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ACCESSING MICROFINANCE THROUGH FINANCIAL LITERACY

**A Case Study of Hand in Hand
Eastern Africa's Operations in
Kenya**

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ABSTRACT

In 2015, United Nations implemented seventeen Sustainable Development Goals along with 169 sub-targets with the ambition to transform the world through achieving sustainable development and, hence annihilate poverty. In light of the foregoing, both authoritative and non-governmental entities accentuated the significance of ‘financial inclusion’ which, in turn, has developed into an evangelical advocacy reminiscent of the extensive publicity that microfinance received at the end of last century which, in turn, has led to an unprecedented passion among philanthrocapitalists, transnational corporations, and other benefactors to financially and socially assist the impoverished. In order to attain the objectives enforced by the United Nations, it is essential to elevate the people located at the bottom of the social hierarchy by minimizing the wealth and gender inequalities that exist. By providing women with equal access to education, job opportunities, financial resources, and representation in economic and political decision-making processes, both domestic and international prosperity will follow.

Upon providing access to microfinancial services, microfinance institutions and similar entities have developed into essential tools for empowering women. Academic evidence has previously illustrated a positive association between the probability of accessing these services and the possession of an adequate understanding of economic knowledge – financial literacy. However, the underlying mechanisms of financial literacy and their possible connections to the access of microfinance are complex processes that often have been neglected in current academia. Hence, the purpose of this study is to determine the significant factors of financial literacy and examine how they interplay with the access to microfinancial activities. Accordingly, the objective of this paper is to answer the following research question.

How does financial literacy favor women’s access to microfinancial services in developing countries?

In order to obtain a greater insight into the subject matter, this paper utilizes a single-case study of Hand in Hand Eastern Africa’s operations in Kenya. The empirical findings presented in this qualitative study were collected through semi-structured interviews with managers working on both a local and nationwide level. Upon analyzing the findings, the authors found support in the argument that it is essential for an individual to be financially literate in order to obtain microfinancial services such as microcredit, microinsurance, and loans in kind. Although external forces in the form of social capital, social learning, and dynamic capabilities do not impact the access to microfinance directly, the empirical evidence indicated that an indirect influence on financial literacy exists. A myriad of previous academia has gravitated to emphasize the correlation between financial literacy and women empowerment rather than justifying the association through the examination of the underlying mechanisms. Hence, this thesis should provide valuable acumen about the elements of financial literacy and how they influence the microfinancial machinery as well as women’s socio-cultural and economic empowerment.

Keywords: *Financial Literacy, Microfinance, Microcredit, Women Empowerment, Financial Inclusion, Social Capital, Social Learning Theory, Dynamic Capabilities, Poverty Alleviation, Developing Countries, Kenya, Bottom of the Pyramid, Hand in Hand and Hand in Hand Eastern Africa.*

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ABBREVIATIONS

G20: *The Group of Twenty* – is the premier forum for international economic cooperation, bringing together leaders of both developed and developing countries from every continent. The member represents around 80% of the world's economic output, two-thirds of the global population, and three-quarters of the international trade (G20 Saudi Secretariat, 2020).

GDP: *Gross Domestic Product* – measures the monetary value of final goods and services produced in a nation during a given period of time (International Monetary Fund, 2020).

GPFI: *Global Partnership for Financial Inclusion* – is an inclusive platform created for all G20 countries, interested non-G20 countries, and relevant stakeholders working towards financial inclusion (GPFI Global Partnership for Financial Inclusion, 2020).

HiH: *Hand in Hand* – is a non-governmental network of partner-organizations fighting poverty with the creation of jobs (Hand in Hand Sweden, n.da).

HiH EA: *Hand in Hand Eastern Africa* – is one of HiH operational offices located in Kenya (Hand in Hand EA, n.da).

MFI: *Microfinance Institutions* – is a financial institution providing small loans to people who would otherwise not be able to access financial services (Bangoura, 2012).

NGO: *Non-governmental Organization* – is any non-profit, voluntary citizens' groups which are organized in on local, national, or international level. NGOs are a broad category of organizations that are neither for-profit nor part of a government (Yanacopulos, 2017).

SDG: *Sustainable Development Goals* – are United Nations blueprint to achieve a better and more sustainable future for all. The goals address the global challenges the world faces, including poverty, inequality, climate change, environmental degradation, peace, and justice (United Nations, n.d).

SHG: *Self-Help Group* – represents a unique approach to financial intermediation. SHGs works as a mutual assistance organization where individuals collectively undertake action to improve their own lives (Andersson et al., 2014)

UNCDF: *United Nations Capital Development Fund* – makes private and public finance for people in poverty in the world's 47 least developed countries (UNCDF, 2020).

UNESCO: *United Nations Educational, Scientific and Cultural Organization* – is an organization seeking to build peace through international cooperation in education, the sciences, and culture (UNESCO, 2019).

1. INTRODUCTION

In the introductory chapter the authors provide a theoretical background that defines the purpose of the study, as well as presenting the contributions to the field of research by specifying the existing research gap. Following, this chapter introduces the chosen research question which will guide both the reader and the authors in the direction that the study aims to answer. Continuing, key concepts used in the research are outlined.

1.1 PROBLEM BACKGROUND & DISCUSSION

In 2015, the member states of the United Nations adopted seventeen Sustainable Development Goals (hereinafter referred to as “SDGs”) with the objective to foster sustainable prosperity and annihilate poverty by 2030 (United Nations, 2015a). The approach to this commitment - *formally known as Agenda 2030* - is not limited to universal guidelines, but rather varies with social, environmental, political, and economical contexts that alter between countries (United Nations, 2015a). Moreover, nations all over the globe are implementing National Financial Inclusion Strategies and pledging to participate in internationally recognized confederations such as UNCDF’s Better than Cash Alliance, G20/GFPI Peer Learning Program, or the Alliance for Financial Inclusion’s Maya Declaration in order to reach the SDGs. (Alliance for Financial Inclusion, 2015; Queralt et al., 2017). Although financial inclusion is not explicitly stated as one of the main SDGs, it is evident that it is diluted among the 169 sub-objectives that are dichotomized from the main goals (United Nations, 2015a). However, the extensive attention on financial inclusion is not only limited to policymakers, but evidence from academia displays an increased concern for mitigating economic exclusion (see Huang & Zhang, 2020; Maity, 2019; Nyoka, 2019). Recent development concerning involvement in financial activities has, hence, heightened the need for research regarding the process of financial inclusion as well as the underlying mechanisms connected to the subject.

1.1.1 FINANCIAL INCLUSION

Although the access to adequate, sustainable, and affordable basic financial services - *i.e. financial inclusion* – has increased extensively during the last semi-decade, there are still 1.7 billion adults that could be considered as ‘unbanked’ (Demirgüç-Kunt et al., 2018, p. 5; Queralt et al., 2017, p. 200). This development could be explained by the universal realization that financial inclusion is an imperative factor for achieving tenable, economic development by reducing inequalities and eradicating poverty (Beck et al., 2007a; Demirgüç-Kunt et al., 2014; Demirgüç-Kunt & Levine, 2009).

As the various guidelines do not function as universal tools, the significance of financial inclusion arises from a multitude of factors (United Nations, 2015a). First, the incapability of accessing external financial products and services is limiting financially excluded entities to solely managing cash which, in turn, correlates to the problem of safekeeping. Consequently, financially excluded entities could, therefore, have a reduced incentive to

save due to the lack of adequate formal saving opportunities. The absence of formal funds forces individuals to search for external unregulated alternatives with high-interest rates (Shankar, 2013, p. 61). These egregious borrowing rates do not only increase the probability of default risks but are also inhibiting the debtors' possibility to make further investments. This could be characterized as one of the main contributors to a stagnant development curve for financially excluded entities, which narrows their span of possibilities to cumbersome options with high risk. Lastly, the inability of accessing financial services also extends to insurance products which, in turn, prevent the financially excluded to engage in opportunities connected to wealth smoothening and risk management (Shankar, 2013, p. 61-62).

Furthermore, Mohan (2006) argues that financial inclusion could be identified as a pivotal factor in the development of the economy as a whole. This elucidates the impression that financial inclusion could function as a mitigator of income inequalities since low-income individuals often lack access to formal saving avenues. This is in unison with an ample amount with previous research that claims that the individuals that are located in the bottom of the pyramid need to gain access to financial services in order to spur growth in the entire economic system (see Aghion et al., 2003; Calderon & Liu, 2003; King & Levine 1993; Rajan & Zingales, 2003).

Once access to formal financial services is provided, these individuals have a higher probability to boost their level of income. This development towards financial stability is highly correlated with the regulation of financial institutions which, in turn, promotes the entrepreneurial spirit and, hence, employment, risk-taking, and other practices related to creative destruction (Schumpeter, 1942). However, previous studies concerning financial inclusion have faced obstacles connected to the measurement of financial inclusion since there exist complications in the distinction between voluntary and non-voluntary exclusion. In the former one, the financially excluded individuals have access to external financial facilitators but choose not to utilize them, whereas the latter one refers to areas who are not blessed with the presence of formal financial avenues (Shankar, 2013, p. 62). As mentioned above, the past decade has seen increasingly rapid advances in actions with financial inclusion as a desirable outcome. Recent legislation such as the SDGs accentuate the importance of financial inclusion as a means for creating a brighter future. Thus, as aforementioned, financial inclusion is more significant in areas that could be characterized as the bottom of the pyramid (developing countries) and their most vulnerable individuals – women.

1.1.2 WOMEN EMPOWERMENT

One of the cornerstones in creating a peaceful, prosperous and sustainable world is gender equality, and while it is evident that we are achieving progress in this area, women and girls all around the world continue to suffer from discrimination and violence. Providing women and girls with equal access to education, health care, decent work, and representation in political and economic decision-making processes will fuel sustainable economies and benefit societies and humanity at large. (United Nations, 2015b)

Gender equality is a concept describing that all human beings, both women and men, are free to develop their personal abilities and make choices without limitations set by stereotypes, gender roles, or prejudices. Meaning that the different behaviors, aspirations, and needs of either gender are considered, valued, and favored equally (UN Women &

United Nation Global Compact, 2011, p. 11). In World Economic Forum's (2019, p.8) latest report they present that, even though it is narrower than previously, the global gender gap is still 31.4% between the genders. Hence, it is indisputable that there is still work here to be done. There is a need to empower women and decrease the gap between them and men. What is also evident is that the gaps are larger in less developed parts of the world, and where people are living in poverty (World Economic Forum, 2019, p. 9). One of the ways to decrease the distance between the genders is by enabling women to easier access to financial services.

Women's access to financial resources could be characterized as one option that not only allows females to individually create their own path but also contributes to economic growth, increases know-how, and reduces poverty (United Nations, 2015b). An ample amount of previous studies (see Arrondel et al., 2013; Beckmann, 2013; Bhushan & Medury, 2013) have discovered multiple connections between poverty alleviation, knowledge development, contributions to wellbeing and financial literacy. For example, Joo and Grable (2004) together with Hogarth (2006) argue that economic proficiency is instrumental for a positive development in women's financial well-being and economic empowerment.

Moreover, previous literature has mainly limited the research concerning women empowerment to a financial or an economic level. For instance, Batliwala (1994, cited in Nawaz et al., 2012, p. 18) describes women empowerment as *"a progression and result of the progression that allows women to exercise enhanced control over tangible and intangible resources and defy the male dominance and sex-related discrimination against themselves in all the levels of society"*. However, as argued by the United Nations SDGs, women empowerment cannot solely be restricted to an economic perspective but rather analyzed from a financial as well as a socio-cultural perspective (United Nations, 2015b).

First, economic empowerment encompasses the level of access to credit as well as other resources such as financial training and education which, in turn, increases the bargaining power and position of women in both their household and community (Basargekar, 2010). This 'power to'-dimension emphasizes women's access to financial responsibility, as well as their control over monetary-related activities regarding income, expenditures, and loan utilization. The economic empowerment can, therefore, be scrutinized through the examination of the division of control over household expenditures and earnings (Kabeer, 1996 cited in March et al., 1999, p.19). To summarize, *Women in Informal Employment: Globalizing and Organizing* (2009, cited in Haque & Zulfikar, 2016, p. 80) defines the economic empowerment as *"the increased control and improvement in the specific achievements or outcomes"*.

Second, socio-cultural empowerment focuses more on the 'power with'-dimension which analyzes to what extent a woman can scrutinize, articulate, coordinate, and accomplish their interests (Basargekar, 2010, p. 33). Additionally, the socio-cultural dimension also embraces women's mobility in the public area, alterations of judgment concerning conjugal abuse, as well as decision-making agency whereas the latter one encompasses both minor and major decisions concerning health, purchases, and education. (Hashemi et al., 1996; Cleland et al, 1994 cited in Kabeer 1998; Kabeer, 1996; Moser, 1993 cited in March et al 1999). The level of women's mobility refers to the dynamic opportunities to access markets, medical necessities, and leisure time-activities whereas conjugal abuse encompasses spousal feat as well as both the perception of physical assault and the actual exposure to domestic violence (Jejeebhoy, 1997, cited in Kabeer, 1998).

The two aforementioned perspectives are in unison with Hashemi et al. (1996), who argues that the concept of women empowerment could be divided into eight sub-components which includes (1) financial sanctuary, (2) participate in major decisions, (3) increased mobility, (4) increased political power, (5) increased legal awareness, (6) comparative freedom from male preeminence, as well as the ability to make both (7) minor and (8) sizable purchases. Even though previous research has contributed with an ample amount of definitions and criteria that are connected to women empowerment, it is evident that the acceptance and acknowledgment of women do not share the same reality in different contexts. It is, therefore, pivotal that a woman's path to empowerment should be based on the individual's personal experience rather than already entrenched guidelines proposed by governmental or external entities (Basargkear, 2010).

Furthermore, women empowerment could be seen as a ladder where the various levels associates with the individual, collective, and civil positions that exist in a society and, consequently, function as an abolisher of restraining factors and a facilitator of supporting factors (Malik & Luqman, 2005). In alignment with the SDGs (United Nations, 2015b), previous research has illustrated a correlation between gender inequalities and poverty which, in turn, has contributed to an upturn of microfinance-solutions by non-governmental organizations (hereinafter referred to as NGOs), international donors, and governmental entities (Cheston & Kuhn, 2002). This is a topic of pivotal importance since gender equality and especially women empowerment - both economic and socio-cultural - are recurring and pressing concepts that need to be implemented in both policies and general values. Having greater insight into how women empowerment is enhanced by various activities would yield useful information about the development of policies and regulations regarding those processes.

1.1.3 MICROFINANCE

Upon examining various trajectories to financially include women and, hence, empower them on both a socio-cultural and economic level, the concept of microfinance emerged from multinational organizations, governmental entities, and other philanthropic organizations (Mader, 2018, p. 462-463). One of the people who noticed the need of microfinancial products and services early on was Muhammad Yunus, who created one of the first microfinancial banks in Bangladesh in the mid-1970s – *the Grameen Bank*. Yunus and the Grameen Bank were later recognized and rewarded with the Nobel Peace Prize in 2006 for this initiative, rewarded “*for their efforts to create economic and social development from below*” (Nobel Media AB, 2020). Microfinance could be characterized as a tool for low-income, underemployed people to access external financial services and, thus, be considered as financially included (Bank for International Settlements, 2010; Maity, 2019, p. 152). The utilization of this informal alternative has rapidly accelerated, mostly due to the formal players' lack of incentive to provide standard solutions to low-income customers in rural areas. The underlying rationale behind that development could be characterized as a combination between the higher demand for financial services on a smaller scale and a higher fixed cost which, in turn, decreases the financial institutions operating profit margin (Barr et al., 2007; Portocarrero et al., 2006).

Thus, there exists an extensive gap in the sources of credit between high-income economies and developing countries since financial institutes provide almost 90% of the credit in the former one whereas informal financing from relatives and friends dominates in the latter one (Demirgüç-Kunt et al., 2018). Accordingly, the informal credit system

could be considered as instrumental in the developing economies, particularly in Sub-Saharan Africa, where only 8.4% of the population has received credit that is distributed from a financial institution (World Bank Group, 2018, p.145). Research has contributed with an ample amount of literature in attempting to explain the low rates of formal borrowing, which mainly cluster around moral hazard connected to adverse selection (Stiglitz & Weiss, 1981), interest rate ceilings (Bell et al., 1997; Carter, 1988), information asymmetry (Nissanke & Aryeetey, 2006), and market failures (Atieno, 2001)

Due to the lack of formal financial institutions, rural areas could be qualified as financially excluded which, in turn, increases the emphasis on the existence of microfinance (Lopez & Winkler, 2018). Studies regarding microfinance's impact on employment and income have illustrated a positive development when people in rural communities gain access to external financial services (Deepika & Sigi, 2014; Mahajan & Bansal, 2011; Marr & Tubaro, 2011; Panda & Atibudhi, 2011). This is in unison with previous research (see Imai et al., 2010; Mehta et al., 2011; Nguyen, 2008; Pitt & Khandker, 1998; Smith & Todd, 2005), who has identified a positive association between the implementation of microfinance program, socioeconomic development, and poverty reduction. This elucidates the impression that - in the context of developing countries - it is pivotal to have an adequate financial system in order to promote sustainable economic growth (Lopatta & Tchikov, 2016, p. 1660). Consequently, research has demonstrated an increased endeavor in increasing the level of financial inclusion by introducing informal financial services (Lusardi & Mitchell, 2006; OECD/INFE, 2012). Given the strong association between financial services, FI, and women empowerment, it is important to better understand the underlying mechanisms behind the educational aspect and how it might affect the access to these services.

1.1.4. FINANCIAL LITERACY

A potential advantage for obtaining microfinancial services - *and therefore be considered financially included* - could be characterized as not only the possession of a general level of literacy but also the adequate understanding of basic financial knowledge. Thus, a growing body of literature has examined financial literacy's impact on financial inclusion (e.g. Atkinson & Messy, 2013; Finscope, 2013; OECD, 2009, 2013; Xu & Zia, 2012). The concept of financial literacy debouches into a plethora of sub-contexts and features. However, there is a mutual agreement that financial literacy associates with the capability, behavior, awareness, and attitude needed to achieve financial well-being through logical financial decisions (OECD/INFE, 2012).

Simultaneous with the acceleration of microfinance, policy-making institutions accentuated knowledge as an adequate tool to eradicate poverty sustainably, as reducing gaps in know-how could function as a complement to the implementation of financial services (Worldbank Bank Group, 2018). As a response, microfinance institutions (hereinafter referred to as MFIs) started to implement an educational aspect together with the provided microfinance services through Self-Help Groups (hereinafter referred to as SHGs) (Feaux de La Croix, 2013). Although the characteristics and provided services of SHGs vary, the main objective is to gather women, implement a mutual fund by collective saving in which the members could utilize the invested capital in establishing or developing their own businesses (Sinha, 2009). Furthermore, the SHGs provided the participants with relevant knowledge to increase their awareness, independence, social empowerment, and income (Joshi, 2004).

Studies have displayed a positive association between the participation rate in SHGs and increased income as well as political, social, and domestic acceptance (Bali Swain & Wallentin, 2007). It is, therefore, not uncommon that microfinance programs often are characterized as an important gear in the wheel of women empowerment. A possible explanation for this statement could be that participation increases the confidence to change traditional behaviors and challenge existing norms which, in turn, is the cornerstones of women empowerment (Bali Swain & Wallentin, 2007). Thus, many MFIs are solely offering their services primarily or exclusively to women. By facilitating the access to microcredit for women, MFIs do not solely contribute to an increase in female empowerment, but there are also positive associations to nation-wide developments through job creation and gender equalities (King & Mason, 2001; Li et al., 2011; Rahman et al., 2017). This, in turn, is in unison with several of the SDGs who state that some of the main objectives are connected to poverty reduction (SDG1), gender equality (SDG5), sustainable economic growth (SDG8), reduced inequalities (SDG10), and the promotion of inclusive societies (SDG16) (United Nations, 2015a).

Upon scrutinizing previous literature concerning financial literacy, it is evident that the concept can be dichotomized into three traditions (Almenberg & Widmark, 2011): (1) Analyzing various demographic areas in to assess the level of financial literacy (see Almenberg & Widmark, 2011; Huston, 2010; Jappelli, 2010); (2) Examining financial literacy's impact on economic decision-making (see Allgood & Walstad, 2016; Johnson & Sherraden, 2007; Lusardi & Mitchell, 2006, 2007; Marini et al., 2018; van Rooij et al., 2007); (3) investigating the results of education on financial illiteracy (Allgood & Walstad, 2016; Fox et al., 2005; Marini et al., 2018; Lyons et al., 2006; Willis, 2009). Subsequently, it is appropriate to state that previous research indicates that (1) the concept of financial literacy is well-delineated; (2) financial decisions could be predicted by the level of financial literacy; and (3) by acquiring these skills, a financial inadequate individual can develop into a proficient investor (Langley, 2008). From these facts one may conclude that, financial literacy can have serious consequences due to its association with women empowerment, it is imperative to dichotomize the concept and scrutinize whether possible sub-components of financial literacy have a direct influence on the access to microfinance and, thus, an indirect influence on women empowerment.

1.2 KNOWLEDGE GAP

Although previous literature connected to microfinance has contributed with a myriad of topics that debouche to specific sub-streams – *e.g. outreach of MFIs* (Goldberg, 2005), *stakeholder and policy-maker perspective* (Kabeer, 2005), *impact on poverty eradication* (Aubuchan & Sengupta, 2008), *transformation and development* (Christen & Drake, 2002) – the authors of this paper argue that there is a gap to bridge since the level of serious and meticulous research concerning the impact of financial literacy on the accessibility to microfinance for women could still be considered as insufficient in the current academic literature. Furthermore, the research concerning financial literacy (see Allgood & Walstad, 2016; Faulkner, 2015; Karakurum-Ozdemir et al., 2019; Marini et al., 2018;) are primarily focusing on its impact on financial inclusion, financial well-being, women empowerment, and the educational aspect.

Moreover, it is evident that an ample amount of literature concerning microfinance has embraced quantitative and quasi-experimental approaches through structured questionnaires and follow up-surveys with the objective to statistically test their selected

hypotheses (see Garikipati, 2008; Khander, 2005; Nawaz et al., 2012; Rahman et al., 2009). Due to the emphasis on statistical analysis and similar quantitative methods, inadequacies regarding the different degrees of women empowerment explained in various contexts may occur which, in turn, creates inconsistencies in the findings since these selected methods are sub-optimal for considering external socio-economic factors.

