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INFLUENCE OF FINANCIAL DECISION MAKING ON EMPOWERMENT OF WOMEN IN NAKURU EAST SUB-COUNTY, KENYA

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Abstract

Across the world, women are significantly underrepresented in leadership and management in business and political governance. Women have for a long time been marginalized despite the significant role they play in the socio-economic development. Countries which have laid down and implemented strategies on empowering women have witnessed great improvements in their development and growth. However, in Kenya, the marginalization of women has resulted in their financial disempowerment. This study seeks to evaluate how financial decision making influences the empowerment of women in Nakuru East Sub-County. A descriptive survey research design was adopted. The target population constituted members of registered women self-help groups (SHGs) in Nakuru East. The accessible population comprised of 150 registered women SHGs in Nakuru East Sub-County. A sample of 74 respondents was drawn from the sampling frame using simple random sampling technique of which 64 women responded by duly filling in the questionnaires. A structured questionnaire was used to aid in data collection. The questionnaire was subjected to both validity and reliability tests. The data collected was analyzed with the assistance of the Statistical Package for Social Sciences (SPSS) version 24 software. Data analysis was done using both descriptive and inferential statistics. Multiple regression analysis was used to identify the relationship between financial decision making and the overall financial empowerment of women. Results showed that financial decision making is positively and significantly associated with empowerment of women (r= 0.293, p=0.04). The study thus recommends that's elf-help groups should educate members on matters relating to finance so that they could make informed and independent financial decisions such as the amount to borrow, how and where to allocate borrowed funds.

Keywords: *Financial Decision Making, Women Empowerment, women self-help groups*

1.0 Background of the study

The term empowerment is an interactive process which occurs between the individual and the environment within which the person operates. The outcome of the process is skills, based on the insights and abilities. This enables the person to participate with others, a capacity to cope with frustrations and to struggle for influence over the environment. It is a process of internal and external change. The internal process is the person's sense or belief, ability to make decisions and solve her own problems. The external change is the ability to act and implement the practical knowledge, the information, the skills, the capabilities and other new resources acquired in the course of the process.

It is widely documented that women face numerous financial challenges. One of the critical challenges is in respect of asset ownership. It is documented that in most rural areas of South Asia, only few women own land, and where they do, their properties are relatively smaller and of less value than those owned by men (Rao, 2011). Similarly in India, despite the fact that women have legal right to land ownership, they rarely purchase land due to traditional gender roles coupled by lack of independent financial resources (Ramachandran, 2008). According to the United Nation's (UN) statistics, 61% and 21% of residential titles are in men's and women's names respectively while 18% are jointly owned (UN, 2010). Women legally own only 8% of farm and forest land in the country. As such, the more urbanized women are, the more they are likely to own assets, and the reverse is equally true. However, only a small proportion of house and land titles are in the hands of women.

In South Africa, there are microfinance-based interventions that have been adopted to empower women (Kim et al., 2007). These interventions are popularly christened Intervention with Microfinance for AIDS and Gender Equity (IMAGE). In this regard, microfinance is aimed at advancing credit facilities and savings services to the poor-especially women in rural areas- for income-generating activities and projects. It is asserted that besides providing economic benefits, microfinance is likely to be an avenue for empowering women financially and socially. In a survey commission by the World Bank, Mwanura (2014) reports that in Africa, although women have access to land in most areas, only a few of them own land or have control over it. This assertion is confirmed by Carpano and Ngoga (2010) in their survey results for Tanzania and Rwanda respectively.

In Kenya, financial challenges afflicting women are documented and acknowledged. In the country, women are categorized among marginalized groups alongside the youth and persons living with disabilities. Women have for years been discriminated particularly socially and economically. This is evident in the hitherto minimal role they play in decision making especially in comparison to men. Mostly, women are marginalized due to lack of financial empowerment whose genesis could be traced to high unemployment rates among them and their inability to access credit facilities to fund and run their businesses. As such they have so far been highly excluded from financial inclusion (Holloway, Niazi & Rouse, 2017). The national government has intervened in various ways to financially empower women through such initiatives as setting aside funds specifically for women. However, at county levels, it remains unclear regarding the financial interventions by county governments aimed at financially empowering women. This attributes to a large extent the scarcity of empirical evidence on financial interventions by county governments and financial empowerment of women.

