in Siaya County- Kenya."**

SMEP branch in Siaya County being among the target population, kindly provide her with the following information and approval of data collection from the sample questionnaire provided.

TARGET POPULATION

PARTICULARS		
Branch	**BONDO #**	**TOTAL #**
Branch Managers	1	1
Branch Credit Managers	4	4
Branch Credit Administrators	4	4
Branch Credit Officers	4	4
Women who are currently accessing your services	216	216
TOTAL		

SMEP MICROFINANCE BANK LIMITED
smep
11 APR 2025
HR & ADMIN
P.O. Box 64063 - 00620, NAIROBI

Any assistance accorded to her will be greatly appreciated. All the information provided will be used purely for academic purposes and will be treated with utmost confidentially.

Yours sincerely,

H.O.D.
01 APR 2025
THE CATHOLIC UNIVERSITY OF EASTERN AFRICA
GRADUATE BUSINESS SCHOOL

Dr. Joseph Macheru, PhD., CPA-K
HEAD OF DEPARTMENT – GRADUATE BUSINESS STUDIES

0729-499833

.....Page 1 of 1

Sr. Jacqueline

Appendix F: KWFT MFI Target Population

THE CATHOLIC UNIVERSITY OF EASTERN AFRICA
A.M.E.C.E.A

SCHOOL OF BUSINESS & ECONOMICS
Department of Graduate Business Studies

P.O. BOX 62157 00200 Nairobi – KEN
Tel: 020-2525811-5, 8890023-4,
Email: gbs@cuea.edu or hodgbs@cuea.edu
Website: www.cuea.edu

Our Ref: CUEA/SoBE/GBS/JM/mba.rec/369/2025

1st April 2025

Kenya Women Microfinance Bank PLC
P. O. Box 4179-00506
NAIROBI - Telephone: +254 - 020 – 3067000

KENYA WOMEN MICROFINANCE BANK PLC
RESEARCH DEPARTMENT
Date: 15/04/2025
P.O. Box 4179-00506, NAIROBI

Dear Sir/Madam

RE: JACQUELYNE AKINYI OBAT – REG NO 1052120

Greetings from the Catholic University of Eastern Africa!

The above named is a student at the Catholic University of Eastern Africa in the School of Business and Economics. She is pursuing Masters in Business Administration (Finance option), currently at proposal stage. Her research study is on **"Microfinance Institutions Strategies and Economic Empowerment of Women Enterprises in Siaya County- Kenya."**

KWFT branch in Siaya County being among the target population, kindly provide her with the following information and approval of data collection from the sample questionnaire provided.

TARGET POPULATION

PARTICULARS	KWFT BRANCHES				
Branch	**BONDO**	**SIAYA**	**MADIANI**	**UGUNJA**	**TOTAL**
	#	#	#	#	#
Branch Managers		1	1	1	4
Branch Credit Managers	2	2	2	2	8
Branch Credit Administrators	3	3	3	3	12
Branch Credit Officers	4	4	4	4	16
Women who are currently accessing your services	153	236	225	170	784
TOTAL					

Any assistance accorded to her will be greatly appreciated. All the information provided will be used purely for academic purposes and will be treated with utmost confidentially.

Yours sincerely,

H.O.D.
01 APR 2025
GRADUATE BUSINESS SCHOOL

Dr. Joseph Macheru, PhD., CPA-K
HEAD OF DEPARTMENT – GRADUATE BUSINESS STUDIES

Appendix G: Research Permit

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **563322**

Date of Issue: **19/May/2025**

RESEARCH LICENSE



This is to Certify that Sr.: JACQUELYNE AKINYI OBAT of Catholic University of Eastern Africa, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Siaya on the topic: MICROFINANCE INSTITUTION STRATEGIES AND ECONOMIC EMPOWERMENT OF WOMEN ENTERPRISES IN SIAYA COUNTY -KENYA for the period ending : 19/May/2026.

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Deputy Director
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

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I HEREBY CONFIRM THAT **SR. AKINYI OBAT JACQUELYNE** REG NO: **1052120**, SUBMITTED A CHECK OF ANTIPLAGIARISM ON CRITICAL EVALUATION OF **MICROFINANCE INSTITUTIONS STRATEGIES AND ECONOMIC EMPOWERMENT OF WOMEN ENTERPRISES IN SIAYA COUNTY- KENYA. A RESEARCH THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, FINANCE SPECIALIZATION AT THE CATHOLIC UNIVERSITY OF EASTERN AFRICA.**

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Name: HARUN MAINA Signature: ..... Date: 11/8/2025

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Founded in 1984 by AMECEA (Association of the Member Episcopal Conferences in Eastern Africa)