Additionally, the research to date regarding financial literacy in combination with microfinance has tended to shed light on the big picture rather than how the development of financial literacy favors the access to microfinancial services. More recently, most studies solely focus on financial literacy's impact on women empowerment and have only been carried out in a small number of areas, commonly limited to India or Bangladesh. Since previous literature neither includes financial literacy's impact on the access to microfinance nor a dual-sided perspective on women empowerment, the authors argue that a sufficient knowledge gap has been identified. Hence, the following research question has been developed.

1.3 RESEARCH QUESTION

How does financial literacy favor women's access to microfinancial services in developing countries?

1.4 PURPOSE AND POTENTIAL CONTRIBUTIONS

As presented in earlier sections, women's access to financial services could work as an empowering tool for females' financial inclusion. Enhancing women's financial knowledge and skills in these areas could, therefore, work as a means to decrease the gap between the genders which, in turn, functions as a tool to alleviate poverty and foster prosperity.

This research, therefore, seeks to explore women's knowledge about financial services, as well as to gain insights on the skills needed in order to access financial means. Moreover, this thesis aims to understand the specific skills and characteristics needed for female individuals to manage and plan for their future financial needs. In other words, one objective is to provide a theoretical framework that accentuates the possible significance of educational factors on the access to microfinancial services. Subsequently, as microfinancial services are often provided to people below the poverty line, the second objective is to observe these factors in relation to conditions in the developing world.

This paper aims to explain the relationship between financial literacy and accessibility to micro-financial activities and increase the existing knowledge base on how these two variables interplay. Furthermore, by shedding light upon both socio-cultural and economic factors of women empowerment, this thesis could bridge the gap that previous academia left unfilled. Although financial literacy's impact on women empowerment could not be characterized as the primary purpose of this paper, the aim is to explain the underlying factors and how they are potentially interconnected.

1.5 PRECONCEPTIONS AND CHOICE OF SUBJECT

Before conducting research, it is appropriate to include an objective reflection of the researcher's subjective competencies, assumptions, and values about the suggested subject. The underlying rationale behind that statement could be justified by Saunders et al. (2012, p. 137-138) who argue that the exclusion of one's individual perceptions about the topic matter is essential in order to be able to conduct an unbiased study. The concept 'preconception' refers to the knowledge that the researcher – either through own experiences or based on someone else's understanding - previously has obtained (Johansson Lindfors, 1993, p. 76; Saunders et al., 2012, p. 137-138). Furthermore, academic literature concerning research methodology states that a study could not be distinguished as 'scientific' if subjective opinions and values are incorporated (Bryman & Bell., 2015, p. 60-61).

To avoid including individual values, beliefs, and perceptions, the authors of this paper have attempted to be self-reflective throughout the making of this thesis. The authors of this paper are currently enrolled in the Master's Programme in Finance at Umeå School of Business, Economics, and Statistics (USBE) which, in turn, requires the students to write a thesis on a master-level. Both authors have previously been participating in the four-year International Business Programme at USBE which made the choice of subject relatively easy. Due to USBE's sustainability perspective that is applied to all curriculums, previous courses regarding the international business environment, current trends, and financial management have functioned as a cornerstone of knowledge for this thesis.

Both authors have previously written theses connected to developing countries which, in combination with their finance-related studies, increased their awareness about problems occurring in a national and international arena. Hence, the mixture of an international and sustainability-oriented mindset allowed the authors to identify a topic that is not only relevant to their studies, but also a relevant discussion in today's society. Despite their previous understandings and knowledge in relating research areas, the authors will go into this research with open minds, ensuring that their research is unbiased of their opinions and previous experiences.

1.6 CASE PRESENTATION

In this section, the authors aim to briefly introduce their chosen setting for the following research. As the purpose of this study is to explore and investigate women's knowledge of financial concepts and gain insights on the specific skills needed in order to access microfinancial services, the authors aim to approach an organization that would facilitate their understanding of the subject matter. This organization is called Hand in Hand (hereinafter referred to as HiH), which is an NGO aiming to fight poverty through grassroots entrepreneurship. HiH is a network of partner organizations working to empower female entrepreneurship. It is an organization that fights poverty by educating and helping women in entrepreneurial skills and understanding. Through their unique job-creation model, they mobilize women into SHGs, provide the groups with business training, introducing them to credit opportunities, and then link them to further market opportunities. Thus, it is an organization that is relevant to investigate to understand the educational process with their members, as well as gather knowledge about how women may access microfinancial services (Hand in Hand International, n.d.a; Hand in Hand Sweden, n.d.a).

HiH has offices spanning all over the world, with one of them being in Kenya. Kenya is a country where 46% of their population lives below the poverty line, only 62% of women are paid in work, and suffers from unemployment (Hand in Hand International, n.db). Kenya is ranked as a lower-middle-income country with a growing entrepreneurial middle class, despite this, the nation struggle with weak governance and corruption (Central Intelligence Agency, 2019). Beyond, the country faces major challenges with poverty, inequality, infrastructure, and environmental issues, placing the country in an uphill battle (The Worldbank, 2019). Nonetheless, Kenya is a nation with great potential and room for positive development (The Worldbank, 2019) with room for a potential entrepreneurial revolution (Hand in Hand International, n.db).

Further presentation of the chosen nature of the study is presented in Chapter 5. The chapter is dedicated to explaining HiH's organizational structure and work with females in the developing world, alongside presenting the current situation in Kenya and Hand in Hand Eastern Africa's (hereinafter referred to as HiH EA) work in the nation.

1.7 DELIMITATIONS

In accordance with answering the research question and, hence, fulfilling the designated purpose of this study, the authors were forced to delimit the setting to one specific country. Although Kenya is classified as a developing country, it is appropriate to claim that the collected data is not a ubiquitous representation of other developing economies. However, due to the current circumstances in the form of Covid-19 as well as the expected scope of a master thesis, the authors argue that the examination of a plurality of countries would either diminish the outcome of the study or be considered as implausible.

Furthermore, the single-case study approach allows the authors to thoroughly examine the selected topic as well as its underlying topic. However, by solely examining these elements from HiH EA's perspective, the paper excludes similar institutions' organizational structures, operations, and procedures that might affect the fallout of the study. In accordance, by solely focusing on one subsidiary (HiH EA) instead of HiH as a whole, intraorganizational fluctuations may affect the result of the study.

Additionally, the gathered data was solely collected from individuals employed by HiH EA. As a result of the global pandemic, the authors were unable to conduct interviews with women enrolled in HiH EA's program. Due to this unilateral approach, it is appropriate to state that a holistic view of the examined phenomenon cannot be provided.

2. THEORETICAL FRAMEWORK

In the following chapter, the authors examine and discuss existing literature related to Microfinance and Financial Literacy, aiming to provide insights and connection between these concepts and their relation to females in the developing world. Beyond they look into relating theories and approaches such as social learning, social capital, and dynamic capabilities. The chapter is then concluded with a summary of the theoretical framework and a conceptual model is presented.

2.1 MICROFINANCE

Microfinance can be traced back to the mid-1800s when theorists Lysander Spooner wrote about the benefits of numerous small loans to the less fortunate as a way to alleviate poverty. Further, parts of the Marshall Plan, made after WWII, can also be traced to the concept of microfinance. Nonetheless, the most recent incarnation of the concept can be linked to several organizations that were founded in the 1970s (Khandelwal, 2007, p. 1127). Al Whittaker and David Bussau established Opportunity International in 1971, aiming to provide greater opportunities for people living in extreme poverty. Helping them transform their lives by job-creation, stimulating small businesses, and strengthening communities. In 1973, Accion International started an initiative with a focus on providing economic opportunities for people in poverty, wanting to create more long-lasting and sustainable improvements on people's lives (Khandelwal, 2007, p. 1127). One of the most talked-about initiatives during this period was Muhammad Yunus Grameen Bank. Yunus created one of the first microcredit models, pioneering poverty lending approaches, making the world aware that people with low income can be good credit risks (Bornstein, 1997, p. 21; Khandelwal, 2007, p. 1127; Nawaz, 2015, p. 1102; Robinson, 2000, p. xxxi).

Grameen Bank started as an experiment conducted by Yunus and his economist students in the mid-1970s after a meeting with a woman who had troublesome loan-experiences, with large interest rates and barely any money left in profit (Grameen Bank, n.d). This was because banks were reluctant to lend money to anyone unable to give some form of collateral or security, hence using a middleman was the only way women were able to start or strengthen their business (Nobel Media AB, 2020). Thus, against the advice of banks and government, Yunus started giving out 'micro-loans' (Grameen Bank, n.d.) and created Grameen Bank as a counter to conventional banking (Yunus, 1999, p.116). Seeking out the most vulnerable people in the communities offering opportunities of micro-credit without requiring any collateral. Notwithstanding, in order to receive a loan, the borrowers had to join the bank in self-formed groups, where group members provided one another with peer support in the form of mutual assistance and support. Additionally, they allow for peer discipline by evaluating business viability and ensuring repayment. Hence, if one member fails to repay a loan, all members of the group risk having their line of credit suspended or reduced (Yunus, 1999, p. 117). Grameen Bank works with the presumption that even people in extreme poverty are capable of managing their own financial affairs and development given suitable conditions, small long-term loans on easy terms (Nobel Media AB, 2020).

From this initiative, similar enterprises and programs have followed, and today the concept of microfinance has become one of the most debated and documented concepts in banking and policymaking fields. In its most simple form, the concept can be termed as ‘banking for the poor’ (Khandelwal, 2007, p.1127), but its most commonly phrased as loans, savings, insurance transfer services, and other financial products and services targeted at low-income clients. Conclusively, microfinance allows impoverished people to become self-sufficient and create a sustainable financial situation for themselves and their families (Bank for International Settlements, 2010; Maity, 2019, p. 152; Khandelwal, 2007, p. 1128; Nawaz, 2015, p. 1102; Robinson, 2000, p. 9).

2.1.1 MICROFINANCIAL SERVICES

Microfinance was implemented as a means to help and acknowledge the issues poverty-stricken people in vulnerable and marginalized situations face. It was brought out to meet the inconsistencies and difficulties they may face when approaching banks or financial institutions. The most common micro-financing activities generally cover the following: *microcredit*, *micro-savings*, *microinsurance*, and *remittances* (Cull et al., 2013, p. 4; Holloway et al., 2017, p. 7; Khandelwal, 2007, p. 1128; Loubere, 2019, p. 199).

Some argue that the original term used for microfinance was microcredit, and as it evolved microfinance became the umbrella term for all the micro-activities. (Bateman, 2012, p. 587). Microcredit refers to a small amount of money loaned to a client by a bank or institution, clients are usually deprived people who are unable to conventional credit (Al-shami et al., 2018, p. 1074; Bateman, 2012, p. 588; Khandelwal, 2007, p. 1128; Robinson, 2000, p. 8). Microcredit can be offered to an individual or through group-lending (Khandelwal, 2007, p.1128). The uncollateralized loans are designed to unleash the productivity of cash-deprived entrepreneurs (Holloway et al., 2017, p. 3)

Micro-savings is a branch of microfinance referring to people being able to deposit and save small amounts of money (Khandelwal, 2007, p. 1128; Loubere, 2019, p. 23; Robinson, 2000, p. 31). Clients are often able to open these savings accounts without minimum balance requirements, allowing households to save in order to meet unexpected expenses and plan for future investments (Khandelwal, 2007, p. 1128).

Microinsurance is a system that offers low-income individuals, households, businesses, or organizations coverage and insurance tailored to their needs. Access to insurance lets clients concentrate more on developing their businesses whilst mitigating other risks affecting health, property, or ability to work (Khandelwal, 2007, p.1128; Robinson, 2000, p. 267). Insurance is an important element that lets clients safeguard against future financial shocks and protect their assets (Holloway et al., 2017, p. 10).

Remittances are transfers of funds people can send between each other. These funds are usually transferred over borders to family and friends. In comparison to other sources of capital that may fluctuate depending on the political or economic climate, remittances are seen as a relatively steady source of funds (Loubere, 2019, p. 29; Khandelwal, 2007, p. 1128).

2.1.2 INSTITUTIONALIST VERSUS WELFARIST APPROACH

To add further background and gain a greater understanding of the nature of microfinance, the authors decided to examine the different approaches one may take when providing microfinancial services. Microfinance is constructed and designed as a tool to eliminate poverty by empowering marginalized entrepreneurs to create self-employment through lower-level income-generating activities. Microfinance plays an important role in providing capital or seed money required to start or strengthen smaller businesses (Aslam & Kumar Thiagarajan, 2019, p. 25). The microfinance movement is driven by a shared commitment to providing opportunities for small enterprise formation, and growth. When approaching microfinance, a divide has occurred, a divide regarding the best way to help vulnerable people to access financial services: the institutionalist approach and the welfarist approach (Aslam & Kumar Thiagarajan, 2018; Bangoura, 2012; Dunford et al., 1999).

Institutionalists focus on the creation of financial institutions to serve clients who either are not served or are underserved by the formal financial system. Aiming to achieve financial self-sufficiency, where the number of clients takes precedence over depth of outreach, and by doing so positive client impacts are assumed. Institutionalists argue that the primary objective of microfinance is financial deepening and the creation of a separate system of sustainable financial intermediation for the poor. Believing that the future of microfinance lies in large-scale, profit-seeking financial institutions that provide high-quality financial services to a large number of poor clients (Aslam & Kumar Thiagarajan, 2018, p. 25; Dunford et al., 1999, p. 30). Hence, the establishments of profitable MFIs responding to competitive financial markets laws and using effective governance arguing that social institutions (such as NGOs) are fragile and dependent of ‘subsidies’ from donors, and then having limited ability to cope with the large demand from beneficiaries (Bangoura, 2012, p. 91). Institutionalists emphasize on the existent gap between financing needs and the financial resources mobilized. MFIs are primarily funded by private donors and by the government through subsidies. However, institutionalists mean that these funds are rare, limited, and unstable, leaving MFIs to rely on private sources of capital to meet their financing needs (Bangoura, 2012, p. 107). Even though they may be able to ensure sustainability through leveraging, expense control and efficiency improvement MFIs need to be diligent in credit risk and cost management (Aslam & Kumar Thiagarajan, 2018, p.26). Making sure they are independent of donation and subsidy (Aslam & Kumar Thiagarajan, 2018, p. 31). Thus, institutions must be profitable and meet the standards of the financial performance of commercial banks. MFIs profitability determines their self-sufficiency, which is then able to determine the survival and subsequently contribute to poverty reduction (Bangoura, 2012, p. 107).

Institutionalists believe that they are able to reach the vast majority of people who lack access to financial services by increasing the microfinance movement through integration into formal financial systems. Thus, institutionalists seek to register MFIs within a market approach focusing on the establishment of sustainable microfinance systems and the massification of credit (De Briey, 2005, cited in Bangoura, 2012, p. 95). Seeking large-scale interventions that require financial resources beyond what can be provided only by donors, but rather through private sources like saving, commercial debt, equity, and venture capital. In order to access this strict management, transparency and efficiency are required, but mostly it takes a profitable institution. Their approach to microfinance is an

approach to a financial system where the future of microfinance is dominated by many institutions on a large scale, searching profits that will provide quality financial services to a large number of poor clients (Bangoura, 2012, p. 95).

The institutionalist approach shows two major trends as to how they are to achieve their goal. The first approach being the process of upgrading, where some regulated MFIs are beginning to emerge that provide a regulatory process of specialized microfinance institutions. Institutions are NGOs that give rise to financial entities, clearly being in line with the logic of profitability (De Briey, 2005, cited in Bangoura, 2012, p. 95). The approach is downgrading, where traditional commercial banks seek new market niches and enter the microfinance industry. These banks are convinced by the potential of microfinance, as well as having closer access to funds and good marketing tools. Ultimately, institutionalists believe that institutions should be able to ensure financial viability, which will enable them to raise new funds in the financial markets to increase as well as intensifying their activity. Henceforth, a lack of financial viability of MFIs in the sustainable future could lead to the failure of microfinance programs and the extinction of a new way to fight against poverty (Aslam & Kumar Thiagarajan, 2018, p. 31; Bangoura, 2012, p. 107).

Welfarist approach, also called ‘credit directed approach’, proclaims that the ultimate goal is to reach the maximum number of poor beneficiaries for the wellbeing, not caring about who bears the cost of the service (Aslam & Kumar Thiagarajan, 2018, p. 25; Bangoura, 2012, p. 87), emphasizing on the depth of outreach (Dunford et al., 1999, p. 31). Perceiving microfinance as part of an integrated program to fight against poverty, vulnerability, and improving the welfare of people in poverty. The welfarists are essentially supportive institutions such as NGOs or other cooperatives who consider microfinance as a key player to reduce poverty of the poorest. NGOs that in addition to providing financial services also administer non-financial services like training, technical assistance to micro-entrepreneurs, and literacy (Bangoura, 2012, p. 91).

Contradictory to the institutionalist approach, welfarists argue that MFIs can be sustainable without being financially self-sufficient, believing they should not seek self-sufficiency at any cost. Hence, the search for financial performance would inescapably lead to a blurring in their social mission. The social investors funding the MFIs are not necessarily driven by a personal search of financial gain, but rather the desire to contribute to the cause of poverty reduction. Donors are predominantly motivated by the accomplishment of social return, which is inherent in working for social welfare (Bangouro, 2012, p. 93). The welfarist approach is not stringent to economic efficiency but rather operates within a perspective of social equity, trying to decrease some of the daily burdens of poverty. MFIs with a welfarist approach clientele are of the poorest and the goal is to get their clients self-employed (Bangouro, 2012, p. 93; Dunford, 1999, p. 31). The services and especially loans are usually reserved for women because they are found to have better repayment rates, but also show to take better judgments regarding income and household savings. The altruism of the contributors is what funds the engine of activities in the welfarist approach, not profits. Altruism is considered as a key feature of the psychology of donors for MFIs, which is believed to ensure the sustainability of these institutions. MFIs are able to focus on the most vulnerable people when their donors do not expect a return on their investment (Bangouro, 2012, p. 107).

Which of these approaches that are the best suited to diminish and reduce poverty is yet to be determined. Welfarists want to reach a large maximum amount of impoverished people, whilst being dependent on subsidies and grants, finding that as long as the purpose has been served even if it is at the cost of taxpayers' money or others. Institutionalists, on the other hand, claim that MFIs must be sustained financially themselves and not rely on donation and subsidies, increasing their efficiency and making them more long-lasting and ultimately contributing to poverty elimination (Aslam & Kumar Thiagarajan, 2018, p. 31; Bangouro, 2012, p. 92). Conclusively, finding the equilibrium between the two approaches would be the optimal solution. Basing an approach on the logic of sustainability and viability, guaranteeing financial autonomy by mobilizing savings necessary without losing its social objective of helping the most vulnerable to access credit (Bangouro, 2012, p. 97).

2.2 DYNAMIC CAPABILITIES

Upon discussing the importance of MFIs as well as the various approaches that can be taken, it is appropriate to include a section that briefly explains the underlying mechanisms about the poverty-alleviating institutions. The underlying logic behind that statement is to provide the reader with a general understanding of how MFIs work with their members and, hence, the whole society. As explained in Chapter 1, the microfinancial industry has increased rapidly over the last decades which, due to its importance for international poverty alleviation, has caused a microfinancial revolution in order to maintain momentum with recent micro- and macroeconomic developments (Robinson, 2000). Hence, a business organization needs to develop in accordance with the circumstances in which the institutions operate in instead of remaining static over time (Sutanto, 2016). For a business model to be aligned with the external environment, a company needs to maintain a high level of organizational learning. The process of organizational learning embraces an organization's ability to acquire, distribute, and interpret information as well as, subsequently, align the collected information to the organizational memory (Bell et al., 2002; Tippins & Sohi, 2003). Additionally, Jerez-Gomez et al., (2005) strongly accentuates that organizational learning is an essential tool for institutions in the development of other capabilities.

In unison with Zollo and Winter (2002), this paper encompasses two contrasting types of organizational competencies – *operational capabilities* and *dynamic capabilities*. Winter (2003, cited in Inan & Bititci, 2015, p. 313) characterizes an operational capability as “*a high-level routine (or collection of routines) that, together with its implementing input flows, confers upon an organization's management a set of decision options for producing significant outputs of a particular type*”. Operational capabilities could be characterized as an important tool for sustaining and improving the performance of the business through the enabling of standardized processes in multiple parts of the business model (Helfat & Winter, 2011). Accordingly, managerial tools such as Just-In-Time (JIT), Totally Productive Management (TPM), Continuous Improvement (CI), Customer Relationships Management (CRM), and Total Quality Management (TQM) are implemented if the improvement is needed (Inan & Bititci, 2015, p. 314).

Au contraire, dynamic capabilities refers to “*a strategic reconfiguration of resources and organizational capability to adapt to the dynamic conditions, supported by the integrative capability in the form of leverage (diffuse), redirect (transfer), merge (combine) and update (renew) the information and knowledge that exist within the entire company*”

(Eisenhardt & Martin, 2000, cited in Sutanto, 2016, p. 54). The dynamic capabilities approach enables an organization to continuously improve and adapt their entire business model to align with external developments and, hence, remain competitive within a tempestuous environment (Lawson & Samson, 2001). Along with the SDGs, the main objective for MFIs and many other philanthrocapitalists is to foster sustainable prosperity and annihilate poverty through financial inclusion (United Nations, 2015a). This elucidates the impression that MFIs that operate in developing countries need to adapt to a dynamic capabilities approach in order to maintain an equilibrium with the continuous development towards financial inclusion.

2.3 WOMEN AND MICROFINANCE

Increased access to financial services and products is essential for inclusive economic growth and poverty reduction, and studies show that when people participate in the financial system they are better equipped to manage risk, start or invest in businesses, and fund large expenditures like education or home improvements (Ashraf et al., 2010; Dupas and Robinson, 2013; Holloway et al., 2017, p. 3). Including women in financial decisions is of great importance, as women disproportionately experience poverty, which stems from inequalities in the division of labor and lack of control over economic resources. Women still have to rely and depend on their husbands, and about one in three married women living in the developing world have no control over the household major purchases (United Nations, 2015b). Additionally, women also have limited opportunities to education, employment outside of the household, asset and land inheritance of assets, and control over financial means in general (Holloway et al., 2017, p.3).