2.0 Statement of the Problem

Empowerment of the local population particularly women, has dominated the international agenda for a very long time as highlighted by the third millennium development goals (United Nations, 2000). Globally, 50% of women are in vulnerable jobs that pay little and can disappear without warning. Additionally, gender wage gaps are still on average between 10% and 30% (World Economic Forum, 2010). According to the World Bank (2017), women play a crucial role in economic development since they enhance the growth and create jobs especially for the poorest, 40% of the global populace.

Putting women in special categories separates them from men and this is a form of marginalization (Wade, 2011). Marginalization and lack of empowerment are discussed in the same context. The marginalization of women in Kenya is justified by the fact that they (women) are categorized alongside other marginalized groups such as the youth and the persons living with disabilities (Republic of Kenya, 2010). Countries which have laid down and implemented strategies on empowering women have witnessed great strides in their development and growth. However, in countries like Kenya, women marginalization has resulted in their disempowerment especially in regards to financial disempowerment.

The fact that most elective leadership positions seem to be a preserve of men largely indicates the incapacity of women to marshal requisite financial resources that could otherwise enable them effectively compete for the aforementioned positions. Moreover, women run far fewer businesses compared to their male counterparts and their enterprises are mostly small and micro. The aforegoing is a clear indication of lack of financial empowerment among women. Women own fewer assets which they can use as collateral when applying for credit facilities. This implies that women face greater challenges in accessing secured loan facilities; a fact that compounds their financial disempowerment. Against this backdrop, therefore, this study is necessitated with the ultimate objective of examining how decision-making influences financial empowerment of women in Nakuru East Sub-County.

3.0 Objectives of the Study

To analyze how financial decision making influences financial empowerment of women in Nakuru East Sub-County

3.1 Hypothesis

H_0: There is no significant relationship between financial decision making and financial empowerment of women in Nakuru East Sub-County.

4.0 Theoretical Framework

The study was guided by the Ford financial empowerment model (FFEM) developed by Ford alongside his compatriots, Baptist and Archuleta (Ford, Baptist, & Archuleta, 2011). The model is an integrative approach to financial therapy whereby it brings together renowned theoretical models that are employed in family therapy with basic financial counselling methods, with the intent of facilitating the development of financial success and empowerment. The model is founded on two premises. These two theoretically-driven psychotherapy approaches include cognitive-behavioral and narrative therapies. These approaches are integrated with both financial education and skill development (Ford, 2014).

It is asserted that in spite of the fact that financial therapy has been conceptualized as the integration of cognitive, behavioral, emotional, relational, and economic facets of financial health, it is quite difficult for people with financial needs to get assistance from financial planners (Ford, Baptist & Archuleta, 2011). This is founded on the assertion that such planners have very minimal, if any, training in respect of emotional and relational factors related to finances (Klontz, Kahler, & Klontz, 2008). It is further postulated that financial professionals may lack requisite theoretical grounding in dealing with clients who have financial behavioral challenges (Archuleta & Grable, 2011). In the same vein, it is postulated that mental health professionals trained to deal with emotional and relational issues may lack training on financial issues.

In respect of financial empowerment among women, the FFEM could be employed to illustrate the requirements of registered self-help groups in inculcating financial training in women. This implies that the said groups are supposed to be well equipped with both conventional financial professionalism and mental health understanding of their female clients. This will in turn enable them to impart the necessary financial understanding amongst women and ultimately result in enhanced women empowerment at county levels.