Women face financial barriers far greater than men. Confronting barriers from the demand side, because of the lack of power within the household, reduced mobility due to time constraints or social norms, or even lack of access to formal identification. Further, they face barriers from the supply side as well, being offered inappropriate products, lack of gender-specific policies, and inappropriate distribution channels. Women also encounter legal and regulatory barriers such as requirements disadvantaging women or legal barriers to owning and/or inheriting property and other collateral. Hence, providing low-income women in developing countries with more effective and affordable financial tools is critical to both women's empowerment and poverty reduction. (Holloway, 2017, p. 4)

Upon offering education and skill development to females, MFIs could not only contribute to a positive development of women empowerment, but also awareness, income, and independence (De Gobbi, 2005; Garikpati, 2012; Hashemi et al., 1996; Joshi, 2004; Pitt et al., 2006). As addressed in Section 1.1.2, this thesis embraces both the economic and socio-cultural perspectives of women empowerment. It is, therefore, appropriate to include a summary of previous research regarding the role of MFIs on women empowerment. Mahmud (2003), for example, found that the development of certain socio-cultural aspects - such as the articulation, coordination, and accomplishment of personal interests (Basargekar, 2010, p. 33) – were relatively stagnant when females gained access to microfinancial services. However, the research illustrated a positive association between participation in activities provided by the MFIs and social mobility which, according to Jejeebhoy, (1997 cited in Kabeer, 1998) is a component of socio-cultural empowerment. Additionally, Mahmud (2003) displayed improved economic development due to the increased access to financial assets. However, a distinguishable

evolution of factors described by Kabeer (1996, cited in March et al., 1999, p. 19) such as financial control over household earnings and expenditures could not be determined.

Furthermore, previous studies have identified that female beneficiaries of microcredit gained a larger responsibility in activities such as purchasing household assets, decision-making for individual needs, and access to markets (Hossain, 2015; Parvin et al., 2005; Pitt et al., 2006). Rahman et al., (2017, p. 1754) further accentuates microfinance impact on women empowerment:

“Our study reveals that microfinance has a positive impact on women’s empowerment... Women’s empowerment about the decision on child’s education, the decision on visiting relatives, the decision on medical treatment, the decision on contraceptives, the decision on buying personal items, the decision on buying household items, control on income and feeling secure and strong in the family has increased noticeably after taking microfinance facilities.”

Although evidence regarding a positive association between microfinancial solutions and every component in economic and socio-cultural empowerment is not presented in the current literature, it is evident that the majority of aspects are influenced. Thus, evidence from academia strongly expresses that beneficiaries of microfinancial services are more empowered compared to their unbanked counterparts (Alawattage et al., 2019; Bali Swain & Wallentin, 2007; Li et al., 2011). The underlying mechanism behind that development could either be described from an educational perspective (see Marini et al., 2018), which is correlated to the socio-cultural part, or an integrative perspective since financial inclusion affects women empowerment positively (Beck et al., 2007b; Siddik, 2017). Thus, it is necessary to include a thorough examination of the educational aspect and its underlying mechanisms to assess whether existing literature provides supporting arguments for the claim that financial literacy influences females' access to microfinance.

2.4 FINANCIAL LITERACY

Literacy refers to a person’s ability to read and write (Cambridge Dictionary, n.da) and when operationalized, literacy covers three broad areas: prose (written information – words, symbols, etc.), document (tabular/graphical information) and quantitative (arithmetic and numerical information (Kirsch et al. 2001, p. 71). Meaning that literacy consists of understanding and using materials related to prose, document, and quantitative information. Literacy is then expanded into the study of particular skill sets, for example, financial literacy (Huston, 2010, p. 306).

Financial literacy is a complex concept and there is no exact definition of it. This could be because financial literacy incorporates knowledge, education, ability, competence, and responsibility at the same time. Additionally, the concept can be perceived differently and interchangeable words are being used to describe it, words like – financial capability, financial literacy, financial knowledge, financial education, financial competence, economic capability, economic literacy (Bertea & Zait, 2014, p. 38). This, therefore, makes it hard to compare, define, and decide on an exact universal definition. However, a general and broad definition of financial literacy is “*the ability to understand basic principles of business and finance*” (Cambridge Dictionary, n.db) or “*capability to understand key financial concepts necessary to function*” (Bowen, 2002, p. 93).

It is when the concept is compromised further that one can see differences in definitions and explanations. Huston (2010, p. 307) defines financial literacy as being two-dimensional, with a knowledge dimension and an application dimension. The knowledge dimension is constructed by the knowledge acquired through education and/or experience related to essential personal finance products and concepts. Whilst the application dimension is the ability and confidence a person has to effectively apply or use knowledge related to personal finance concepts and products. Further, Huston (2010, p. 308-310) reflects on how financial literacy together with other personal components affects a person's financial well-being. Relating it to education, behaviors, and cultural/familial economic condition, and mentioning that, a financially literate person may not exhibit predicted behaviors due to other personal preferences.

Like Huston, other researches have also found financial literacy to be a crucial ingredient in people's financial well-being. Defining financial literacy as one's ability to read, analyze, manage and communicate about the financial conditions that may affect material and financial prosperity (Chen & Volpe 1998, p. 107; Cude, 2010, p. 271; Vitt et al., 2000, p. xii). Financial literacy involves having the ability to manage the situation of cash payments, knowledge about opening a bank account and obtaining credit and a basic understanding of health and life insurance, and then being able to plan future financial needs based on these facts (Emmons, 2005, cited in Berteau & Zait, 2014, p. 38; Karakurum-Ozdemir et al., 2019, p.326). Having the ability to access authoritative financial information and being able to make confident and accurate financial decisions based on that information will lead them to achieve financial well-being (Livengood & Venditti, 2012, cited in Faulkner, 2016, p. 11). Ultimately in regard for this thesis, a choice has been made to use Remund's (2010, p. 284) definition:

“Financial literacy is a measure of the degree to which one understands key financial concepts and possesses the ability and confidence to manage personal finances through appropriate, short-term decision-making and sound, long-range financial planning, while mindful of life events and changing economic conditions”.

This description of the concept does not only relate to previously mentioned studies but was constructed and created from an analysis of multiple previously mentioned definitions. Remund's definition has since also been used to describe the concept of financial literacy (Remund, 2010). In his research, Remund bases his description of financial literacy on five dimensions found in previous research; (1) knowledge of financial concepts, (2) ability to communicate about financial concepts, (3) aptitude in managing personal finances, (4) skill in making appropriate financial decisions and (5) confidence in planning effectively for future financial needs (Remund 2010, p. 279; Berteau & Zait, 2014, p. 39).

2.4.1 THE FIVE DIMENSIONS OF FINANCIAL LITERACY

2.4.1.1 KNOWLEDGE OF FINANCIAL CONCEPTS

As mentioned previously, knowledge of financial concepts is a key dimension of financial literacy. To manage money effectively, one must know something about money (Remund, 2010, p. 279). Both financial knowledge and financial literacy can be seen as human capital but as being constructed differently. Financial knowledge is an intrinsic dimension of, but not equivalent to, financial literacy (Berteau & Zait, 2015, p. 40; Huston,

2010, p. 307). Knowledge of financial concepts is a key to being able to use financial information and instruments correctly, and without a proper understanding of concepts one can use the information incorrectly (Faulkner, 2015, p. 12; Grohmann et al., 2018, p. 86; Krechovská, 2015, p. 4).

2.4.1.2 ABILITY TO COMMUNICATE ABOUT FINANCIAL CONCEPTS

In order to use the knowledge base one has about financial concepts, one is required to be able to communicate further. Possessing the ability to communicate with others in an active financial discussion (Livengood & Venditti, 2012, cited in Faulkner, 2015, p.12). Financially literate people should be able to discuss financial issues and financial information without feeling any discomfort, but rather feeling confident about their decisions (Vitt et al., 2000, p. xii).

2.4.1.3 APTITUDE IN MANAGING PERSONAL FINANCES

The third dimension relates to the capability and competence in managing one's personal finances. Having the ability to perform tasks related to one's finances, being able to conduct activities concerning money, including, but not limited to, earning, saving, protecting, and spending that money. Examples of the third dimension could be the ability to open a savings accounts, applying for a loan, keeping track of payment obligations, basically possessing the necessary abilities to plan and manage financial needs (Remund, 2010, p. 280).

2.4.1.4 SKILLS IN MAKING APPROPRIATE FINANCIAL DECISIONS

Making adequate decisions financially is the fourth dimension and is a factor that is frequently used in the literature. Literacy cannot be assessed unless it is tested, therefore making the right decisions is the very heart of money management (Remund, 2010, p. 280). One may possess financial knowledge and competence, but it is just as important to be able to make informed judgments and take effective decisions from that (Krechovská, 2015, p.4).

2.4.1.5 CONFIDENCE IN PLANNING EFFECTIVELY FOR FUTURE FINANCIAL NEEDS

The fifth dimension relates to a person's ability to financially plan for the future. This could be by responsibly saving for future retirements or calculating unexpected costs, or by just creating and understanding how to create a financial plan. Confidence in planning can also be viewed as long-term financial management, whilst decision-making skills are short-term. Naturally, a person can plan without making immediate decisions, just as one can make immediate decisions without planning. Nonetheless, both skills are needed (Remund, 2010, p. 281-282)

Together, these five dimensions define the concept of financial literacy, and when a person possesses the understanding and ability to use these them, one can identify as being financially literate. Succinctly, knowledge drives aptitude, which in turn influences how one manages their financials. Knowledge is worthless unless one applies experience, and research has shown that experience forms a bridge between knowledge and aptitude. Hence, all of these interrelated factors are at play within the framework of one's life events and economic conditions (Remund, 2010, p. 284). The five dimensions will also

play a large role in this research, as it will lay the basis as to how the authors will value and measure financial literacy.

2.5 SOCIAL LEARNING THEORY

Upon discussing the importance of financial literacy, the authors of this paper have identified a gap that previous research does not bridge while analyzing the impact of comprehending economic know-how. Thus, this paper aims to incorporate the social learning theory in order to examine whether financial literacy, here conceptualized as a specific set of skills rather than general human capital, could have an impact on the access to microfinance (Bandura & Walters, 1977).

The social learning theory aims to explain human behavior as a result dependent on social contexts, as well as the behavioral and cognitive stimulus. More specifically, the social learning perspective suggests that *“people are neither driven by inner forces nor buffeted by environmental stimuli. Rather, psychological functioning is explained in terms of a continuous reciprocal interaction of personal and environmental determinants”* (Bandura, 1977, p.11).

Accordingly, it is appropriate to connect the abovementioned theory to Aldrich and Zimmer’s (1986, p. 20) interpretation of entrepreneurship as *“a social role, embedded in a social context”* since they both characterize the social context as a pivotal factor. Previous research concerning the various types of learning processes argues that social learning theory, in the context of entrepreneurialism, is characterized by observing, adapting to, and replicating a behavior if it is considered as desirable and socially accepted (Bandura et al., 1963; Bandura & Walters, 1977). This perspective is in unison with the Cooperative Thrift and Credit Societies’ (CTCS) view which demonstrates the importance of role models in society (Adekunle, 2011). Upon reflecting on previous research on mentors, Aldrich (1999, cited in Minniti, 2005) together with Newman et al. (2014) further accentuates the importance of role models since they could function as a form of social capital. Thus, the mere presence of a role model could facilitate the decision-making process not only through guidance but also by reducing the uncertainty levels of the affected individuals (Bosma et al., 2012; Minniti, 2005).

Furthermore, previous literature concerning role models in an entrepreneurial context has emphasized the effect on entrepreneurial objectives (Bosma et al, 2012; Krueger et al., 2000). Honig (1998), as well as Khavul et al., (2009), clearly demonstrate the importance of social learning in the informal economy even if the encounters are taking place in a non-business-related environment such as church meetings or family gatherings. This is in unison with Minniti (2005, p. 5), who accentuates the importance of the social environment since it reduces the ambiguity associated with entrepreneurial decisions. From a microfinance perspective, observational or vicarious learning from successful individuals could enhance the performance of non-successful individuals by raising awareness of potential risks and opportunities as they arise (Bandura, 1977; Bandura et al., 1963; Cooper et al., 1994). Furthermore, research also suggests that the impact of role models, as well as social learning, are positively associated with existing venture development (Newman et al., 2014).

2.6 SOCIAL CAPITAL THEORY

As aforementioned, people in poverty face struggles when trying to access financial services due to the lack of guarantees or collateral that they can present. Because of that, social interaction and mutual understanding between parties become more important and play a bigger role. Social capital can be explained as networks, norms, and trust that aid cooperation for mutual benefit (Putnam et al., 1993, p. 167-169). Further explained, social capital is an individual or a group's sympathy towards others, that may produce potential benefits, advantages, and preferential treatments for other people or groups beyond what is expected in exchange relationships (Robison et al., 2002, p. 19).

Social capital can be broken down into three elements: *trust*, *social networks*, and *norms*. Trust plays a key role because it includes the perception of loyalty and trustworthiness people feel when interacting with one another (Grootaert & van Bastealer, 2002, p. 20; Putnam et al., 1993, p. 136). It is people's expectation in others and faith in that they will behave in an agreed manner, ensuring that their interaction will lead to the implementation of a systematic joint effort between the parties (Thompson, 2018, p. 49). The second feature of social capital is social networks. The cooperation of two or more parties can create an environment where people share understandings and create relationships with one another. It is also highly correlated with trust as it aids opportunities for people to interact and benefit from each other (Grootaert & van Bastealer, 2002, p. 20). Networks can act as a conduit for knowledge sharing and information transfer and create trustworthy environments (Reagans & McEvily, 2003). As already suggested norms, the third element, generate a large part in social capital. Share a set of norms and values creates relationships between parties, finding commonalities, and being able to share views. It can, therefore, be argued that social capital can be achieved and created through structural and cognitive mechanisms that facilitate information sharing, collective action, and decision-making through networks that are supplemented by a set of shared norms and trusts (Grootaert & van Bastealer, 2002, p. 20).

2.6.1 SOCIAL CAPITAL AND MICROFINANCE

In environments where marginalized and vulnerable people struggle to meet the needs of collateral requirements and where alternative solutions to lending have been used, MFIs aim to find solutions more suitable in these contexts. As mentioned in the earlier text, in some cases MFIs offer group-credits. Creating credit opportunities where the collateral falls on the groups work together, they loan together, save together, and work jointly in a group. MFIs use this approach to incentivize asset-poor borrowers to substitute a lack of collateral or liabilities (Hermes & Postelnicu, 2018, p. 428). MFIs schemes are often operated together with social capital, as social capital is a part of creating social interaction and social collateral between the lenders. As mentioned previously, social capital can be viewed as a set of characteristics that allow individuals to trust one another, cooperate and form networks that may be fruitful for solving economic problems (De La Torro Garcia & Lopez-Rodriguez, 2000, p. 1). Social capital facilitates possible or less costly opportunities for social exchange between clients as well as the relationship between lenders and lendees (Munene et al., 2016, p. 293). Norms and trust emanating from a social organization can also be used to facilitate cooperation for the mutual benefit of the group.

Social capital in regard to microfinance works through ties of solidarity, neighborhood commitment, and communication organization, with its principal asset being trust (De La Torro Garcia & Lopez-Rodriguez, 2000, p. 7). Social capital creates atmospheres of trustworthiness between organizations and members, creating environments where borrowers can use social capital to accumulate for the lack of hard information and valuable physical collateral (Hermes & Postelnicu, 2018, p. 430). Studies have also looked at the relationship between social capital and repayment plans. Where some have found evidence that social capital does improve the repayment performance of groups. Finding that the social ties between group members create an environment where they help and assure each other of repaying their loans together, working together to make sure they are not faced with any penalties for late repayments (Hermes & Postelnicu, 2018, p. 430).

2.6.2 SOCIAL CAPITAL AND FINANCIAL LITERACY

Regarding financial learning and usage of financial services, social capital is positively interlinked with the contribution to education outcomes and economic development (Munene et al., 2015, p. 293-294). Cohen and Nelson (2011) revealed through associational networks that poor households have been able to improve their financial knowledge and skills, which have enabled them to make wiser financial decisions.

Social capital can also be interlinked with social learning, relating to the educational process people experience in the form of role models. As people learn, observe, and imitate others they are acting in a form of social capital. Sharing knowledge through social networks and groups where they trust each other (Engström & McKelvie, 2017, p. 860). As previously mentioned, the social learning theory emphasizes the learning people gain by observing other people whom they believe are credible and knowledgeable within the social environment. Thus, social capital can be presented as a resource that can facilitate access to other resources by individuals or groups for a specific purpose (Balatti et al., 2006, p. 321). People living in poverty learn through social interactions by which they begin to understand and create values, knowledge, and attitudes about financial concepts, products and services, thus creating a context where social capital is developed (Munene et al., 2015, p. 294).

Social capital has a powerful impact on financial literacy and financial inclusion, generating positive externalities and beneficial outcomes for members within social structures. Financial inclusion initiatives such as microfinance movements do greatly rely on social capital to monitor and sanction participants. Social capital is used as an essential tool for screening microfinance activities, such as loan applications and ensuring contracts are enforced among borrowers, reducing transaction costs while providing banking opportunities for the poor. Hence, social capital help informs networks, and trust generated amongst the networks is an influential tool as it can enforce a peer pressure mechanism, resulting in increased access to scarce resources such as knowledge and financial services. Consequently, social capital plays a large role in the relationship between financial literacy and financial inclusion, as it helps to promote learning through social learning, by bringing actors together to acquire knowledge and skills. (Munene et al., 2015, p. 303)

2.7 CONCEPTUAL FRAMEWORK

The purpose of this study is to determine how financial literacy favors women's access to microfinance in developing countries. Upon answering that question, the study could contribute with valuable insights concerning the development of financial development to both socio-cultural and economic empowerment. By conducting an exhaustive literature search, the authors have found a substantial amount of studies connected to the subject matter. More recently, literature has emerged that offers contradictory findings of microfinance's influence on the various women empowerment-related components. Furthermore, concerns have been raised by several relevant bodies about the associations between financial literacy and empowerment (see Basargekar, 2010; De Gobbi, 2005; Garikpati, 2012; Mahmud, 2003). However, as mentioned in Section 1.2, the authors have not managed to discover research that identifies the underlying factors of how the development of financial literacy can impact the accessibility of microfinancial services. In order to bridge the existing knowledge gap, the authors have created a theoretical framework which, in turn, will function as a cornerstone in the examination of the selected phenomenon.

Upon analyzing the current body concerning financial literacy, the authors identified five dimensions: (1) knowledge of financial concepts, (2) ability to communicate about financial concepts, (3) aptitude in managing personal finances, (4) skill in making appropriate financial decisions and (5) confidence in planning effectively for future financial needs (Remund 2010, p. 279; Berteau & Zait, 2014, p. 39). Hence, it would be appropriate to incorporate these dimensions in the theoretical framework since each dimension might influence the access to microfinance differently. However, since previous literature did not provide explicit connections of the various dimensions, it is appropriate to merge them under the umbrella-term financial literacy in the conceptual model.

Furthermore, MFIs could be considered as an important component in increasing the levels of financial inclusion and, hence, women empowerment (Marini et al., 2018; Rahman et al., 2016). Furthermore, MFIs can facilitate the learning process, and hence the development of financial literacy, through the implementation of SHGs and functions as an important component in alleviating poverty and increasing gender equality (Feaux de La Croix, 2013; Sinha, 2009). Thus, it is appropriate to include SHGs as a tool for developing financial literacy as well as accessing microfinancial services in the conceptual framework. Due to the fact that the SHGs function as a means for MFIs to educate women and establish mutual savings-opportunities, the connection will be illustrated as a mutual relationship rather than a straight line.

Additionally, factors that are indirectly affecting the performance could be identified through the spectrum of both social capital and social learning theory. As Putman et al., (1993, p. 167-169) stated, social capital could refer to the mutual benefits gained through networks, norms, and trust. The perception of loyalty within groups enables two or more parties to form trustworthy environments where the participants could benefit through knowledge-sharing and relationship-building activities (Grootaert & van Bastelaer, 2002; Reagans & McEvily, 2003). Although social capital could function as a facilitator for groups to receive credit from informal loan avenues, the purpose of this thesis is not to examine minimum loan requirements in the form of tangible assets (Engström &

McKelvie, 2017). Due to the strong association with social learning, this thesis is presenting social capital as an influential factor of financial literacy.

Furthermore, the authors argue that it is appropriate to extend the abovementioned theories to the concept of social learning theory. By connecting the social learning theory with the concept of MFIs, it is evident that the mere presence of influential, successful individuals could function as an enhancer for financial literacy (Bosma et al., 2012; Minniti, 2005). The underlying rationale behind that argument could be defined by the implementation of SHGs. As aforementioned, an SHG could be characterized as an incentive from MFIs who facilitates the education of basic financial understanding for women (Feaux de La Croix, 2013). As Joshi (2004) stated, the main objective is to increase women empowerment, awareness, independence, and income by providing females with appropriate financial know-how which, in turn, enhances the participants' level of financial literacy (Bertea & Zait, 2014). Upon merging social learning theory and SHGs, it is appropriate to argue that the development of the general comprehension of financial concepts could be affected by external determinants in form of role models (Bandura, 1977; Karakurum-Ozdemir et al., 2019). Hence, social learning theory is illustrated as a positive influence on financial literacy.

In order to connect the two main concepts in this paper, it is appropriate to dissect both terms into subparts. The underlying rationale behind that statement is that the examined components from both financial literacy and microfinance could influence each other individually and collectively. This adds another dimension to the analysis since the dual approach allows the authors to scrutinize the subjects under an umbrella term – i.e. *financial literacy* and *microfinancial services* – as well as the sub-components individually. Hence, the analysis of the collected data might illustrate relationships between all the components, or solely some of them. As stated earlier, the Financial Literacy-block is divided into five types of knowledge. Similarly, this paper refers to the microfinancial activities as *microcredit*, *micro-savings*, *microinsurance*, and *remittances* (Cull et al., 2013, p. 4; Holloway et al., 2017, p. 7; Khandelwal, 2007, p. 1128; Loubere, 2019, p. 199). However, due to aesthetic purposes, the aforementioned concepts are unified under the umbrella term *microfinancial services*.

Additionally, the concept of *dynamic capabilities* is added as an influential factor rather than a single component that influences the access to microfinance. The underlying rationale for that statement is justified by the characteristics of dynamic capabilities that impact the enabling organization - i.e. *the MFI* - rather than the process of accessing microfinance. Although the main objective of this study neither is to illustrate how financial literacy impacts financial inclusion nor microfinance's influence on women empowerment, the authors chose to include both concepts for illustrative purposes. The reasoning behind that decision is the myriad of existing research that displays a correlation between the concepts which, in turn, justifies the incorporation of both financial inclusion and women empowerment in the model.

As illustrated in Figure 1, all the components in the conceptual framework are gathered from theories and concepts presented in previous literature. The main purpose of the framework is to create an illustrative representation of factors that are influencing both financial literacy as well as the access to microfinance, and, hence, could lead to financial inclusion and increased female economic and socio-cultural empowerment. Once the data has been properly collected and analyzed, the authors could decide whether the framework functions as a representative reflection of how financial literacy affects the

access to microfinance in developing countries, or if it needs to be modified in order to serve as an acceptable illustration of the examined phenomenon.

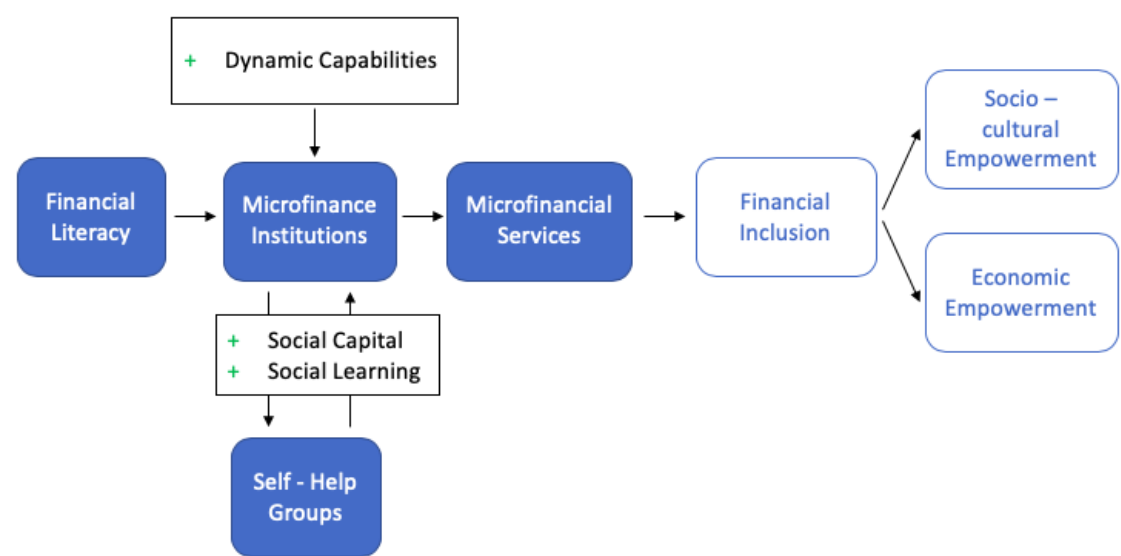


Figure 1 - Conceptual Framework

3. SCIENTIFIC METHOD

In this chapter the authors aim to present the philosophical positions chosen for this research, annotating the research positions in regard to the paradigm, ontology, and epistemology. Following a comprehensive text regarding the research approach, the design and the methodological assumptions are presented, explaining the choices made for this thesis. The chapter closes with the decision made concerning literature searches and the crucial role of source criticism.

3.1 PHILOSOPHICAL ASSUMPTIONS

3.1.1 PARADIGM

Upon executing research successfully, it is essential to include a section that identifies the research paradigm that is utilized throughout the study. The cornerstones of the paradigms can be characterized as the underlying assumptions and philosophies about reality and the nature of knowledge which, in turn, functions as a philosophical framework that could be considered as the foundation of the research (Collis & Hussey, 2014, p. 42).

As a result of today's existing knowledge, positivism and interpretivism have emerged as the two main paradigms which, consecutively, facilitate the selection of appropriate methods that are aligned with the chosen research question(s) (Collis & Hussey, 2014, p. 42). Hence, the function of the paradigms is to determine the epistemological (*i.e. the nature of knowledge*) and ontological (*i.e. the perception of reality*) standpoints of the research (Collis & Hussey, 2014, p.47).

Upon defining the two paradigms, it is evident that positivism has been frequently used throughout history due to the lack of a clear distinction between social science and natural science (Collis & Hussey, 2014, p.44). Thus, the positivist paradigm advocates a sovereign philosophical standpoint where reality is independent and that knowledge only can be considered as knowledge if one can find causal, empirical evidence that justifies the argument (Bryman & Bell, 2011, p. 13; Saunders et al., 2009, p. 11). The positivist paradigm has, therefore, repudiated the claim that a qualitative research method should be labeled as scientific (Kvale, 1996, p.61).

Under positivism, the researcher follows a scientific path where he/she should create a research question, formulate a hypothesis about the outcome, and gather data to test the stated assumptions. Thus, positivism requires the researcher to separate subjective attitudes and beliefs towards the examined social phenomena (Saunders et al., 2009, p.114). This statistical approach demonstrates why positivism commonly are associated with research methods of the quantitative character (Collis & Husey, 2014, p. 44).

Interpretivism, au contraire, could be defined as a counter-reaction to positivism and argues that the nature of social reality is a function of the observer's subjective perceptions (Collis & Hussey, 2014, p. 45; Saunders et al., 2009, p. 116; Snape & Spencer, 2003, p. 7). Accordingly, interactions between the researcher and the examined subject will occur to draw specific conclusions that are, in turn, affected by the

researcher's beliefs and attitudes. Due to the interpretivist paradigm's descriptive and idiosyncratic nature, it is often associated with qualitative data collecting methods (Collis & Hussey, 2014, p. 45).

Furthermore, it is evident that philosophical standpoints connected to both positivism and interpretivism are constantly developing which impedes researchers to utilize a purified form of the paradigms. The underlying rationale behind the aforementioned statement could be explained by the decreasing applicability of positivism which, together with interpretivism, are considered as one-dimensional and anthropocentric (Alvesson & Sköldbberg, 2018, p. 20).

This thesis aims to investigate whether the access to microfinance of women is influenced by the development of financial literacy. Previously mentioned theories, such as social learning theory and social capital theory, are connected to highly individual perceptions about the reality and nature of knowledge. Hence, it would be appropriate to embrace an interpretivist approach as a philosophical position.

3.1.2 ONTOLOGICAL ASSUMPTION

As aforementioned, ontology concerns the branch of metaphysics and, hence, determines whether social entities should be characterized as unbiased or a product determined by various interactions and subjective perceptions (Bryman & Bell, 2015, p. 32). The ontological assumption is commonly dichotomized into *constructionism* and *objectivism* where the former concept argues that the reality is the result of biased perceptions (i.e. multidimensional) whereas the latter one states that lethargic, quantitative objects shape a universal reality (MacIntosh & O'Gorman, 2015, p. 55-56).

For illustrative purposes, it is appropriate to argue that research conducted under an objectivistic approach results in an unbiased product that excludes the researcher's perceptions whereas the result of a constructive study might be affected by individual interpretations and preconceptions. This is in alignment with Jonassen (1991, p. 9) who states that the reality is separated from individual perceptions under an objective approach and dependent on subjective comprehensions in constructionism. This elucidates the impression that under objectivism, examined entities should provide uniform results if the research was repeated (MacIntosh & O'Gorman, 2015, p. 56).

Since the purpose of this paper is to examine whether female financial literacy has an impact on the access to microfinance in a developing country, it is appropriate to speculate that subjective perceptions will affect the collected data. This argument is strengthened by the fact that this thesis defines women empowerment from both an economic and socio-cultural perspective which, in turn, solely are thoroughly embraced if the answers are subjective since the participants' realities could not be considered as identical. Hence, the authors of this paper argue that it would be appropriate to utilize the constructionist approach to properly answer the stated research question and fulfill the purpose of the thesis.

3.1.3 EPISTEMOLOGICAL ASSUMPTION

The epistemological assumption concerns the researcher's perception of what should be considered as accepted knowledge in an academic paper (Bryman & Bell, 2011, p. 15; Collis & Hussey, 2014, p. 47; Saunders et al., 2009, p. 112). The epistemological assumption, hence, determines the knowledge basis and illustrates its link to reality (Snape & Spencer, 2003, p. 13).

In an interpretivist approach to epistemology, the primary objective is to include a multitude of factors and minimize the distance between researcher and the purpose of the research to get a comprehensive understanding about the possible outcomes (Bryman & Bell, 2015, p. 27-28; Saunders et al., 2003, p. 116; Snape & Spencer, 2003, p. 13). Due to the subjective nature of humanities, it is therefore not uncommon to utilize an interpretivist approach in social studies (Saunders et al., 2009, p. 116). The positivist assumption, on the other hand, commonly embraces a quantitative approach where the objective is to identify causal associations between concepts by measuring the statistical probability (MacIntosh & O'Gorman, 2015, p. 60). Additionally, a feature that is recurring in academia concerning the positivist assumption is its objective nature and interdependence to human interest (Easterby-Smith et al., 2002, p. 30).

Upon researching with an interpretivist approach to epistemology, the data is commonly gathered from subjective exchanges of information whereas the positivist assumption assembles unbiased data from observable and quantitative occurrences (Collis & Hussey, 2014, p. 46). As aforementioned, the authors of this paper argue that the gathering of subjective data is the most appropriate path to take in order to bridge the research gap and answer the stated research question. Thus, the most suitable choice of epistemological assumption would be the interpretivist approach.

3.2 RESEARCH APPROACH

Upon determining the research philosophical position, one can decide the research approach. The research approach characterizes the relationship between research and ideology. The two most commonly established approaches are *deductive* and *inductive* (Bryman & Bell, 2011, p.4; Collis & Hussey, 2014, p.7; Ghauri & Grønhaug, 2010, p.15; Saunders et al., 2009, p. 61; Snape & Spencer, 2003, p. 23). Deductive research is characterized as a study in which a conceptual and theoretical structure is developed, to then be tested by theoretical observations (Collis & Hussey, 2014, p. 7; Snape & Spencer, 2003, p.23). Hence, the deductive approach involves the creation of one or more hypotheses from existing theories, hypotheses that are then tested and measured to find the statistical probability for the given hypotheses to occur (Bryman & Bell, 2015 p. 22-23). The deductive process is often narrowed down to six steps: (1) finding a theory, (2) outlining hypotheses, (3) collecting data, (4) interpreting and analyzing findings, (5) examining results, and (6) modifying or revising the theory. In short, deductive research adds up to one thing, testing a theory (Bryman & Bell, 2011, p.11).

Opposite to the deductive approach, there is the inductive approach. Instead of testing hypotheses based on theories, the inductive approach is confined to the creation and development of a theory based on observations of a phenomenon from empirical reality (Bryman & Bell, 2015, p. 25-26; Collis & Hussey, 2014, p. 7; Saunders et al., 2009, p. 41). From this perspective, the theory is guided by understanding the meanings humans

attach to events, and from that gaining understanding of how social actors interpret the social world (Saunders et al., p. 127). Hence, through this approach the outcome is a theory, and not the opposite as in the case with the deductive approach.

Considering the purpose of this research is not to create new theories nor merely finding empirical evidence for already existing theories it would not suit to utilize either the inductive or deductive approach. For this study, one must incorporate characteristics and attributes from both approaches in order to provide appropriate answers to the formulated research question. Thus, for this study, the authors have decided upon a third alternative, an approach which one could describe as a merger between the two above-mentioned approaches - the *abductive* approach (Bryman & Bell, 2011, p. 27).

The abductive approach can be seen as a combination of the above-mentioned approaches, it can be seen as an approach that provides a bridge between the field and theory (Tiron Tudor & Urdari, 2014, p. 87). Researchers use abduction as a way of overcoming limitations associated with deductive and inductive approaches (Bryman & Bell, 2015, p. 27). Abduction is not a pure combination of the two but rather used to adopt the aforementioned features to best suit the researched phenomenon (Saunders et al., 2012, p. 147). Often concern experiencing the social world inside, seeing the social reality as socially constructed by social actors, where there is no single reality but multiple of changing realities (Tiron Tudor & Urdari, 2014, p. 87). Abduction is an approach used to make logical inferences and build theories about the world (Bryman & Bell, 2015, p. 27). Through abductive reasoning one aims to identify the conditions that would make a phenomenon less puzzling, turning fact into a matter of course. This technique involves a back-and-forth engagement with the social world as an empirical source of theoretical ideas, together with literature, in a process of dialectical shuttling (Bryman & Bell, 2015, p. 27), allowing the researcher to embrace the best-suited explanation (Mantere & Ketokivi, 2013, p.72).

Regarding the process of this thesis, the authors first recognized a phenomenon in social reality, the potential impact financial literacy may have on women's accessibility to microfinancial services. Upon acknowledging this phenomenon, the authors search for literature that may explain it, to then conduct interviews that will later be analyzed and interpreted. The purpose of this is to see if the answers concurred with the chosen theories and concepts of the thesis and gather if there is anything that is not fully explained by previous literature. Thus, using a process that entails back-and-forth engagement with the social world.

3.3 RESEARCH DESIGN AND METHODOLOGICAL CHOICE

A research design could be characterized as the blueprint a researcher needs to follow upon analyzing and connecting the gathered data to the research question (Saunders et al., 2009, p. 136). The research design is commonly divided into three different components: *the descriptive, the explanatory, and the exploratory design* (Saunders et al., 2009, p. 138-139). The main objective of a descriptive research design is to describe or illustrate certain characteristics of an already existing phenomenon. It is not uncommon that the research question includes keywords such as 'what' and 'how' due to the descriptive nature of the design (Collis & Hussey, 2014, p. 4). As an extension of the descriptive research, the

explanatory research's main objective is to create a fundamental understanding of a phenomenon through various statistical probability assessments. It is, therefore, not uncommon to utilize this design to test the generalizability and applicability of certain theories (Collis & Hussey, 2014, p. 5; MacIntosh & O'Gorman, 2015, p. 82). Lastly, the exploratory research design embraces pattern-allocating characteristics to gain deeper insights about certain subjects or theories. Due to the exploratory nature of this design, it is essential for the examined topic to be considered as limited or non-existent in current research (Collis & Hussey, 2014, p. 4). In accordance with Chapter 1, the authors of this thesis claim to have identified a gap in the current research that needs to be bridged. Thus, the purpose of this thesis functions as a justification for why this thesis should embrace an exploratory research design.

Subsequently, it is appropriate to select a suitable strategy concerning data gathering for the research; *quantitative* or *qualitative* (Collis & Hussey, 2014, p. 5). The former one could be interpreted as *"quantifying the problem or research question and establishing mechanisms through which one or more (quantitative) variable(s) may affect another variable"* (MacIntosh & O'Gorman, 2015, p. 155). Although there are no explicit rules concerning the epistemological and ontological assumptions, the quantitative research is commonly associated with deductive, positivistic research since it incorporates a quantification process of stated hypotheses statistical testing of theories (Bryman & Bell, 2015, p. 37-38).

Au contraire, the qualitative research is often associated with inductive, interpretivist research since its main objective is to create new theories through subjective interpretations of individual experiences (Bryman & Bell, 2015, p. 37-38). Hence, an appropriate definition of qualitative research is *"a set of interpretive, material practices that make the world visible. These practices transform the world. They turn the world into a series of representations, including field notes, interviews, conversations, photographs, recordings, and memos to self ... qualitative researchers study things in their natural settings, attempting to make sense of or interpret phenomena in terms of the meanings people bring to them"* (Denzin & Lincoln, 2011, cited in Ritchie et al., 2013, p. 3).

Moreover, Collis & Hussey (2014, p. 52) claim that qualitative research is considered more embrative compared to the quantitative method since the former one displays a greater amount of encyclopedic acumen. Considering the characteristics of the two strategies, as well as the philosophical stance, epistemological assumption, and ontological assumption of this paper, the authors argue that the most appropriate research strategy to utilize is one of the qualitative kinds.

Assuming that the methodological assumptions and philosophical stance are aligned with the selected research design, it is possible to implement a qualitative strategy for the research (Saunders et al., 2012, p. 163). The various methods are characterized as either *narrative research*, *grounded theory*, *ethnography*, *phenomenology*, or *case studies* and vary in problem formulation, analysis, data collection method, and focus (Creswell, 2007, p. 10, 78-79). Since the objective of this paper is neither to create a new theory based on narrative answers nor to incorporate an existing theory from the beginning, it is appropriate to dismiss both narrative research and grounded theory as suitable strategies. Upon scrutinizing ethnography and phenomenology, it is evident that the purpose of this paper is neither to gain a comprehensive understanding of cultures and values through observation nor to examine underlying components of experiences (Creswell, 2007, p. 9-

10; Saunders et al., 2012, p. 179-188). This elucidates the impression that the most suitable qualitative strategy is the case study.

This choice is in unison with Yin (2009, p. 10), who argues that a case study is an appropriate method when carrying out qualitative exploratory research. Further justifications for the selection are identified by Ghauri and Grønhaug (2010, p. 110) who argue that the characteristics of a case study are in consonance with the ones of the exploratory design. The exhaustive nature of a case study allows a multitude of purpose-formulations, such as the creation of a new theory (Creswell, 2007, p. 74), an illustration of a phenomenon (Eisenhardt, 1989, p. 535), or the analytical examination of an already existing theory (Yin, 2009, p. 38). According to Creswell (2007, p. 73) as well as Bryman and Bell (2015, p. 68), the most unique feature of the case study is its ability to incorporate a multitude of data sources during a specific time period.

Accordingly, if there exist limited knowledge of an observed subject in a particular time or environment, it is suitable to conduct a single case study (Yin, 2009, p. 47- 49). Additionally, the selection of the single case study as a method allows the researcher to solely focus on one particular organization which, if doing correctly, restricts the purpose to a specific time horizon (Saunders et al., 2012, p. 180; Yin, 2009, p. 47-49). Hence, the single case study could be characterized as ‘a critical test of a significant theory’ since it is framing the observed phenomenon in a setting, compared to a multiple case study whose function is to compare the examined subject in various environments (Yin, 2009, p. 41). Based on the aforementioned arguments, as well as the purpose of this paper, the authors argue that the single-case study would be a proper choice.

3.4 LITERATURE SEARCH

Upon conducting any type of research-related activity, it is pivotal to include a section that analyzes the current literature within the field (Bryman and Bell, 2015, p. 9). This scrutinization enables the researcher to create a general understanding of the existing body of literature and, hence, demonstrate his/her ability to meticulously decide the appropriate knowledge base for the paper (Collis & Hussey, 2014, p. 87). Here, time management is of substantial value since the literature-search could be considered as a protracted and complex process (Saunders et al., 2009, p. 75). In alignment with the aforementioned arguments, Webster and Watson (2002, p. xiii) claim that this systematic identification of the existing body of knowledge is just as relevant for the result as the research itself.

The existing literature is, therefore, debouching into three sub-streams of origin; (1) *primary sources*: information gathered from e-mails, government publications, and reports; (2) *secondary sources*: data gathered from newspapers, journals, and books; and (3) *tertiary sources*: abstracts and encyclopedias (Saunders et al., 2009, p. 69). Due to the ample amount of existing literature concerning women empowerment, microfinance, and financial literacy, the authors of this paper argue that both primary and secondary sources are appropriate to apply in this thesis. The underlying rationale for that statement is that the existing knowledge located in governmental and academic literature could provide this paper with valuable information from both a political and scholastic perspective.

Upon writing this thesis, the authors have utilized various databases to identify relevant data that increases the level of adequacy. The primary sources of peer-reviewed

information utilized for this thesis have been located through the usage of databases such as Umeå University Library Database, Google Scholar, and DiVa. The utilization of these search engines has allowed the authors to gather relevant knowledge about the examined subject and, therefore, facilitated the development of the theoretical framework. As a consequence of the varying levels of quality and authenticity, the authors have limited the usage of the information gathered from public websites. However, upon incorporating such information in the final version, a thorough examination of the stated facts has been done through validation by external sources. In accordance with the research question and purpose, the authors use keywords that function as a fundament in the collection of information used in the theoretical background, the chosen key words used are: *Financial Literacy, Microfinance, Microcredit, Women Empowerment, Financial Inclusion, Social Capital, Social Learning Theory, Dynamic Capabilities, Poverty Alleviation, Developing Countries, Kenya, Bottom of the Pyramid, Hand in Hand and Hand in Hand Eastern Africa*.

3.5 SOURCE CRITICISM

In the process of conducting a study, it is critical that the sources used to collect and understand previous literature are thoroughly scrutinized. Making sure that the sources used are reliable and that the quality of the sources meets relevant criteria. Four criteria used when assessing sources quality are; authenticity, credibility, representativeness, and meaning (Scott, 1990, p. 6; cited in Bryman & Bell, 2015, p. 555). *Authenticity* asks if the information and evidence presented in literature genuine and of unquestionable origin. *Credibility* relates to the sources being free from inaccuracies and misrepresentation. *Representativeness* has the results presented in the sources quintessential of its kind, and if not, is it explained why that is the case. *Meaning* concerns if the information is coherent and logical, the results should be clear and understandable for the reader (Scott, 1990, p. 6; cited in Bryman & Bell, 2015, p. 555).

To assure these four criteria have been fulfilled in this thesis, the majority of information gathered and used are primary references. Nonetheless, in some cases when the primary source was difficult to identify, secondary sources were used. This was usually due to difficulties accessing the source, by in most cases, the source's age. Secondary sources were used when deemed reliable. Furthermore, because of the thesis interpretivist nature it incorporates argument based on the participants' perception of reality, this may cause contradictory arguments as well as justification of the selected perspectives.

4. PRACTICAL METHOD

The following chapter contains a thorough description of how this research has been conducted, stating the chosen data collection method and how the participants in the case study have been selected. This chapter also demonstrates how the interview guide is determined and what the interview process looks like. Further, the selected method for data analysis is disclosed, following with the ethical consideration and truth criteria considered during the study.