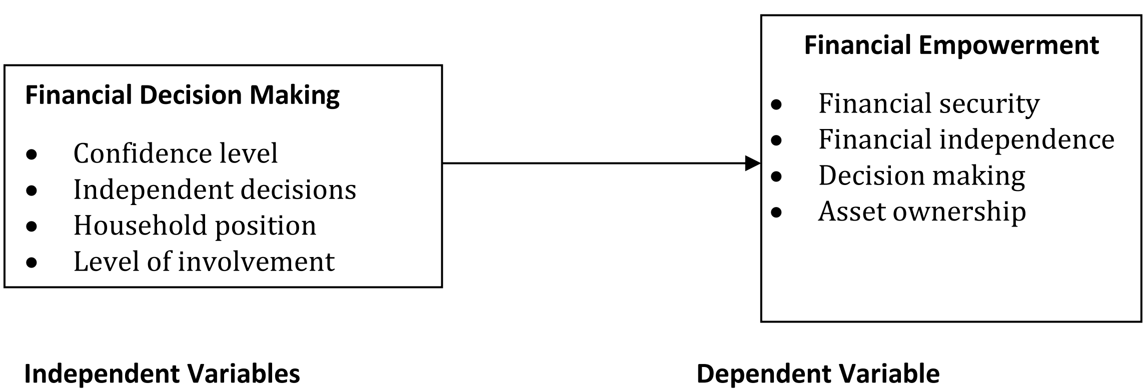
5.0 Literature Review

There are a number of studies that have examined the link between financial decision-making and empowerment of women. A study conducted by Hussain, Ali, Ibrahim, Balouch, Yousouf, and Ghafoor (2015) analyzed the impact of women behaviour on financial decision making in Pakistan. The general objective of the study was to further investigate the impact of self-confidence, traits, and risk level regarding the impact of women behaviour on financial decision making. Questionnaires were used to collect data. The study revealed that women are less confident in taking part in a best-interest decision making. On the other hand, when they make the decision about the financial matter then they lose their confidence and seek advice.

A study carried out by Mwaura (2015) examined the determinants of investment decisions by women entrepreneurs in Kenya. The study aimed to establish and explain the determinants of investment decisions by women entrepreneurs in Kenya. It also sought to determine the economic factors that influence investment decision making among women entrepreneurs in Kenya. The study adopted a descriptive survey research design. According to the study, personal and job experience, life style, level of income, the time horizon of the investment, double responsibility of running a business, and family were some of the individual factors determining investment decisions made by women entrepreneurs in Kenya.

A study conducted by Wanjiku and Njiru (2016) analyzed the influence of microfinance services on economic empowerment of women in Ol Kalou constituency in Kenya. The study sought to find the effect of micro finance services on women empowerment in Olkalou constituency. The study adopted a descriptive survey design. The study revealed that micro finance services provided financial access which provided women with start-up and working capital alongside training and savings. Therefore, leading to women engagement in income generating activities and hence positive outcome on empowerment and women role in society and decision making.

6.0 Conceptual Framework



7.0 Research Methodology

A descriptive survey research design was adopted. The study in addition employed a quantitative approach whereby the data collected and subsequently analyzed were numerical. The target population comprised on women registered in 150 self-help groups in Nakuru East Sub-County. From this population, a sample of 74 women was selected using the simple random sampling technique out of which 64 were able to complete the study. The formula by Nassiuma (2008) was employed to determine the sample size as outlined below.

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

Where:

n = Sample size

N = Study population

C = Coefficient of variation ($21\% \leq C \leq 30\%$),

e = Precision level ($2\% \leq e \leq 5\%$)

Therefore;

$$n = \frac{150 \times 0.3^2}{0.3^2 + (150-1)\,0.025^2}$$

n = 73.72

n = 74 respondents

A structured questionnaire was employed to facilitate data collection. A five point likert scale was used to measure both financial decision making and financial empowerment. Financial decision making was measured in terms of extent to which the women make independent financial decisions, women confidence to make financial decisions, position taken by the women at home, and level of the women involvement in home financial matters. Empowerment was measured in terms of the women's level of financial security, financial independence, and asset ownership. A pilot study was conducted to test the reliability and validity of the instrument. Reliability was tested using the Cronbach's alpha method where scales measuring the two variables were able to meet the set threshold of 0.7. Data was analyzed using both descriptive and inferential statistics.

8.0 Results and Discussions

8.1 Descriptive Results for Financial Decision Making

The study assessed the opinions of sampled members of registered women self-help groups in Nakuru East Sub-County. Table 1 illustrates the findings. It was noted that more than half (56.3%) of the study respondents agreed that women were largely unable to make independent financial decisions. In the same light, 62.5% admitted that women had low confidence levels when making financial decisions, nevertheless, 18.8% disagreed with the opinion. A total of 68.8% of the participating members also concurred that women's decisions on finances were largely influenced by men. Accordingly, 28.1% disputed the foregoing argument. The study further found out that 59.4% of the respondents agreed that women were hardly involved in making financial decisions in their households. It was also noted that 37.5% admitted that women were significantly hesitant in making risky financial decisions while 50.0% disagreed with the assertion. A half (50.0%) of the respondents disputed that the household position of women (breadwinner or otherwise) influenced their financial decision making, nevertheless, 34.4% agreed with the view.

The study also found that respondents generally agreed that women were largely unable to make independent financial decisions (mean = 3.59); and that they had low confidence levels when making financial decisions (mean = 3.53). The variation of the responses of the study respondents in relation to the stated arguments were significant (std dev > 1.000). It was also established that the sampled members of registered women self-help groups in Nakuru East Sub-County were unsure of the views that women's decisions on finances were largely influenced by men (mean = 3.47); and that women were hardly involved in making financial decisions in their households (mean = 3.37). Furthermore, the respondents held different opinions in respect of the aforementioned propositions (std dev > 1.000). Moreover, it was unclear whether women were significantly hesitant in making risky financial decisions (mean = 2.94); and that the household position of women (breadwinner or otherwise) influenced their financial decision making (mean = 2.78). In the same vein, respondents held diverse views in relation to aforestated arguments (std dev > 1.000). The foregoing findings were interpreted to mean that the surveyed women were pulling from opposite direction regarding pertinent aspects of financial decision making. That is, there are those women who admitted to being adequately involved in the process of decision making particularly at household level, whereas an almost equal number largely disputed this allusion.

Table 1: Descriptive Statistics for Financial Decision Making

	n	SA (%)	A (%)	NS (%)	D (%)	SD (%)	Mean	Std. Dev.
Women are largely unable to make independent financial decisions	64	25.0	31.3	25.0	15.6	3.1	3.59	1.120
Women have low confidence levels when making financial decisions	64	15.6	46.9	18.8	12.5	6.3	3.53	1.095
Women's decisions on finances are largely influenced by men	64	31.3	37.5	3.1	3.1	25.0	3.47	1.569
Women are hardly involved in making financial decisions in their households	64	21.9	37.5	6.3	25.0	9.4	3.37	1.324
Women are significantly hesitant in making risky financial decisions	64	21.9	15.6	12.5	50	15.6	2.94	1.420
The household position of women (breadwinner or otherwise) influence their financial decision making	64	6.3	28.1	15.6	37.5	12.5	2.78	1.172

8.2 Descriptive Results for Financial Empowerment

The results for financial empowerment depicted that most (71.9%) of the respondents admitted that women in the groups enjoyed high degree of financial security. Further, It was further 56.3% concurred that the general financial wellbeing of the groups' members had significantly improved over the past one year, nonetheless, 25.0% disagreed with the opinion. Additionally, more than half (56.3%) of the study respondents agreed that most of the groups' members were able to finance most of their personal and households needs and obligations, though, 34.4% disagreed on the proposition. The majority (43.7%) of respondents also agreed that the group members had successfully purchased vast assets over the past one year, nevertheless, 21.9% disputed the notion. A number of respondents (28.1%) concurred that women from the group were hardly able to make strong financial decisions, in contrast, 56.9% disagreed with the foregoing view.