4.1 DATA COLLECTION

In research, there exist two types of data: *primary* and *secondary data*. The former one is referring to *new* information that is explicitly collected from original sources to correspond to the purpose of the study, while the latter one corresponds to existing data gathered from secondary sources (Bryman & Bell, 2011, p. 313; Saunders et al., 2012, p. 304). In a primary data collection method, the researcher observes, records, characterizes, deciphers, and analyzes a chosen phenomenon (Saunders et al., 2009, p. 288). Hence, the utilization of a primary data collection method allows the researcher to assemble relevant complex well-recognizable information about the subject matter (Bryman & Bell, 2011, p. 320-322). Au contraire, secondary data is gathered through secondary sources and is considered favorable in many types of researches since it is very efficient in terms of cost and time, and (if adequate databases are available) of high quality (Bryman & Bell, p. 313-320; Saunders et al., 2012, p. 317). However, due to the purpose as well as the qualitative and exploratory approach of this thesis, it is appropriate to argue that secondary data is not considered to be an adequate main source of data. Hence, the data presented in Chapter 5 are observed, collected, recorded, described, analyzed, and interpreted solely from primary sources.

Accordingly, interviews could be described as an adequate way to gather primary data due to its organic and reflective nature (Tracy, 2013, p. 132). Depending on the purpose of the research, interviews can be conducted as both unstructured and informal, or extremely methodic and formal conversations (Saunders et al., 2009, p. 320). The former option is commonly utilized in qualitative research due to its dynamic nature whereas the latter method usually is embraced when the quantifiable data are preferred (Bryman & Bell, 2011, p. 466; Saunders et al., 2009, p. 320). However, to embrace the exploratory and qualitative nature that is aligned with the purpose of this study, neither of the abovementioned options could be considered as optimal for this thesis. In lieu, the interviews are conducted in a semi-structured manner. Here, the questions presented in the interview guide are categorized into themes, and the interviewers might not perfectly follow a predetermined structure when conducting the interview (Saunders et al., 2009, p. 320; Tracy, 2013, p. 139). Furthermore, in a semi-structured setting, the interviewers have the possibility to omit or add questions that could be considered as inappropriate for the context (Saunders et al., 2009, p. 320). Due to the interpretivist nature of this thesis, the authors argue that a semi-structured design would be the most suitable choice. The underlying rationale behind that statement is that the subjective nature of the interviews might affect the structure which, in turn, makes some questions irrelevant and others more significant to examine.

4.2 CASE SELECTION

Upon selecting a case to examine, a researcher should base their preferred choice on convenience and accessibility to optimize the outcome. Hence, every researcher needs to consider the following question (Stake, 1995, p. 4):

“Given our purposes, which cases are likely to lead us to understandings, to assertions, perhaps even to modifying of generalizations?”

The purpose of an adequate case selection is to function as a visual representation for a specific population that the researcher aims to target (Gerring, 2007). It is, therefore, pivotal that the selected case is in unison with the purpose of the study which is, in turn, should be justified by appropriate theories and ideologies (Hamel et al., 1993, p. 43-44). As argued in Section 3.3, the method that the authors considered to be most suitable for the purpose of this study is a single-case study. Since the objective of this paper is to examine how financial literacy affects women’s access to microfinance in developing countries, it is decisive that the authors identify a microfinance institution whose business model and operations correlated with the stated purpose.

Upon analyzing the features of such a company, the authors find it suitable to examine a non-governmental organization instead of other for-profit or financial institutions. The underlying motive behind that statement is that information gathered from individuals connected to an NGO could provide valuable insights about both the socio-cultural and economic empowerment-related factors, whereas formal financial institutions solely can contribute with data about the monetary perspective. Furthermore, since one of the key terms in the purpose could be identified as ‘financial literacy’, it is central that the examined organization has knowledge about the education process as well as its development. As mentioned in Section 1.6, an organization that matched the author’s requirements is Hand in Hand. It is an organization educating and training females to become independent businesswomen, and through their training providing insights to financial structure and concepts, making the organization a suitable and relevant actor to further investigate.

4.3 INTERVIEWEE SELECTION

Saunders et al., (2012, p. 260) argue that it is appropriate for research to incorporate an adequate amount of people who will function as a sample size if the intended research population is not accessible or feasible to examine. Depending on the purpose of the study, a researcher could choose between a multitude of approaches concerning the selection of interviewees including *purposeful, convenience, snowball, and quota sampling* (Bryman & Bell, 2011, p. 190; Saunders et al., 2009, p. 236). Purposeful sampling allows the researcher to handpick the most suitable candidates so that it is possible to gather adequate information regarded the stated purpose (Creswell, 2007, p. 125). Au contraire, the selection process of convenience sampling is solely based on the accessibility of the interviewees. Due to the lack of requirements in convenience sampling, the method could be very efficient in terms of time and cost. However, this might affect the outcome of the research since it could be complicated to assess the interviewees to a specific target population (Bryman & Bell, 2011, p. 190; Saunders et al., 2009, p. 241). As an extension of convenience sampling, the snowball sampling

method allows the researcher to benefit from a time- and cost-efficient perspective but here, the main difference is that the researcher contacts a specific member of an organization who, in turn, will invite other members to partake in an interview (Saunders et al., 2009, p. 240). Lastly, the primary objective of a quota sampling-technique is to dichotomize the sample into age groups, sex, socio-economic status, and ethnicity to get a comprehensive representation of the target population (Bryman & Bell, 2011, p. 193).

Due to the research method, research design, and methodological assumptions of this thesis, it is evident that neither convenience nor a quota sampling-method would be appropriate to utilize. The underlying justification is that the objective of this thesis concerns females in developing countries which does not correlate to the creation of a diversified sample nor the characteristics of a convenience sampling. Hence, to maximize efficiency, this thesis will utilize a method that shares both characteristics from the snowball- and purposeful-sampling techniques. The authors established contact with individuals at HiH's support and fundraising-office in Stockholm who, in turn, extended an invitation to the members in HiH EA. Subsequently, the authors sent out an informal letter (see Appendix 1) to the COO of HiH EA who, in turn, could forward the information to members of the organization that could provide the authors with adequate knowledge.

4.4 INTERVIEW GUIDE

Kvale & Brinkmann (2009, p. 2) describe interviews as an "*interchange of views between two persons conversing about a theme of mutual interest*". To make sure the conversation follows the same theme throughout, researchers can use an interview guide. In semi-structured interviews, researchers can use a list of questions of specific topics and themes to make sure that everything is covered. During the interview the interviewer is however free to not follow that exact outline, questions that are not included in the guide may be asked as the interviewer picks up on other subjects expressed by the interviewees (Bryman & Bell, 2011, p. 467).

Upon creating the interview question template, it is important to ensure that all the questions are of relevance to the study and that the formulation and outlines are adaptable to the research topic. Hence, whilst preparing for the interview, it is crucial to formulate questions or topics in a way that will help the answer the study's research question, but without making the question too specific or leading. It is also important to use a language comprehensible to the interviewees (Bryman & Bell, 2011, p. 475).

In order to create an efficient interview guide, the authors have decided to use an interview design created by Tracy (2013, p. 146-151) which is an architecture where the interview questions are divided into four strategies: *open questions* - used to break the ice and set expectations, *generative questions* - non-directive, non-threatening questions that serve to generate frameworks for the conversation, *directive questions* - used to structure and direct the interview, questions relating to more specific areas of information, and *closing questions* - questions used to close the interview and tie together potential loose ends or unfinished stories. Based on Tracy's design, the authors created an interview guide that was later used as a basis for the conversation during interviews. Further, to minimize the risk concerning the data saturation and quality of the interviews, the authors make sure to continuously elaborate on the original interview guide.

For this study, the themes and topics for the interview guide are grounded on the theoretical framework. All the questions are related to the research question and purpose, adapted to the chosen case, as well as being adapted to what was found in the literature review. During the interview additional questions may have also been added to fully grasp the interviewee's perception and understanding of the phenomena. Nonetheless, with the help of the theoretical framework the authors decided that the themes and topics utilized for the interview guide were: (1) Financial Literacy, (2) Financial Literacy and Self-Help Groups, (3) Access to Microfinance, (4) Access to Microfinance & Self-Help Groups and (5) Financial Literacy & Access to Microfinance. An underlying theme throughout the interview was also that the questions were directed towards HiH EA's female members, making sure that the answers were related to women's situation. The chosen themes were later divided into several questions believed to generate sufficient knowledge and understanding regarding the research topic. All the questions relate to the research question and purpose and can be traced back to the theoretical framework. In Appendix 2, the authors present the final version of the interview guide, as well as showing how the different questions relate to the theoretical framework and chosen themes. Due to the semi-structured nature of the interview, the questions were open-ended, leaving the participants free to answer spontaneously and with current thoughts on the matter. This leads to more details being enclosed, whilst not influencing the answers (Flick, 2009, p. 155).

4.5 INTERVIEW PROCESS

Once the interviewees were decided with the help of HiH EA's employees, the authors had created a time scheme for when the interviews were supposed to take place. Six interviews were conducted, with participants working in different managerial positions. To maintain the anonymity of the interviewees, each interview has been coded based on the chronological order. Table 1 summarizes the information concerning interviews, where the coded title EMP stands for 'employee'.

Table 1 - Interviewee Summary

CODE	DATE	POSITION	LENGTH	MODE
EMP01	21.04.2020	Project Manager	59:32	Skype
EMP02	21.04.2020	Program Manager	59:58	Skype
EMP03	22.04.2020	COO/ Head of Programs	40:35	Skype
EMP04	24.04.2020	Branch Manager	48:12	Skype
EMP05	29.04.2020	Branch Manager	37:19	Skype
EMP06	30.04.2020	Credit Officer	34:22	Skype

Due to the unfortunate conditions and uncertainties that Covid-19 has placed upon the world, the authors, therefore, had to decide to conduct the interviews online over Skype. Both authors attended all every interview, with one of them being in charge of asking the interviewee the assigned questions, whilst the other one took notes and added questions when needed. The main reason for this being that it meant both authors would hear the respondent's answers and be aware of the discussion taking place. This was also done to

ensure that both authors gained knowledge about each interview and would, therefore, have a greater understanding of the results, making the presentation of findings and analysis more secure since both authors have all the information.

As mentioned, due to the current uncertain situation, the authors had to make some changes in their plans. Instead of conducting interviews face-to-face with the participants, video-interviews was conducted. It may initially seem like online video-interviews may be harder and might not offer the same level of rapport compared to offline face-to-face interviews. However, studies show that during Skype interview participants are more responsive, making the analysis and rapport process quicker. Beyond this, research has suggested that despite not meeting in person, Skype interviews still let the interviewer see non-verbal cues, like gestures. Even though they may only show their face and shoulders, it avoids the lack of non-verbal communication that researchers struggle to find when conducting interviews over the telephone or via email, thus Skype interviews can count as a good substitute for face-to-face interviews in this situation (Brown et al., 2016, p. 6-8).

There are some criteria that one may follow when conducting a successful interview. The first criterion out of ten criteria presented by Kvale (1996, p. 148-149) is *knowledgeable*. This concerns the interviewer being familiar with the subject and/or interviewee that he or she investigates. Concerning this research, the authors have previous experience with the organization investigated, as well as having done thorough background research about the focus area. The second criterion is *structuring*, which simply describes the structure of the interview. Giving purpose, rounding it off, and asks whether the interviewee has questions upon closing the interview. The third criterion is *clear*, relating to the way the questions are asked. Making sure they are simple, easy, and short, and with no jargon. *Gentle* is the fourth criterion, which regards letting people finish when responding to questions, giving them time to think as well as tolerating pauses. It is also important to the *sensitive*, listening attentively to what is being said and how it is being presented. The interviewer needs to be empathetic when dealing with the interviewee. The sixth criterion is *open*, which means that one should respond to what is important to the interviewee and being flexible during the conversation. *Steering* relates to the interviewer knowing what he or she wants to find out and is, therefore, able to guide the respondent in that direction. The interviewer should also be able to challenge what is said during the interview, being *critical* to the respondent's answers, like dealing with inconsistencies in replies. The ninth criterion is *remembering*, which relates to the ability to relate to what has previously been said during the interview. The last criterion presented by Kvale is *interpreting*, which relates to the interviewer's ability to clarify and extend the meaning of the interviewee's statements, but without interfering with the meaning of them. Beyond the ten criteria mentioned, Bryman & Bell (2011, p. 476) have also added *balanced*, which corresponds to the action of not talking too much, making the respondent passive, but also keeping the conversation fluent by not speaking too little. Lastly, an interviewer must be *ethically sensitive*, being sensitive to the ethical dimension of interviewing. Making sure that the interviewee appreciates what the research is about, the purpose of it, as well as understanding that his or her responses will be treated confidentially.

Upon conducting the interviews for this research, all these criteria were considered. As aforementioned, the authors were familiar with the subject. Additionally, a structure of the interview had been decided upon before the interview started with the help of the interview guide, whilst also making sure that the interviewee felt comfortable adding

notes and additional information if needed towards the end. Ahead of every interview, the respondents were asked if they felt comfortable being recorded during the interview, as well as ensuring that their answers will be treated with confidentiality and meet other ethical considerations. Every interview started with an explanation of the purpose of the study and their involvement in it, further the authors presented themselves, ensuring a sense of transparency that was hopefully to be ensured throughout the interviews. The interview questions were not too advanced, making them simple and easy to understand and letting the interviewee answer more freely. Before the interview, the authors made sure that respondents understood that there were no time limits for the interview, they were to know that they should speak their mind freely and express themselves in their way, and at their speed. As the interviews were semi-structured the authors were able to be flexible in their questioning and finding ways to adapt to the respondent's answers. By using follow-up questions and probes (Bryman & Bell, 2011, p. 477; Saunders et al., 2009, p. 324) the authors got the interviewee to elaborate their answers, like asking questions, '*what do you mean?*' or '*could you give me an example*', or by following up what has been said through direct questioning, this was done to gain more information and to get extensions to the answers. But also, because this would ensure that the authors are true to the interviewees, and fully understand what they mean before starting analyzing their answers. At the end of every interview, the respondent was also able to add any additional information they felt had been left out and fill gaps that they felt were missing.

4.6 TRANSCRIPTION

As the interviews were conducted online via Skype the authors were, with the consent of the participants, to record the interviews. This is common in qualitative studies as it enables the researchers to minimize the risk of misinterpretation, as they have the opportunity to listen to what has been said, but also how the interviewee responded (Bryman & Bell, 2011, p. 482). Audio-recordings also enables the possibility of revisiting the interviews multiple times, accessing them to direct quotes once more. Quotes that can later be used in the thesis. Recordings also make the process of transcribing the interviews easier (Bryman & Bell, 2011, p. 483).

Transcribing data is the act of reproducing an audio-recorded interview to a manuscript, making it possible to access the interview as word-processed and in written form (Saunders et al., 2009, p. 485). Although the process is time-consuming, transcribing interviews is necessary for data analysis (Bryman & Bell, 2011, p. 483). Because of this, it is important to have that in mind when deciding on how many interviews will be held for the study. It is also helpful to transcribe the interviews close to the actual interview, one should do this to avoid the build-up of audio-recording and associated transcription work (Saunders et al., 2009, p. 485).

Researchers should also make sure that the participants agree to audio-recordings, as it is hard to perform interviews whilst trying to write down the conversation (Bryman & Bell, 2011, p. 482). For this very reason all the participants, as mentioned, were asked if they were okay with the authors recording their interview. At the same time, asking if the participants preferred being anonymous or if they were fine with their names being used in the thesis. Giving the participants the option of anonymity is important to ensure the quality of the answers.

4.7 DATA ANALYSIS

In accordance with Saunders et al. (2012, p. 546) the purpose of a qualitative data analysis is to determine the logic of a phenomenon. Opposite to the quantitative data analysis, which examines the findings *after* all data have been collected, the qualitative data analyzing process is a continuous procedure (Bryman, 2002, p. 2). One can do so by either performing an inductive or deductive approach when analyzing collected qualitative data. The inductive approach allows the researcher to use data collected as a foundation to generate new theory, whilst with a deductive approach the analysis is based on already existing theory (Saunders et al., 2009, p. 489-490). As explained in the previous chapter, this thesis follows an abductive approach when collecting data, whilst in the data analysis the authors will use the deductive approach, building onto the already existing theory.

Four strategies exist in the scrutinization process of qualitative data. The first on being the researcher embracing the theoretical assumptions that introduced the case study as the most appropriate method. Finding that the theoretical proposals structure the objective while the case study draws attention to certain data connected to the purpose (Yin, 2009, p. 130-131). The second can be described as a substitute to the first strategy but is a strategy that is utilized when the researchers have a hard time connecting previous theories to the objective, thus, being forced to create his or her explanatory framework (Yin, 2009, p. 131). The third strategy is used when the research has collected both quantitative and qualitative data in need of analysis (Yin, 2009, p. 132). Lastly, the fourth strategy includes a comparison between antagonistic theories and could be integrated into each of the aforementioned strategies (Yin, 2009, p. 133-134). In accordance with this study, a theoretical framework is provided as an extension to already existing theories, and will hence, work as a guide throughout the thesis. Therefore, the second strategy is most suitable, as this approach facilitates the search for complementary data for already found topics (Saunders et al., 2009, p. 489).

The qualitative data analysis process can be divided into two parts, first being formatting data and the second being the analysis of the data. The first step concerns keeping track of key terms during interviews and evaluating the interviewee's interpretations to gain a deeper understanding of the spoken phenomena, this step is continuous throughout the interview process. Once interviews are conducted, the authors are expected to evaluate notes taken during the interviews, gaining an understanding of topics obtained (Saunders et al., 2012). This is done in relation to transcribing data collected from interviews. Following, the authors need to organize their collected data, using coding and selection processes to remove residues that do not generate any value.

For this thesis, the analytic method utilized is thematic analysis. It is a method used to identify, analyze, and interpret patterns of meaning found within collected qualitative data. The thematic analysis provides the research with the ability to arrange interviewees' real-life experiences in various subjects, making it possible to generate a universal comprehension of the examined phenomenon (McLeod, 2001). Further, due to the flexible nature of the thematic approach, Braun and Clarke (2006, p. 85) claim that it is not linked to any specific epistemological assumption. Vaismoradi et al. (2016, p. 103) presented the different stages of theme development in qualitative content and thematic analysis, starting with an *initialization* phase where researchers go through transcription and highlight meaning units, as well as coding and aiming to find abstractions in respondents' answers and writing reflective notes. The second step in finding themes is

construction, where researchers classify, compare, label, translate, and define themes. Following, is the *rectification* phase where the authors immerse and distance themselves from the research, letting them see the research from an outside perspective. Then researchers relate the identified themes to established knowledge. Lastly, they *finalize* and develop the storyline.

Because of this being a single-case study composed of six interviews; each interview and conversation is analyzed individually directly after the meeting for the authors to become acquainted with the collected data. Once all interviews were conducted a more comprehensive scrutinization in the form of the thematic analysis approach was made. Trying to identify and examine if there exists any patterns or deviations amongst the collected data. As a part of the final analysis, the authors aim to utilize the developed theoretical framework as a foundation to confirm that the previous analysis is authentic. Beyond that, additional examination and comparison may be added and embedded to create a more universal embodiment of the observed phenomenon. Even though, the presented theoretical framework functions as a basis for the analysis, it is not unthinkable that the model undergoes further development along with the examination to enhance external validity.

4.8 TRUTH CRITERIA

Guba and Lincoln (1985; 1994, cited in Bryman & Bell, 2011, p. 395) propose that instead of using evaluation criteria used in quantitative studies, like reliability and validity, and adapt them to qualitative studies, qualitative researchers should use two primary criteria for assessing a qualitative study; *trustworthiness* and *authenticity*. Trustworthiness can then be divided into four criteria, each of which has an equivalent criterion in quantitative studies: *credibility* –parallel to internal validity, *transferability* – parallel to external validity, *dependability* – parallel to the reliability, and *confirmability* – parallel to objectivity.

4.8.1 CREDIBILITY

The first criterion, credibility, concerns the credibility of research findings by confirming that the research is carried out according to the rules of good practice and ensuring that the researcher has understood the participants' answers (Bryman & Bell, 2011, p. 396). This criterion relates to the trustworthiness and confidence of the research findings, assuring that all the information collected from the respondents' is original data, as well as making sure the interpretation of the findings is correct compared to the participants' original views (Korstjens & Moser, 2018, p. 121). Researchers can use different strategies to ensure credibility in their research, one of them being prolonged engagement, which is established by several distinct questions asked relating to different topics in the research. Hence, in question participants are encouraged to support their statements with examples and the interviewer can ask follow-up questions. From the raw material gathered during interviews, researchers study the answers until a theory emerges, providing them with a scope of the researched phenomenon (Korstjens & Moser, 2018, p. 122). Regarding this thesis, the authors assure credibility by collecting data through semi-structured interviews, allowing for the possibility of follow-up questions and probes, ensuring clarification for participants' answers when needed.

4.8.2 TRANSFERABILITY

The second criterion to evaluate trustworthiness in a qualitative study is transferability, which corresponds to the degree of which the results of the study can be transferred to other surroundings with other social actors (Korstjens & Moser, 2018, p. 121). Researchers can assure transferability in their study by using thick description, where they present the behavior and experience, but also the context of the interview. By doing so the behavior and experience become more meaningful for an outsider (Korstjens & Moser, 2018, p. 121). To ensure transferability in this research, comprehensive text on what methodology has been utilized, where philosophical and practical standpoints are presented, and the process used is thoroughly explained and described. In doing so, the authors believe that the reader will get a proper understanding of the entire process and context in which the research has taken place. Further, by providing relevant information about participants and the interview setting and atmosphere, the authors believe the reader will understand the data and its relevance to the research better. Thus, equipping the reader with information that could be further studied and built upon, or perhaps be used in practice.

4.8.3 DEPENDABILITY

Dependability corresponds to the stability of the research findings over time, and that through audit trails others can confirm the dependability of the research. Meaning that the researcher must be able to hand over complete sets of notes on decisions made throughout the research process, ensuring transparency of the research path (Korstjens & Moser, 2018, p. 122). Concerning this study, the authors have made sure to complete records of the research process have been kept and are easy to access, records such as all the data, interview notes, interview guide, transcripts, analysis and discussions of the data and findings. Throughout the research, explanations for each step have been provided, explaining why or why not certain decisions have been made. Upon conducting a thorough theoretical framework, relevant theories and sources were selected to gain a complete review regarding previous and current research. The assigned data collection method was implemented following recommendations of methodological books, articles, and journals. Additionally, primary data was retrieved from six interviews interlinked with Hand in Hand Eastern Africa, and financial literacy and microfinance in any way. Further, the authors assured participants were informed about ethical matters. Informing them about the research, privacy concern, thus, avoiding causing them any harm or disappointment.

4.8.4 CONFIRMABILITY

The fourth criterion of trustworthiness is confirmability, which relates to the degree to which the research findings could be confirmed by other researchers (Korstjens & Moser, 2018, p. 121). The research should be able to ensure that he or she has not allowed personal values or theoretical inclinations and that all the findings are derived from data and not from a fragment of the researcher's imagination (Guba & Lincoln, 1985, cited in Bryman & Bell, 2011, p. 398). "*Confirmability concerns the aspect of neutrality*", the interpretation of the participants' answers are not to be based on the researcher's views or preferences (Korstjens & Moser, 2018, p. 121). The authors ensure confirmability by presenting their preconceptions, presenting previous knowledge and background of the subject, and how that could affect the study. Every decision made in this study has been argued for, assuring that the authors have tried to be unbiased all through the research.

Ensuring the authors were unbiased is especially important, as it is crucial to ensure that the author's values and opinions are not included in the thesis or have any impact on the results. By being open-minded and keeping on-going discussions throughout the entirety of the research process, the authors have tried to avoid any impact of their pre-understandings.

4.8.5 AUTHENTICITY

Beyond the four criteria of trustworthiness, Guba and Lincoln (1985, cited in Bryman & Bell, 2011, p. 398) present a fifth criterion, *authenticity*, which is a criterion that raises issues concerning the wider political impacts of the research. Issues such as *fairness*, which concerns whether the research represents the different views and perceptions presented by the participants fairly. Other issues concern *ontological authenticity*, which questions whether or not the research helps the respondents arrive at a better understanding of their social surroundings. *Educative authenticity*, questions if the research could help other participants appreciate the perspectives of other members in their social surroundings. Additionally, one could ask if the research has acted as an incentive for participants to interact and change their circumstances by checking the *catalytic authenticity*. Lastly, one may question *tactical authenticity*, that examines whether or not the research has empowered participants of the research to take the necessary steps to engage in further actions (Guba & Lincoln, 1985, cited in Bryman & Bell, 2011, p. 399). Due to time constraints, authenticity is a hard criterion to measure. Hence, it can only be measured once the participants have received the final research. The respondents need to be allowed to leave their opinion and provide feedback to the research, and thus, the authors are unable to assure the authenticity of this research as off know. However, they make sure to be certain that they understand every answer given during interviews to create proper understanding, making sure nothing is misinterpreted. This is done, as previously mentioned, by asking follow-up questions to assure that the interpretations are made correctly and that the participants feel comfortable with those interpretations of their answers.

4.9 ETHICAL AND SOCIETAL CONSIDERATIONS

Upon conducting research, it is important to be aware of any ethical implications they may be faced with. Researchers should include ethics as a code of conduct to guide the research and researcher through all stages of the process. The code of ethics is thought to act as a regulator between the subject of the study and the researcher (Flick, 2009, p. 36). There are multiple established codes of ethics available, all of which include regulations such as informed consent, treatment of participants, and beneficence of the study (Flick 2009, p. 37).

4.9.1. TREATMENT OF PARTICIPANTS

During the research process, it is important to make sure no harm comes to the interviewees. Some may argue that this may not be the most relevant for the type of discussion the interviews hold, especially not the physical harm facet the aspect calls for (Bryman & Bell, 2011, p. 128). Nonetheless, it is very important to keep the participants' best interests in mind at all times and not inflicting any harm on them. Making sure no intrusive or too personal questions are asked, keeping the relationship between interviewer and interviewee professional (Saunders et al., 2009, p. 193). Further, the

researcher must make sure to exclude personal opinions about the organization that could potentially harm the interviewees' career. Making sure that information gained from participants is not misinterpreted and that it will not harm them, dealing with the collected data cautiously.

4.9.2 INFORMED CONSENT

When conducting qualitative research, the subjects who are under the study must give their informed consent. Informed consent ensures that the participant has been given all the information available about the research, as well as all the information regarding their participants' rights (Saunders et al., 2009, p.190). In short, the respondent should give their informed consent voluntarily, have adequate information to make their own decisions, and be competent to make such a decision.

An informational letter (Appendix 1) was sent out to the participants before the interviews were conducted, giving the respondents an introduction to the subject and research area. The letter clarified how the information provided by the participants would be handled and the approximate time needed for the interviews. Beyond that the letter ensured that participants have the potential to stay anonymous during the research, and that their interview would not be mishandled in any way. Before every interview, the authors also made sure to ask the interviewees once more for the informed consent to participate in the research.

4.9.3 CONFIDENTIALITY

Confidentiality and anonymity may be problematic in qualitative research. Confidentiality ensures that the information given by the respondents cannot be traced back to the individual or organization, and anonymity is the assurance of not displaying the individuals' or organizations' names and/or personal information in the final report (Collis & Hussey, 2014, p. 33). When studying several social actors in a limited setting, confidentiality is needed both in an internal and external context (Flick, 2009, p. 42). Hence, the analysis must be written in such a way that other people cannot understand who the subject is, the person should be unrecognizable to others, whilst still entail enough sufficient information make for a profound discussion (Flick, 2009, p. 42). Assuring anonymity and confidentiality can be a helpful tool in gaining access to respondents for the research, and once given, such promise should never, under any circumstances, be broken (Flick, 2009, p.42; Saunders et al., 2009, p. 194).

For this thesis, as mentioned above, the concept of anonymity was presented first in the informational letter. Hence, the participants were allowed to choose to stay anonymous throughout the research, they were asked about it once more ahead of every interview ensuring they had the option to stay anonymous. Personal information gathered regarding the interviewees is undoubtedly kept confidential, which also shines a light on the discussion and overall findings, rather than the personal information of the interviewees.

5. PRESENTATION OF CASE

In this chapter, the selected case is presented. Explaining the background of the chosen organization, Hand in Hand, and providing the organizational structure between the partner organizations in which the organization is founded. Further, this chapter presents the current situation in Kenya, annotating the possible obstacles and challenges the country faces. The authors also enclose how Hand in Hand Eastern Africa operates and administer their work with microcredit.

5.1 HAND IN HAND

Hand in Hand is an NGO aiming to fight poverty with grassroots entrepreneurship (Hand in Hand International, n.dc). Believing that their unique way of combining group savings, skills training, microfinance, and market linkages have enormous potential in alleviating poverty in their communities (Hand in Hand Sweden, n.da). HiH is an organizational network comprised by a set of partner organizations spanning all over the world, with operational offices in India, Cambodia, Afghanistan, Kenya, Tanzania and Zimbabwe, and support and fundraising offices in Sweden, the United Kingdom and the United States (Hand in Hand International, n.dd). Despite the vast distance between them, all partner organizations work together to nurture the creation of more than 1,000 jobs a day, totaling in more than 350,000 jobs a year (Hand in Hand Sweden, n.da). Working to fight poverty in their operational areas, by increasing women's economic empowerment and empowering youth, with the help and support from their fundraising areas (Hand in Hand Sweden, n.da).

HiH's story first begun when two teaching aid authors, Olle and Gunnel Blomqvist, traveled to India in the early 90s. During their visit to Kancheepuram, Tamil Nadu, they witnessed a lot of kids working in production facilities instead of being in school. Upon noticing this, the couple was distraught and decided they wanted and needed to help, they wanted to move kids out of production into schools. With the help of a contact in India, they were able to start evening classes for the child workers, where they not only provided education but also food. These classes soon progressed to other activities, like health care and classes for illiterate adults, as well as childcare for children with families in the lowest parts of the caste system. Through their work, the couple witnessed a lot of families being destroyed by fathers and husband's alcohol addiction, as they used the family's money to keep up with their addiction rather than using them for the family's needs. From that, Olle and Gunnel realized that the women in these families needed larger power over the family's finances to create a better and more secure environment for their families (Hand in Hand Sweden, n.db).

The couple financed the organization's activities with the help of donations from individuals and corporations, one of these sponsors was Percy Barnevik who joined HiH in the late 90s. Percy quickly came to realize the organization's potential and decided to help beyond just donations. Henceforth, together with Dr. Kalpana Sankar (one of the co-founders) they brought the organization into the direction it still focuses on today – fighting poverty through female entrepreneurs (Hand in Hand Sweden, n.db). In 2003, Barnevik and Sankar presented a job-creation model to comprehend with their mission, a

model that was the base for the work still implemented to this day (Hand in Hand International, n.de).

This model was brought upon to help and equip females with the skills and knowledge needed to make their own success. *“Our model, help to self-help, puts people’s destinies in their own hands. You train them, you coach them, but they decide for themselves about the future”* – Percy Barnevik (Hand in Hand Sweden, n.da). HiH’s unique job-creation model (also shown in Appendix 3) is divided into four steps:

1. Social Mobilization

Through the creation of SHGs, HiH aims to bring together members, typically women, in group formations where they can support and learn from each other, as well as contribute to weekly group savings. The groups are usually made up of 15-20 members (Hand in Hand Sweden, n.da).

2. Business Training

Upon the establishment of SHGs and once the group’s savings fund is firmly in place, HiH educates their member in enterprise building. Training them to start and develop their own businesses. The education is divided into different modules like basic bookkeeping, business development, marketing, and more. Once one has completed the training, they should feel more confident in running their businesses and household finances. Throughout the modules, the members are also educated in human rights training, as well as learning and embracing gender equality (Hand in Hand International, n.da; Hand in Hand Sweden, n.da).

3. Access to Credit

The group savings help finance most new enterprises. Nonetheless, when members need more capital, they can borrow internally. Once they have finalized training in credit management, there are provided access to microloans funded by HiH or credible MFIs (Hand in Hand International, n.da; Hand in Hand Sweden, n.da).

4. Linking entrepreneurs to Markets

The final step in HiH’s job-creation model is helping the members established enterprises to compete and thrive by helping them to larger markets, sourcing cheaper supplies, improve branding, packaging, quality, and value addition. HiH believes that by helping their members scaling up their businesses, the entrepreneurs will be to create more job opportunities and directly benefit their communities (Hand in Hand Sweden, n.da). Beyond that model, HiH presupposes that by enhancing and strengthening their members through their job-creation, their members and their families will grow financially stronger, women will be able to influence their living standards, and lives will be transformed for the better. *“Less poverty. Transformed lives. Brighter futures”* (Hand in Hand International, n.da).

Beyond their job-creation model, HiH also works with more specified projects, projects that are still well within the frame of HiH’s foundation, fighting poverty with entrepreneurship, but with an added thematic focus area. Thus, beyond female entrepreneurship, the SHGs may work and train more in areas like environment, democracy health, rights, and education (Hand in Hand Sweden, n.dc). Through their work HiH has mobilized 3,02 million members in SHGs, helped create or strengthen 2,93

million businesses, and from those businesses 4,53 million jobs have been created (Hand in Hand International, n.df).

5.2 KENYA

Bordering the Indian Ocean and in between Somalia and Tanzania lies Kenya. With an estimated population of 53,7 million people, with a median age at 20.1 (Worldometer, 2020). Kenya is a nation encompassed by a lot of different ethnicities, languages, cultures, and religions. Kenya is known as Eastern Africa's economic, financial, and transport hub, showing an average real growth over 5% over the last decade. The nation is ranked as a lower-middle-income country because the nation's GDP per capita crossed a World Bank threshold. Despite a growing entrepreneurial middle class and steady growth, Kenya is still impaired by weak governance and corruption (Central Intelligence Agency, 2020, May 14). Agriculture could be viewed as the backbone of the Kenyan economy, contributing to 26% of the nation's GDP and with and 27% that is indirectly connected through linkages with other sectors. The agricultural sector employs more than 40% of the total population and more than 70% of the country's rural population (Food and Agriculture Organization of the United Nations, 2020).

In the last couple of years, Kenya has made significant political, structural, and economic reforms which are some of the major factors that have largely driven sustained economic growth, social development, and political gains. Growth is also driven by ongoing investment supporting the implementation of manufacturing, universal healthcare, affordable housing, and food security. Nonetheless, the nation still faces key development challenges including poverty, inequality, climate change, continued weak sector investment, and the vulnerability of the economy to internal and external shocks (World Bank Group, 2018).

As mentioned in Section 1.1.2, the world still must work harder to close the gap between the genders, the same can be said regarding Kenya's situation. Despite seeing significant initiatives in recent years to build institutions, infrastructure, and policies to promote gender equality, the nation still has a long way to go. Many girls still lack access to basic services, and women are still under-represented in decision-making positions and political leadership. Legal and policy frameworks still undermine women and girls by weak implementation and lack of gender-responsive budgeting. One can also see that discrimination and cultural norms still influence women's participation in the labor markets and access to finance and technology (Equal Measures 2030, n.d).

Amongst the Kenyan population, 70,3% have money saved, 26,8% save money via a financial institution, and 34,7% save money using savings clubs or through the help of people outside the family. Moreover, around 19% of the population have borrowed from a financial institution or used a credit card, whilst 45% borrow credit from family or friends, and about 64% have borrowed any money. Another financial service used by more than half of the population is remittances, this number shows both received or sent domestic remittances through an account. The nation's citizens have also come to embrace digital payments and transfer services. Using digital payments systems to pay bills, receive wages, and government payments (World Bank Group, 2018, p. 84).

Notwithstanding, about a fifth of Kenya's adult population are unbanked, and amongst these about two-thirds are women. Additionally, these unbanked both men and women

come from households living in poverty. Studies also show that almost half of the unbanked adults are out of the labor force and that the most common form of work is self-employment, starting one's own business or enterprise. Further, the Global Findex database shows that among unbanked adults' women are less likely than men to participate in the labor force (Demirgüç-Kunt et al., 2018, p. 39).

The school system in Kenya is divided into four different educational levels: pre-primary (ages 3-5), primary (ages 6-11), secondary (ages 12-17), and tertiary (18-22), with compulsory education spanning from 6-17 years old. UNESCO's numbers from 2016 suggest that the gross enrolment ratio of the Kenyan population for primary school is 103.21% and that the transitional rate from primary to secondary school is 99.22%. Between the sexes these numbers are fairly similar, with just a slightly lower intake of females. However, these are numbers that have increased over the years and do not speak for the elder generation. Hence, UNESCO also demonstrates numbers showing that the literacy rate amongst the population between 15-24 is 87.83%, whilst among the population aged 65 years and older is 57.42%. Showing a vast difference between the ages. Among the generation that is 65 years and older there is also a large difference between the genders, showing that the literacy rate among males lies at 76.42%, whilst only 43.7% for females (UNESCO Institute of Statistics, 2020).

Thus, if the country addressed their major challenges of poverty, inequality, governance, the skills gap between market requirements and the education curriculum, climate change, low investment, and low firm productivity to achieve rapid and sustainable growth rates, the country could transform the lives of the nation's citizens. The World Bank Group (2018) finds Kenya to have great potential to be one of Africa's success stories from its growing youthful population, the country's dynamic private sector, their highly skilled workforce, improved infrastructure, a new constitution, as well as the nation's pivotal role in East Africa.

5.3 HAND IN HAND EASTERN AFRICA

As aforementioned, HiH works in locations all of the world, with one of them being in Kenya. Headquartered in Nairobi, HiH EA is one of HiH's most prominent operational partner organizations in Sub-Saharan Africa. Relying on donor fund and with strategic support from Hand in Hand International located in the UK, and Hand in Hand Sweden. These two offices are central to fundraising and coordination within the HiH network, working as a link between the operational offices and donor organizations and individuals (Hand in Hand International, n.db; Hand in Hand International, n.dd). HiH EA has programs and group projects in both Kenya and Tanzania, however mostly in Kenya. With operations dating back to October 2010, HiH EA has field offices in 21 Kenyan counties, with operational work in 27 counties (Hand in Hand EA, n.d).

Similar to the rest of the network, HiH EA's ultimate objective is to contribute to the reduction of poverty and gender disparities that are endemic, especially in Kenya. By working with smallholder farmers, HiH EA is helping tens of thousands of smallholder farmers thrive eco-entrepreneurs, utilizing farming techniques such as crop diversification that stand up to climate change or launching other green businesses such as waste recycling or beekeeping. Because of extreme droughts in Kenya, sustainable eco-enterprises have become one of HiH EA's primary targets. Since 2010, HiH EA has mobilized close to 306,000 members who train, save, and start businesses together in

SHGs. From these SHGs, 301,203 enterprises have been created or strengthened and 406,735 jobs (Hand in Hand EA, 2020).

5.4 HAND IN HAND EASTERN AFRICA - MICROCREDIT

In 2012, HiH EA established an Enterprise Incubation Fund. The Enterprise Incubation Fund provides HiH's members with microloans that are typically worth about US \$120 each. These loans are only provided to members if they complete and graduate all of HiH's training components (Hand in Hand International, n.dg). The Enterprise Incubation Fund is predicated on the simple truth that savings and skills training can go a long way towards alleviating poverty, but sometimes that is not enough. Hence, without access to finance, HiH has found that most microentrepreneurs will never be able to strengthen or expand their businesses and move out of poverty (Hand in Hand International, n.dh). With intense financial skills training and a strict system of group guarantees, the Enterprise Incubation Fund has provided 62,918 loans to members in Kenya, totaling to US \$7,61 million distributed. They are also able to show a repayment rate of 99%, which is impressive even in comparison to many Western Funds (Hand in Hand International, n.dg).

6. EMPIRICAL FINDINGS

This chapter presents the empirical findings collected throughout the case study. Different themes are highlighted and discussed further providing understanding to the case and the situation with Hand in Hand Eastern Africa and their work with women, with regard to aspects of financial literacy and microfinancial services.

6.1 FINANCIAL LITERACY

When conducting the interviews, the authors utilized their interview guide, a blueprint created and adopted from the findings in the theoretical framework. The interview followed a set of themes with the first one being financial literacy. Subsequently, after the general questions, the participants were asked about their understanding of the concept of financial literacy, and how they would explain it. All participants agreed upon financial literacy being the knowledge about finance and the ability to manage once finances:

EMP06: *“Knowledge about finance, on how to manage finances”*

EMP03: *“Basically, it's the knowledge and the ability to manage financial issues”*

EMP01 describes a scenario where an individual is aware of her finances, explaining that she has the knowledge and ability to manage her finances for the future, accentuating that this individual is financially literate because she has an understanding on how to manage her records, understand how to calculate her profits, make her business grow, whilst meeting her family's financial needs and save for future financial needs at the same time. Further EMP04 explained, that beyond the knowledge about economic concepts, financial literacy also relates to a person's ability to access finance, understanding where one can borrow credit as well as being able to understand how to set up a repayment plan. In addition to knowledge and managing one's finances, EMP05 said:

“Are these people knowledgeable or do they have the information on accessibility and availability of finance? Because if someone is not that aware, they're not able to undertake a decision. Financial literacy is about helping people understand what is currently happening in terms of finance; capital issues, audits pertaining, currency, is the profit matching, what income do they need to earn, or to earn a living”.

Following the participants enclosed what skills one needs to withhold in order to be financially literate. EMP03 said that specific skills needed are:

“...basic financial management skills including bookkeeping, calculation of profits, how to run the enterprises to ensure profitability” continuing “know what you are investing in, how much you're investing, how much you're expecting for the investment and how to calculate after you've done it, to see whether you're making profit or not. And the ability to make adjustments here and there to make sure that you have operational efficiencies.”

EMP04 agreed with EMP03, stating that a person should be *“able to write the account, be able to keep the records and the finances. They can be able to relate and get to know*

the profits, their potential lows, know the businesses that they are getting into” following EMP04 presents the importance of a proper business plan: “have a business plan that can guide them so that they get to know what they are getting into a business, they need to know those pros and cons”.

Additionally, EMP06 emphasizes an individual’s understanding in terms of borrowing and knowing how to repay that loan, as well as pressing on the importance of knowing all the information regarding that loan and understanding what information entails. Further the authors aim to understand HiH EA’s situation, regarding their female members and financial literacy. To gain a large understanding and information needed to interpret the situation in Kenya, the authors’ asked questions concerning the five dimensions of financial literacy.

6.1.1 KNOWLEDGE OF FINANCIAL CONCEPTS

When asked how they perceive the knowledge of financial concepts that the female members have, EMP01 explained that:

“...we meet them when they have, let’s say on a scale from 0-10, on level 2 of financial literacy or financial knowledge”.

EMP03 says that most of their members come from: *“the bottom of the pyramid in the society economically, the poor who do not have many opportunities from the beginning, they have low understanding, they have limited knowledge and skills on financial literacy”.*

The knowledge between the members in the beginning also depends on the age of the members, EMP01 annotated that: *“around 18-35, they have more financial knowledge compared to the elder. The younger also have a little more access to technology compared to the old people. The younger members are able to operate mobile phones that has a mobile money transfer platform, they are able to send money, they are usually at a more knowledgeable level compared to the elderly.”* One must also remember the impact general literacy has on the members’ ability to understand financial concepts:

EMP01: *“Not all members are able to read and write but the majority are able to read and write, it is also depending on the age. You will find that the youth bracket across all sexes are able to read and write comfortably but the elderly, very few.”*

Beyond that, the members’ knowledge of financial concepts may have also been affected by the social culture as explained by EMP05:

“Because with some of the community when you are dealing with women, you go through inferior parts of Kenya, the social culture in the North, they all know the man is the head of the family. Meaning the women don't have any information”, EMP05 further explains: “They have nothing, they don't even understand and some they might have at least small percentage of understanding of financial freedom and financial issues.”

The respondents further explain how their training with the members affect them positively, acknowledging the development and the knowledge the women persist after

their time at HiH EA. Finding that the members show knowledge in financial concepts once they have finished their training at HiH EA.

6.1.2 ABILITY TO COMMUNICATE ABOUT FINANCIAL CONCEPTS

In regard to being able to communicate the financial concepts, the respondents found that this is something the women enhance during their training at HiH EA, as explained by EMP03:

“So basically, they are able to define the concepts in their own words at the end of the trainings. So, they may not follow the academic definitions and all that, but they know what they need to know in terms of it, they know the concepts they need to understand in their own language, and they know what is important to them.”

Further, EMP02 has been able to identify a positive development in the members' confidence when they finish training, finding that because the members are able to communicate better financially, they feel more confident in their decisions.