The study discovered that respondents were in agreement that women in the groups enjoyed high degree of financial security (mean = 3.91). The respondents, however, also displayed dissimilarity in responding to the stated assumption (std dev > 1.000). In addition to the foregoing, respondents were unclear regarding the views that the general financial wellbeing of the groups' members had significantly improved over the past one year (mean = 3.47); and that, most of the group members were able to finance most of their personal and households needs and obligations In the same vein, their responses to the opinions put forward were heterogeneous (std dev > 1.000). Study respondents were generally indifferent of the assertions that the groups' members had successfully purchased vast assets over the past one year (mean = 3.34); and that women from the group were hardly able to make strong financial decisions (mean = 2.84). More so, the responses views on the stated opinions were also diverse (std dev > 1.000). The latter findings which illustrate a sense of indifference amongst the surveyed women imply that either the aspect of women financial empowerment were not practically clear, or the sampled women pulled from the opposite directions in respect of tenets of financial empowerment of women.

Table 2 Descriptive Statistics for Financial Empowerment

	n	SA (%)	A (%)	NS (%)	D (%)	SD (%)	Mean	Std. Dev.
Women in our group enjoy high degree of financial security	64	50.0	21.9	3.1	18.8	6.3	3.91	1.362
The general financial wellbeing of our group members has significantly improved over the past one year	64	18.8	37.5	18.8	21.9	3.1	3.47	1.123
Most of our group members are able to finance most of their personal and household's needs and obligations	64	25.0	31.3	9.4	34.4	0	3.47	1.205
Our group members have successfully purchased vast assets over the past one year	64	15.6	28.1	34.4	18.8	3.1	3.34	1.055

8.3 Relationship between Financial Decision Making and Financial Empowerment

The existing relationship between financial decision making and financial empowerment was examined and determined using the Person Product Moment correlation method. Table 3 illustrates the findings.

Table 3: Correlation between Financial Decision Making and Financial Empowerment

		Financial Empowerment
Financial Decision Making	Pearson Correlation	.293**
	Sig. (2-tailed)	.004
	N	64

****. Correlation is significant at the 0.01 level (2-tailed).**

It was noted that the relationship between financial decision making and financial empowerment was positive and statistically significant at 0.01 significance level ($r = 0.135$; $p < 0.01$). The null hypothesis was therefore rejected. It is, therefore, explained that it was probable that an increase in the financial decisions made by members of self-help groups in Nakuru East Sub-County were likely to improve their financial empowerment. As such, sound financial decision making is fundamental if financial empowerment is to be realized among members in the said self-help groups. These findings were similar to the results of an earlier study by Hussain et al. (2015) where women were found to lose their confidence when making financial decisions. This made the relationship between financial decision making and financial empowerment unclear and/or minimal.

9.0 Conclusions and Recommendations

It was noted that women were largely unable to make independent financial decisions presumably because they had had low confidence levels when making financial decisions. It was also established that women's decisions on finances were largely influenced by men and they were hardly involved in making financial decisions in their households. Additionally, women were significantly hesitant in making risky financial decisions. In the same vein, it was disputed that the household position of women (breadwinner or otherwise) influenced their financial decision making. With regard it empowerment, the study observed that members in the self-help groups enjoyed high degree of financial security and that the general financial wellbeing of the groups' members had significantly improved over the past one year. Additionally, it was noted that most of the groups' members were able to finance most of their personal and household needs and obligations. Moreover, the findings showed that the group members had successfully purchased vast assets over the past one year.

Findings showed that the relationship between financial decision making and financial empowerment was positive and statistically significant. Hence, there was a likelihood of improving financial empowerment by enhancing financial decision making among members of self-help groups in Nakuru East Sub-County. The study recommend that self-help groups should educate members on matters relating to finance so that they could make informed and independent financial decisions such as the amount to borrow, how and where to allocate borrowed funds. The foregoing would enhance their involvement in financial decision making and in turn enhance their financial empowerment. The groups should organize for workshops and training where members could be taught by professionals on the expertise needed to run businesses profitably by making sound financial decisions. In addition, benchmarking with successful self-help groups would be ideal for the groups in Nakuru East Sub-County.

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