EMP02: *“...they become more confident and more aware and know what to say to I get a loan, to borrow from friends [...] the confidence that I see grows a lot and they're really to explore what opportunities are out there.”*

6.1.3 APTITUDE IN MANAGING PERSONAL FINANCES

EMP03 explained that when they first meet the women, they may be able to handle their own finances but in a very general way, some may have opened bank accounts of previously received credit from MFIs (EMP01 & EMP02). Others have also received some education from other social actors or organizations that have led them to have a moderate understanding of how to manage their personal finances. However, those learnings may only be on how to open a savings account or being presented with the opportunity to loan money, but not the knowledge behind it. They are not able to understand the entire information that follows with that account or lending opportunity, which is something that may put them in a vicious circle (EMP04). The capabilities and competencies needed to manage their families and their businesses is something that evolves during their time with HiH EA. Capabilities and competencies relating both to personal and professional finances.

6.1.4 SKILLS IN MAKING APPROPRIATE FINANCIAL DECISIONS

Skills to make appropriate financial decisions is something that the members are able to develop during their training at HiH EA. Even though may have some basic abilities to make financial decisions, EMP03 explains that:

“They make their own decisions on what to buy and what not to buy. The women are able to buy vegetables and sell”, continuing EMP03 explained *“And they can sell locally without any market linkages upwards, which may help them make more profits. So*

basically, they're able to operate within the villages, buy and sell, maybe produce or kind of keep chicken and sell. Sell the eggs or the chicken, goats and cattle and they have the ability to make those investments and decisions. What limits them is initially they may not be able to know whether they're making profits. They may keep a cow for maybe five year [...] spend around 120,000 Kenya shillings. But when you sell that cow, it will be like 30,000 shillings or 40 at most. So, they don't know how much they've spent over the five years and then they don't care whether they're making profit or not."

EMP04 has witnessed similar scenarios and describes the situation and the members' development during training as: *"So before recruiting them, they might not have that basic knowledge, but at that training then you see that they are able to make informed decisions, which means that, they've been there intellectually, been capacitated, both in terms of knowledge, skills and even attitude. Is quite critical for us."*

Another scenario that suggests that the members, once graduated from training, have the skills to make appropriate financial decisions was presented by EMP01. A scenario where a member was able to adapt to the changes that Covid-19 brought to her business. Before Covid-19, she worked as a tailor making shirts and trousers, but as her business was stagnating, she understood that she needed to diversify and adapt to the situation and started making face masks instead. Meaning that she is not only able to keep her business going, but she is able to help the community in tremendous ways.

6.1.5 CONFIDENCE IN PLANNING EFFECTIVELY FOR FUTURE FINANCIAL NEEDS

All participants agree that when the members are first recruited and mobilized in SHGs, and before training has been finalized, the women are not confident in terms of their financial decisions and do not plan in the most effective ways for their future financial needs. Like EMP02 stated:

"The one thing I know that changes a lot is a member at graduating, meaning you have gone through all the modules, and can then enter Enterprise Incubation Fund, enterprise incubation fund, which is a small loan that you get for your business or your personal need. The one thing I should say, you can clearly see I change in the confidence with money as that big thing", EMP02 continues to say: "So they become more confident and more aware that I can say I get a loan, I can, I can borrow from friends, I can work with what I have, but for me, the confidence that I see grows a lot and they're really to explore what opportunities are out there. I look at them as not being inaudible of their achievements."

Further, EMP03 described situations where the members, after their training, are able to make decisions that will better the lives of the members' families. They are able to plan for the children's future education or understand the importance of saving for unexpected future events, or perhaps for bettering the household. Beyond, EMP06 explained that once training is done the members should know:

"... when to borrow and reasons why they should borrow and how they can make income to repay their loans and other trainings like value addition and market linkage and

environmental focus”. EMP05 adds to this statement by ensuring that: “These people are able to implement what they have learned. So, after the training, you find at least 99% of the members that ended their training are to make a decision, they are able to make a smaller budget that able to plan for their finance even to participate in their community.”

6.2 FINANCIAL LITERACY AND SELF-HELP GROUPS

As presented above, most of the members are taught and become financially literate as they attend HiH EA’s training. The women are taught to understand, manage, learn how to make appropriate decisions through seven modules, spanning over a timespan of twenty-seven months (EMP01, EMP02, EMP03, EMP04, EMP05, and EMP06). The seven modules performed are (1) Group Formation training module, (2) Savings/Resource Mobilization training module, (3) Enterprise Development training module, (4) Financial Management training module, (5) Credit Access training module, (6) Value-chain Management training module, and (7) Climate change resilience training module (EMP02). The education is provided collectively to the SHGs; thus, the training-sessions are held in group settings.

EMP04 argues that: *“A group methodology works well because [...] I have 8 BRO, business relationship officers. That's have the capacity to help over 6000 active clients. So, if you do the approach of individual its time consuming and two, it's also costly”*.

EMP04 and EMP06 agree that group-training allows HiH EA to approach more people and in a larger locational spread. However, there are also individualized sessions when a member may need help with a specific situation she faces. Hence, she may ask the field personnel to help her with a peculiar need for her enterprise and may face challenges that she needs help individually. Beyond being more efficient, EMP03 explains that group training also enables peer to peer learning. Describing that with all the information that is brought through the members during the modules, they may need help from each other to understand and remember all the information. They may even bring up challenges they face to one another and help each other within the group, without help needed from HiH EA’s staff. EMP03 continues with:

“They even a visit and enterprises to see what is happening and they can even decide to change an enterprise after learning from the other people.” Moreover, EMP06 explain that because of the potential different levels of understanding within a group, the one with higher knowledge of financial literacy may *“check and train the ones who don't have understanding”*.

Additionally, EMP02 annotates that these members also tend to be the once taking leadership positions within the group. Agreeing with that notion, EMP05 explains that people could be seen as role models for the group, because having a great understanding of the financial concepts, their enterprises are usually excelling. Following, EMP05 explains the importance of entrusting in this person:

“In a certain group you might have a member, I mean that maybe there is one person who has taken the mandate. You need to empower this person to scale up so, in the time

when a project come to end. These people can access the community.”

Beyond that, EMP03 states that the members demonstrate the impact of mentorship given by the staff at HiH EA. These mentors are the Business Relationship Officers, who are the people who conduct the training with the members but are also the once who *“visit the enterprises to mentor the entrepreneurs as they continue with their business just a little while before the end of the project.”* Adding to this EMP06 expresses the pivotal role these leaders have: *“We made sure that you they get that power, so they can lead the community because some communities say that a woman cannot stand in front of men. And because of that fear we trained them to ensure you are equal. All of us, we are equal. You have a responsibility as a leader.”*

In order to assure that the training presented to the members is appropriate and evolves the members into businesswomen and entrepreneurs, EMP05 explain that they use a scorecard to give HiH EA an overview of the educational level of the members and depending on the different understanding of financial knowledge and information, they are able to rate members from that. Further, EMP06 mentioned that continuously look at the members’ business records, making sure they have understood all the parts of them, and ensuring they are able to manage their finances. EMP02 believes one of the biggest ways HiH EA is able to understand their members’ financial literacy level is by looking at their savings and how their savings are used. Additionally, EMP03 state that HiH EA can also assess their members knowledge and development by viewing the number of enterprises started or strengthen throughout a project period.

When asked if HiH EA conducts any follow-up assessments on their previous members and view their situations once a project is finalized EMP05 explained that just after the project, they contact the person monthly making sure everything is okay, and then the visits happened quarterly. EMP05 continued by demonstrating what happens during these visits:

“... you can have one on one, you can interview a member, you can check on whether things are being run well. If there is an issue, you can give advice, then they can call back, they can call back requesting. They want someone to, based on my business to say I’m progressing, to assist me, to assist my budgeting and so on”.

Further, EMP04 was asked if there are any long-term follow-ups EMP04 answered: *“as we speak presently, we are not doing that.”*. However, as the conversation continued, EMP04 mentioned that they have just recently received a grant to start a project where they will be able to profile members who have finished their training, viewing the state of the members and finding out:

EMP04: *“What are the means that they have now? Coming more to them than previous years. what are the most creative ways that they have included into their enterprises? Have they gone over and about maybe to look to other financial providers? Did the business inaudible what did the average sales, what is the household level changing income about that?”*

Continuing, EMP04 annotates that to their knowledge most of the businesses are created with the help of HiH EA is still operating, and that:

“We also see that they have created jobs. If they are operating one enterprise, you'll see that they have created two or three jobs so that they can also employ and thus to help them in managing their business”. EMP06 has also noticed a positive development, stating that: “Our program is very, it's very helpful. It has benefited most of the members”.

6.3 ACCESS TO MICROFINANCE

In order to be able to properly analyze financial literacy's impact on the access to microfinancial services, the authors argue that it is necessary to include a section about the various economic schemes that are provided to the participants of HiH EA's program. Upon describing the various services that HiH EA offers, it is evident that both internal and internal products are given to the members. EMP01 and EMP04 describe HiH EA's internal lending, also called *Enterprise Incubation Fund*, as a US\$100-200 loan with a maturity of 12 months. EMP03 strongly accentuates that the purpose of the Enterprise Incubation Fund is to function as a steppingstone in the creation of jobs through entrepreneurship. Throughout the repayment period, EMP01, EMP02, EMP03, EMP04, and EMP06 emphasizes the importance of continued assistance to prevent the borrowers to position themselves in a downward spiral of bad debt. EMP01 and EMP03 argue that the creation of linkages to other institutions allows— both formal and formal – financial institutions facilitate the development process of not only the women but also their businesses. An example of an external institution that HiH EA enables access to is the *Women Enterprise Fund*, which could be described as a semi-autonomous government agency that offers women affordable credit, as well as *Youth Enterprise Development Fund* who aims to increase economic opportunities for young people in Kenya by providing accessible credit. EMP04 clearly expresses the gravity of self-reflection and opportunity-allocation, rather than limit the services to a single provider.

EMP04: *“Once they have been trained in financial literacy ... they are able to access different funds. We are not, per se, restricting ourselves to any particular bank. We give the members liberty. Once they understand the pros and cons about borrowing wisely, they can go to any bank. But you are also advising them that before they go to any provider, they get to know the details of the financing”*

This is in alignment with EMP01, EMP02, EMP03, EMP05, and EMP06 who argue that the educational aspect that HiH EA provides is of essential value. All six employees are in unison that completing the seven module-program is considered as a pivotal factor in the accessing microcredit since it functions as a cornerstone in the members' general comprehension about financial concepts, methods, and opportunities. EMP04 further states that more formal lending avenues have a preference for individuals who are possessing a high level of financial knowledge as it decreases the possibility of loan defaults. Accordingly, EMP03 and EMP05 emphasize the importance of the modules concerning savings/resource mobilization (2), financial management (4), and credit access training (5) in order for the members to access micro-funding. EMP05 argues that, apart from undergoing HiH EA's training, activities such as running an ongoing business also could be considered as a requirement for accessing credit.

EMP05: *“We fund a business. We don't want to fund some money to spend. When you get the money initially - it's going direct to business. If this business is able to repeat this money, it's going to incubate to change their lives. Because we don't want to give you money if we are not changing your life.”*

This is in unison with EMP02 and EMP06 who are claiming that the ongoing business only could function through sustainable and consistent saving through *merry-go-rounds* or *table banking activities*. EMP02 explains that a merry-go-round function as a collective saving where each member contributes with a predetermined amount of money every time the group meets. Subsequently, the members are utilizing a rotation system in order to distribute the gathered money to one member at each meeting. EMP02 further accentuates that this risk-mitigating method enables the members to optimize their savings and, hence, boosting their business. EMP06 describes the table-banking activity as a similar strategy, but the main difference is that the regular financial contributed are distributed to several members instead of just one individual. However, EMP01 argues that the abovementioned requirements are interconnected since financial knowledge could be considered as the cornerstone in understanding how to save properly, how to distinguish genuine entities on the market, and how to decide whether the financial assistance is needed or not.

In terms of microinsurance, EMP03 claims that there are limited options due to the infant stage of that service. EMP06 further states that the small size of the loans inhibits the need for insurance companies to get involved. However, the credit provided by HiH EA is often combined with some kind of security since the participants often belong to the bottom of the pyramid and, hence, are not able to support their loans with any collateral. Additionally, EMP06 underlines the linkages that HiH EA is providing to other financial institutions since these flourishing collaborations with these organizations increase the possibility to reduce costs for services such as microinsurance. In accordance with EMP06, EMP03 explains that HiH EA tries to build collaborative relationships with microfinancial entities with the objective to create mutual advantages in the form of ameliorated education and increased access to various services. EMP01 explains this partnership as follow:

“The way we do this linkage is that we categorize these organizations as our partners or stakeholders. So, whenever we’re starting a project, or usually in the implementation period of the project, we invite our stakeholders and discuss what the project is focused on, and what kind of services our members are looking for. So, with these stakeholders, we provide them with services that are not able within Hand-in-Hand”

Upon discussing microfinancial services, EMP01 argues that there exists no visible relationship between HiH EA’s provided services and the access to schemes such as micro-savings or remittances. The underlying rationale for this statement is the recent development of the banking sector in Kenya which offers assistance from agents to the villages where formal offices are absent.

EMP01: *“Women are able to access banks and a savings account easily. And the main requirement to have a bank account in Kenya is to have a national ID, or some identification document. If you are below 18, you can have a bank account with your student-ID.”*

Additionally, EMP01 accentuates the importance of an adequate identification document, since it could be considered as a minimum requirement for voting in various elections as well as for transferring money. Although this recent development in Kenya’s financial industry has provided the country with endless opportunities, all six employees strongly express that the possession of financial knowledge is pivotal in order to be able to scrutinize the existing options.

EMP03: *“The problem is the [money] management because we now have mobile app-based loans that you can access from your phone directly. And the problem is that with all those sources that credit may be very expensive. So, you realize if I borrow and invest in a business and I’m not able to pay back the loan, I borrow from another app to repay this fast and the cycle of credit continues. So, I’m not making any money, I’m just working to pay interest allover”.*

Upon discussing the various hurdles that might impede the access to microfinance, the majority of the employees (EMP02, EMP03, EMP04, EMP05, & EMP06) identify the lack of collateral as one major obstacle. EMP06 clarifies that statement by arguing that the members’ position in the society – which is at the bottom of the pyramid – is preventing them from establishing contacts with formal loan avenues. EMP04 further emphasizes that the lack of credit history creates a catch-22, where the individuals cannot set up a business due to their lack of money and they can’t lend money due to their lack of physical assets. EMP01 describes the process as a form of due diligence where both formal and informal loan avenues perform a meticulous screening in order to examine if the potential lendee has adequate prerequisites for being granted a loan.

Additionally, EMP03 states that it exists a serious complication in the form of societal norms since it is not uncommon that the entrepreneurial women’s husbands are interfering with their tangible assets. Accordingly, EMP06 describes that banking institutions could be very cautious by injecting capital to families since traditional societal norms that undermine women’s rights, unfortunately, exist in some rural areas. EMP02 further emphasizes that old-fashioned beliefs and values could be considered as major interruptions in the microfinancial machinery given that some women require their spouses’ permissions in order to be able to access such services. Although Africa and particularly Kenya have seen a positive development connected to women empowerment, discriminatory mindsets are still cemented in some rural areas, EMP05 explains.

EMP05: *“Instead of women spending the whole day fetching water... because there is a culture in Kenya that it is a woman’s role to fetch water... We need to reduce the time, the traveling time, for fetching water because it is time that you can spend on running your business.”*

Hence, HiH EA also provides an unorthodox investment opportunity in the form of *loans in kind*. EMP06 explains that the underlying rationale behind that the mechanism of loans in kind is that HiH EA provides the members with physical assets, such as water tanks, agricultural tools, solar panels, in order to boost their current businesses and assist them in their daily tasks. EMP01 further portrays these opportunities as payment agreements where the members subsequently have the possibility to purchase a good or a tool and, subsequently, divide the payments into manageable installments. EMP04 argues that this option does not only function as an enhancer of the members’ entrepreneurial opportunities but also as a way for HiH EA to utilize a libertarian paternalistic approach and nudge their members towards greener products which, in turn, reduces the environmental footprint. Moreover, by including both female and male members in the programs, HiH EA contributes to an increasing awareness of gender equality in the society, EMP05 states.

Upon discussing the various counteracting activities that HiH EA implements in order to facilitate women’s access to microfinancial services, EMP03 claims that a collective authorization-system is incorporated in the lending process.

EMP03: *“They [the loans] are provided to individuals, but with a group guaranteed system. The group is asked to kind of validate you to get a loan because they know your ability to pay or your behavior in paying back because you've already practiced the table banking in the [self-help] groups.”*

EMP06 strengthens EMP03's argument by arguing that group dynamics are considered as an advantage in accessing microfinancial services. The SHGs are conducting a procedure, somewhat similar to banking institutions' Know-Your-Customer process (KYC), in order to distinguish whether the loan is essential for the potential lender's business and, hence, if that person has the financial means to repay it. EMP06 further explains that this validation system not only enables the members to make adequate investment decisions but also increases the possibility to access external loans due to the collective collateral provided by the guarantors.

In order to ensure that correct judgments are made, all six employees characterize trust as a pivotal feature. In the context of the accessibility to microfinance, EMP02 strongly accentuates that trust is an essential factor since it is the cornerstone of the co-guarantee system which, in turn, allows the members to receive financial assistance from external entities. In harmony with this argument, EMP06 underlines that the level of trust is not a feature that emerges instantly but could rather be seen as a continuous process that arises from the first module – group formation training. This is in alignment with EMP05 who argues that the participants in SHGs are undergoing a self-reflective phase upon conducting the table banking activities which, in turn, enhances their trust levels. In addition, EMP01 states that this journey of commitment is not easy to fulfill, but that the groups who can create and maintain a high level of trust are doing so by adapting to a mutual-agreed structure.

EMP01: *“You will find that some groups have trust issues, but looking at the whole process of a group formation, you will find that groups that are bound to fail or bound to be disintegrated, they usually doing it before reaching our fifth month of training. At the end of our training, we will find out which groups that are not suitable for lending. There are not many cases in the women's groups, but the groups have constitutions and bylaws so that they have ways of dealing with uncooperative members, members who are not repaying their table banking-money.”*

Furthermore, all six employees describe that it exists a positive association between the increased level of trust and the participation level in an SHG. The underlying rationale for that statement, according to EMP05, is connected to the self-reflective nature of some groups where distinct roles are taken by the members. As mentioned in Section 6.2, the levels of both general literacy financial literacy vary within the groups. Hence, individual and collective decisions about the power-relationships within the SHGs are made in order to optimize each individual's potential (EMP05). EMP01 further emphasizes the importance of the group dynamics, as well as the pivotal role that individuals with more knowledge have on the less-experienced members.

EMP01: *“Such women in a group usually help a lot because they understand our concepts easier. So, they are able to understand our level of training, as well as the financial facilities faster. Because, some of them are a bit enlightened – their literacy levels are quite high. So, they will influence the other members positively. The same goes with the linkages to other institutions. So, to the best of my understanding, they work for a better group in terms of access and understanding, they promote how the other members will*

understand certain concepts. And they also shield them because we have some players in the industry who are not genuine.”

6.4 FINANCIAL LITERACY & ACCESS TO MICROFINANCE

Since the purpose of this paper is to investigate what impact financial literacy has on the access to microfinance, it is appropriate to include a section where the two concepts are merged and, hence, summarize the interviewees’ perceptions about possible associations. All six interviewees agreed upon the fact that it is necessary for someone to possess basic knowledge in order to participate in sustainable and lucrative financial services. However, EMP03 argues that recent technological development in Kenya has contributed to increased lending opportunities through the access to financial platforms online. These technological advancements are sometimes causing more damage than creating opportunities since the eagerness to receive financial assistance often transcends rational decision-making. Furthermore, EMP01 strengthens that argument by stating that although the financial means are present for any individual who possesses a mobile phone and a national ID, their inability to make adequate financial decisions could eventually position them in a vicious cycle of continuous debt.

Thus, all respondents argue that HiH EA’s modules enable their members to think critically, as well as learn the basic knowledge about how to manage their savings, how to make a proper budget, and how to make sustainable decisions that not only profit their businesses but also their individual development. EMP06 summarizes the most essential concepts of knowledge as follows:

“The first thing that we tell our members is borrow when you have a need. Because you see some of the enterprises are able to take care of the enterprises. They don't need loans. So, we tell them that's before you get a loan know why you need that loans. If you get it, you should know how you're going to get finances to repay the loan. You should know how to plan for the future. You have a budget and know that at the end of this period, I'm going to earn this much. Then you should also know if you could, I can say demand for all the information on the cost of the loans.”

7. ANALYSIS AND DISCUSSION

In the following chapter, the authors present an analysis and discussion based on the empirical findings. The discoveries demonstrated in the previous chapter will be compared and analyzed based on the theoretical framework introduced in earlier Section 2.7. The authors will also discuss the differences and similarities found.

As stated throughout the thesis, the main objective of this study is to examine how financial literacy favors women's access to microfinance in developing countries. In order to facilitate the comprehension of the data analysis, the conceptual model is, a new, illustrated below. Since the inclusion of the framework below is solely for illustrative purposes, additional factors have *not* been included in this version but will, if existing, be incorporated in a revised framework in Section 8.2.

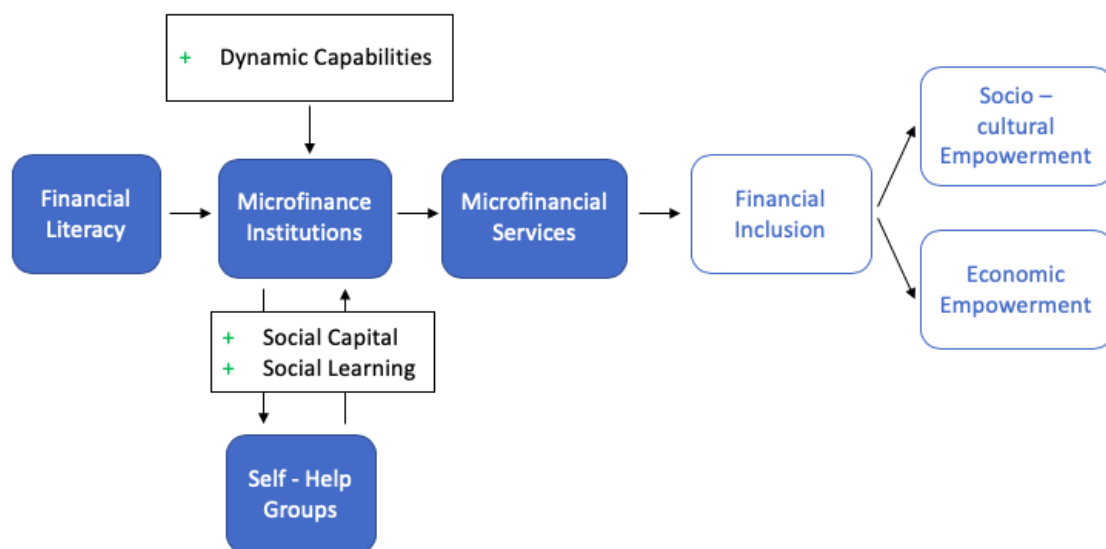


Figure 2 - Conceptual Framework

7.1 FINANCIAL LITERACY

As annotated in previous literature, financial literacy is a complex concept with a lack of universal description. However, as suggested at the end of Section 2.3, financial literacy can be viewed measure of someone's understanding of key financial concepts and one's ability to manage personal finances with confidence, and additionally being able to plan for future financial events (Remund, 2010, p. 284). This definition is also agreed upon in regard to the findings presented in this research. All respondents agree that a financially literate individual need to understand and withhold the ability to manage personal finances, such as; bookkeeping, calculation of profits, investment knowledge, the ability to create a business plan and follow it, as well as have an understanding of how one's finances will be affected by unexpected events and how to manage the business regardless of these events, being able to plan sustainably for oneself and families future.

As suggested by Remund (2010) there are five dimensions that one can use to determine if a person is financially literate or not. Firstly, one should know financial concepts, this is key to being able to use financial information and instruments correctly (Faulkner, 2015, p. 12; Grohmann et al., 2018, p. 86; Krechovská, 2015, p. 4). Evidently for this thesis, and especially for this case study, is that knowledge of financial concepts is limited and abundantly low at the beginning of their journey together with HiH EA. Members face struggles in many areas being a part of the bottom of the societal pyramid, and one of them is not having the means to learn and understand financial information. Beyond that, the findings also suggest that knowledge of financial concepts is impacted by the age of the individual. HiH EA's staff accentuated that the younger generation has a knowledge base to start at. This is largely due to their understanding of technological advancements, but also due to the level of general literacy a member withholds. The elders' struggle with general reading and writing comprehension, whilst the younger members are more comfortable with those elements. This is in-lined with the ratings present by UNESCO Institute of Statistics (2020), suggesting that the elderly generation has a lower literacy level than the younger. In addition to this, the findings also show that the knowledge level may have been affected by the societal and cultural norms existing in their societies and communities. Where the gender roles are very rooted in the culture and way of living, these findings are unison with the one presented by Equal Measures 2030 (2019), suggesting that there is still work to be done when it comes to decreases the distance between the sexes and finding coming ground where both play equally.

Financially literate individuals should feel confident when communicating financially with others. Phrasing and articulating accurately, and discussing financial concepts without discomfort (Vitt et al., 2000, p. xii). The results of this study display that there may be levels of financial communication. Demonstrating that people may be able to communicate financially and having the ability to function without having an academic understanding of financial concepts. Presenting alternative ways to discuss financial matters and still being understood. However, the findings also suggest that when the members were given educational training of financial concepts, they did feel more confident in their conversations with others, feeling more aware of all aspects of the information presented to and from them. Nonetheless, one could argue that the members' knowledge regarding financial concepts is not a focus point in HiH's educational curriculum. By that, the authors mean that a lot of focus during training seems to be with regard to practicalities and the members' ability to manage their businesses, and perhaps not on the academical meaning and understanding of the concepts. The members do increase their financial knowledge, but is it just the knowledge needed to understand how one operates with financial instruments?

Similar to the members' ability to communicate financial concepts in their ways, the participants mentioned that most of the members did have some financial capabilities and competencies before joining HiH EA. Most of the competencies possessed by the members were however pretty limited to basics, like opening savings accounts or receiving money transfers. However, the research also entails that there may have been other competencies needed to manage the financial instruments correctly, skills that were presented in training such as record keeping, and repayment plans, etc. As Remund (2010, p. 280) prevailed in his study, one should be able to operate financial activities like savings and money transfers, but one should also have the ability to manage and plan for financial needs or keep track of repayments plans, to be financially literate.

Remund's (2010, p. 280) fourth dimension relates to an individual's skills regarding making appropriate financial decisions. Having the ability to make informed decisions, based on the financial information presented, and not just applying it with disregard for what may happen. This may have been the case for most members before entering training with HiH EA. They have a somewhat inkling about financial concepts and may have been able to start a business, but they did not have the ability to make appropriate decisions for that business. HiH EA's employees explain that, the members did not know how to run their business financially accurate and without knowing how the choices they were making affected their business.

What has truly prevailed from the findings is that the women became more confident in planning for their future needs after graduating from HiH EA's program. They can make informed decisions confidently aware of how their decision-making will affect their enterprise. Additionally, by making proper decisions they not only better the lives for themselves but for their families as well. The females can understand financial concepts, converse and communicate their financial activities, having the ability to manage their personal and professional finances, with the proper skills for doing so, and making appropriate and confident decisions for their future. Nonetheless, without the training the women can function in society and manage their business, but their business would perhaps not last because of poor decision-making and inappropriate financial choices. Through their training, HiH EA empowers these women to embrace their knowledge and make confident and informed decisions enhancing their lives.

Beyond providing these women with the ability to better their standard of living and strengthen their enterprise, the findings also suggest that with the added confidence these women feel from finalizing their training, they can speak their mind and address communal issues. Feeling empowered to approach community leaders and chiefs and having the confidence to help change their communities. Further, the women are able to come together in their SHGs addressing community development matters as a united force and can therefore hopefully change their societies for the better.

7.2 FINANCIAL LITERACY AND SELF-HELP GROUPS

Indeed, the seven modules presented in Section 6.2 truly seem to affect HiH EA's members, graduating confident and financially literate women. HiH EA mobilized their women in SHGs, which help reach out to more people as well as making their work more efficient. What it also does is create a network of women who strive to reach the same goal, founding or strengthening their enterprises. Thus, facilitating an environment by which the women can socially interact with one another, subsequently they are able to learn, observe and imitate each other, and share knowledge through their network. Creating a setting where social capital is developed (Balatti et al., 2006; Engström & Mc Kelvie, 2017; Munene et al., 2015).

As presented in Chapter 6, there are members more knowledgeable than others within the groups. Individuals, who may be quicker to understand the training, having the ability to implement the training to their enterprises faster and perhaps more successful than others. Creating different levels within the groups. Levels which enable the less knowledgeable

individuals with role models and mentors whom they can look up to and learn from. This falls in unison with the social learning theory, where people are driven by continuous reciprocal interaction of personal and environmental determinants (Bandura, 1977, p.11). Between the role models and other individuals in the social group, a setting of trustworthiness is created, which is found to be an effective tool to help enforce a peer pressure mechanism (Munene et al., 2015, p. 303). Similar to what is found in the peer to peer learning between the HiH EA's members. Like mentioned, the SHGs provide the members with a setting where social capital is created, and social capital has been found to be very impactful on financial literacy and financial inclusion (Munene et al., 2015).

As HiH EA's SHGs mainly consist of females, with ratio explained to be approximately 80/20 in favor of female participants, HiH EA opens up for an environment where women feel more empowered and included in the financial landscape. Invoking them with the power to put themselves on the market and ensure their place as businesswomen with the power to change norms and societal implications that have previously been the standard ways of living. By continuing their work and reaching out to a large scope of Kenya's female population, HiH EA helps decrease the gap between the genders. Teaching both men and women of the power of equality and the untapped potential that is female financial inclusion and empowerment.

7.3 DYNAMIC MICROENTERPRISES

During their training, HiH EA equips its members with seven training modules that empower them to become greater businesswomen and businessmen. These seven modules are adapted to match their unique job-creation model, where they mobilize the women in SHGs, educate them in business training, provide them with access to credit opportunities, and link them to markets.

From their training, the staff annotated that they see a new-found confidence in their members, confidence that shows in the way the members run their businesses. As presented in the case of the woman who adopted and transformed her business when Covid-19 changed her work environment, HiH EA has trained these women to find resourceful ways to work through struggles and reconstruct their businesses when needed. This shows similarities to Eisenhardt & Martin, (2000, cited in Sutanto, 2016) study on dynamic capabilities, as dynamic capabilities refer to an organization's reconfiguration and capabilities to adapt in dynamic and ever-moving conditions. Subsequently, the dynamic capabilities approach enforces the enterprises to continuously improve and transform one's business model to external development, keeping their competitive position on the market (Lawson & Samson, 2001). Furthermore, this makes HiH EA's last step in their job-creation model perhaps even more important and relevant for their members to succeed. As the final step invokes the members with the abilities to strengthen their business models, help them thrive in competitive environments, and helping create a long-lasting position on the market.

Upon providing the entrepreneurs with the capability to adapt and reconfigure their business when needed, these skills are just as important for HiH EA to emulate. As they hope to help families move from poverty through job-creation, HiH needs to ensure that they find ways to adapt and develop with dynamic environments. Ensuring that, what they present to their members is correct, as they want to assure sustainable prosperity and annihilate poverty by enforcing their members with the ability to change their lives for

the better. In unison with Bell et al., (2002), it is essential for HiH EA to effectively implement a strong foundation of organizational learning in the emerging microenterprises in order to prepare them to adapt to external fluctuations.

7.4 ACCESS TO MICROFINANCE

To conduct a proper analysis of how financial literacy impacts the access to microfinancial services, it is appropriate to briefly review the various components of microfinance. The underlying purpose of the emerging of the first microfinancial institutions – Grameen Bank – was to create an opportunity for women who were stuck in vicious debt cycles due to multiple disadvantageous loans with high interest rates (Grameen Bank, n.d.). Similarly, the respondents illustrate a reality where technological development in Kenya has facilitated access to various loan avenues for the people at the bottom of the pyramid. Although these recent technological advances have debouched into various sub-streams of expensive financial services, the increased accessibility has created a greater need for genuine players such as MFIs. The underlying reason behind that statement originates in the level of financial knowledge that the individual at the bottom of the pyramid possesses which, in turn, often is exceeded by their physiological and sanctuary needs. A genuine actor that offers low-income, underemployed people access to external financial services through education is hence pivotal in guiding these people into financial inclusion (Bank for International Settlements, 2010; Maity, 2019, p. 152).

Upon scrutinizing the concepts of microfinance, the authors identified four different types of financial activities microcredit, micro-savings, microinsurance and remittances (Cull et al., 2013, p. 4; Holloway et al., 2017, p. 7; Khandelwal, 2007, p. 1128; Loubere, 2019, p. 199). Based on the findings, it is evident that the first one – microcredit – is synonymous with the loans that HiH EA offers through Enterprise Incubation Fund, Women Enterprise Fund, and Youth Enterprise Development Fund. The interviewees strongly accentuate that these types of credits are solely offered to HiH EA's members that have not only completed the seven training modules but also have an adequate business model and a repayment plan. In accordance with Holloway et al., (2017, p. 3), the intention behind these financial injections is not to provide fast solutions to deprived individuals, but rather to optimize the capacity of entrepreneurial people located at the bottom of the pyramid. By offering women the opportunity to participate in their programs, HiH EA provides a financial boost to cash-deprived entrepreneurs who, in turn, paves the path towards financial inclusion. The underlying rationale for that statement could be explained by Lusardi & Mitchell (2006) as well as Deepika & Sigi (2014) who strongly underline MFIs' impact on income, employment, and financial inclusion.

Another activity that falls under the microfinancial umbrella is the mechanisms to protect people at the bottom of the pyramid against uncertainties and other perils – microinsurance. The main objective of this service is to financially protect the individuals by mitigating the impact of unfortunate events on the safeguarded individual's assets (Holloway et al., 2017, p. 10). Based on the empirical findings, it is evident that the presence of such a service is highly demanded since both microeconomic and macroeconomic uncertainties need to be leveraged. However, the interviewees argue that the existence of a sophisticated insurance offering is absent in the microfinancial playground today, but that the development of such a product is in its infant stage. Alternatively, HiH EA is providing intrinsic risk-mitigating mechanisms within their

credit-offerings which should function as some kind of security for the lenders. Hence, the minimum requirements for accessing the conventionalized microinsurance are interchangeable with the qualifications for accessing microcredit.

Upon discussing microfinancial services, the empirical findings described money management as an instrumental part in the orchestration of poverty-alleviating activities. Hence, it is appropriate to discuss the impact of micro-savings as well as some of the prerequisites that an individual must possess to be able to access this service. The underlying purpose of this mechanism is to allow low-income clients to deposit and save small amounts in specific accounts without minimum balance requirements (Khandelwal, 2007, p. 1128). Although the findings illustrated that formal savings avenues are the single provider of services like (textbook definition) micro-savings, HiH EA enables its members to form a collective savings deposits through external entities while educating them about budgeting, planning, and money management. Further savings mechanisms that are utilized and promoted by HiH EA are merry-go-rounds and table-banking activities. These activities are utilized with the intention to create a sustainable accumulation of money which, additionally, functions as a complement to the external funds through the increased possibility of internal loans. In accordance with the definitions provided by Loubere (2019, p. 23), Bateman (2012, p. 588), and Khandelwal (2007, p. 1128), these dual-sided mechanisms allow both merry-go-rounds and table-banking activities to be positioned under the epithets micro-savings, microcredit, and microinsurance. The underlying rationale for that statement could not only be justified by the loan and savings opportunities associated with the activities, but also the risk-mitigating characteristic connected to collective exposure.

As explained in Chapter 6, the underlying problem with the financially excluded could neither be described as the rigorous requirements to accessing banking institutions nor the lack of such saving avenues, but rather the individuals' lack of knowledge to establish a pool of financial assets through money management. Although some banking institutions have higher requirements concerning minimum balance, the recent financial development in Kenya has contributed with an ample amount of financial entities for the population to utilize. Due to the development concerning micro-savings' accessibility in Kenya, the findings highlight that the only requirement for a low-income individual to access the basic account with the purpose to solely deposit and withdraw money is to possess a national ID. This finding contradicts Lopez & Winkler (2018), who argue that financial exclusion in rural areas mostly is a fallout of the lack of formal financial institutions.

However, some banking institutions that lowered their requirements on minimum account balance could often be associated with external expenses such as high administration fees to compensate for their increased risk-exposure due to the lack of collateral from some depositors. Upon discussing more sophisticated products connected to savings, it is evident that the participants in HiH EA's programs are provided with the possibility to partake in a merry-go-round or table-banking activities. Hence, the requirement for accessing such services could be characterized as active participation in the training modules and the establishment of an ongoing business in which the desirable funds are intentioned to be injected in. This is in unison with Bali Swain and Wallentin (2007) who strongly accentuate the positive association between the participation rate in an SHG and access to credit.

Furthermore, Loubere (2019, p. 29) and Khandelwal (2007, p. 1128) characterize remittances – both cross-border and domestic - as a moderately substantial form of funding and thus should be positioned as under the umbrella term microfinance. However, the empirical findings did not provide any supporting arguments that the concept should neither be included under the epithet microfinancial services nor any specific requirements connected to money transactions. Hence, the authors of this paper do not recognize remittances as an exclusive microfinancial activity which, based on EMP01's perception, positions the concepts as a service that is connected to formal banking institutions.

7.5 LOANS IN KIND

Lastly, from the findings, the authors exploited a new theme presented by a majority of the respondents. A service that pleases the members' needs on a more practical level. Beyond providing their members with the access of loans in credit, HiH EA also offers their members *loans in kind*, which is a service where HiH EA equips its members with physical assets that can enhance and strengthen their enterprises. Assets that enable their members to work in more efficient and adaptable ways. As mentioned in the findings, these are assets such as water tanks, solar panels, agricultural tools, and other resources that the women may need. These are supplies that the women have lacked previously, and which may have hindered them in their work. Thus, HiH EA provides a way for their entrepreneurs to loan these assets and create a repayment plan that works for them. These tools and products strengthen the women's business by decreasing time-consume events like spending a whole day on fetching water, or by opting for easier ways to work on their farms. By optimizing their work life, the women can better their services or products, providing them with opportunities to make more money, and hence, increase their profits, and giving them a chance to boost their savings accounts and invoking a better standard of living for them and their families.

Furthermore, by empowering the women with tools that could invigorate their enterprises, HiH EA has a say in what type of products they provide. Enforcing them with the power to enforce ways to make their entrepreneurs business greener. Allowing for more green enterprises to develop and adopt new Kenyan societal standards, that will hopefully sustain and create better communities. By reinforcing the women with new ways to found green enterprises, HiH EA contributes to reduce Kenya's environmental footprint and possibly help towards moving the country into a more sustainable way of living. This also falls in-line with one HiH EA's primary entrepreneurial goals, wishing to create more sustainable eco-enterprises (Hand in Hand EA, 2020). Hence, by enforcing the women with only eco-friendly products, not only help the women, but it comes to show that HiH's work is moving in the right direction.

7.6 ACCESS TO MICROFINANCE & SELF-HELP GROUPS

Since the purpose of this thesis is to examine how financial literacy favors the access to microfinance, it is appropriate to include a section that not only scrutinizes the collective setting in which HiH EA operates in, but also any possible impacts that the underlying mechanisms of group dynamics have on the accessibility to financial schemes. Based on

the empirical findings, the educational aspect as well as banking activities requires that the student or creditor belongs to a group. Apart from the apparent reason that collective education requires fewer resources compared to individual education; the interviewees strongly accentuate the importance of peer-to-peer learning. By utilizing a collective setting, the individuals who possess more knowledge – both in terms of financial and general literacy – could function as an enhancer for the other, less-knowledgeable individuals and, hence, impact their education positively as well as boost their business. This is in unison with the entrepreneurial perspective of social learning theory, which states that it is common to observe, adapt, and replicate a behavior if considered as desirable (Bandura et al., 1963; Bandura & Walters, 1977). The entrepreneurial setting of HiH EA allows this thesis to utilize Aldrich and Zimmer's (1986, p. 20) definition of the concept entrepreneurship: "*[Entrepreneurship] is a social role, embedded in a social context*".

Accordingly, the findings display a structure in which HiH EA has placed 'Group Formation' as the first module in their training. This architecture allows the individual members to form groups in which they are supposed to create a collective saving pool, accomplish assignments, as well as attend the educational encounters together throughout the training. Hence, the liberal nature of the first module enables the group members to create a unique group dynamic based on the member's preconceptions, competencies, and ambition. Correspondingly, the environment allows the members to create a trajectory that not only optimizes the development of individual knowledge but also enhances the overall performance of the group. This is in alignment with Minniti (2005, p. 5), who argues that the social environment has a pivotal role in entrepreneurial decision-making and development.

Based on the empirical findings, the interviewees expressed that the clear distinction of levels of financial literacy in the groups inevitably results in the division of specific roles in the groups where the more knowledgeable individuals are characterized as role models. Furthermore, it is evident that these role models – or mentors – positively influence the group by not only raising the general level of knowledge but also encouraging the less-knowledgeable women to participate in the financial and non-financial decision which, in turn, will empower them on both an economic and socio-cultural level. This development is in unison with Bosma et al. (2012) and Adekunle (2011) who strongly accentuate the role models' influence on its environment.

Upon discussing the importance of role models, Newman et al., (2014) strongly accentuate that it exists an association between the presence of mentors in a group setting and the theory of social capital. As mentioned in Section 2.5, social capital can be dichotomized into three sub-components: trust, social networks, and norms. It is, hence, appropriate to examine if the three elements have any possible impacts on access to microfinance. Accordingly, trust includes the perception of loyalty and reliability which could be considered as two essential factors when interacting with others (Putnam et al., 1993, p. 167-169). Based on the findings, the authors of this paper can distinguish two types of trust that influence the access to microfinance: the internal trust within the group and the trust to HiH EA/external entities. First, it is evident that, the collective group setting requires a high level of trust to function properly. The underlying rationale behind that statement is that intrinsic trust could be described as the cornerstone of the co-guarantee system that the groups within HiH EA have adopted. The lack of intrinsic trust

amongst the group members could impact the access to external funds since the members need to validate each other before being granted credit from loan avenues.

The co-authorization mechanism should thus function as a substitute for the lack of collateral that formal banking institutions normally require when applying for a loan. Furthermore, the authors of this paper argue that intrinsic trust is instrumental in the orchestration of table-banking activities and merry-go-rounds. This statement is justified by the underlying mechanisms of the activities which require that each member contributes with a predetermined amount of money under a specific amount of time. Hence, it is evident that these informal credit agreements require a high level of trust since the accumulated capital is limited to the individual's contributions. This is in unison with Thompson (2018, p. 49), who argues that people's expectations and mutual faith in each other influence the systematic joint effort which, in turn, affects each individual's expected behavior.

Second, extrinsic trust could be characterized as the confidence that each member has in HiH EA as well as their financial collaborators. The underlying logic behind the second type of trust could be derived from the findings who, in turn, display reality in the presence of non-genuine actors in the market that contribute to an increased level of uncertainty which, in turn, could impede the involvement by less-knowledgeable individuals. By providing an educational aspect as a form of requirement for being granted external credit, HiH EA does not only offer funds that limit the participants to their organization, but also allowing them to examine and analyze external investment opportunities upon completing their training. The mutual faith between HiH EA and its members enables the illuminated individuals to create their perceptions about the existing loan avenues and, in turn, analyze the various options to select the one that is most suitable for their business and living situation. Hence, the extrinsic trust is not only considered as a pivotal factor for HiH EA's members but is also essential in the freedom of choice.

The second element of social capital – social networks – emphasizes the importance of the systems of connections that two or more parties can form through collaboration (Grootaert & van Bastelaer, 2002). Upon applying that definition to the empirical findings, it is evident that the SHGs could function as a lucrative form of social networks due to its dynamic nature. Reagans and McEvily (2003) argue that a well-functioned network could function as a channel when transferring knowledge on an intra- and interorganizational level. Although this factor is mainly connected to the educational aspect of HiH EA's organization, it is indirectly connected to the accessibility since it is a requirement to complete all seven modules before being granted external credit. Furthermore, an integrated nexus of SHGs within HiH EA's organization increases the opportunities for intraorganizational lending due to the extrinsic trust explained in the previous paragraph. This is in alignment with Grootaert & van Bastelaer's (2002) statement that mutual trust between various groups could benefit the involved parties.

Lastly, Grootaert and van Bastelaer (2002) claim that shared beliefs and values – norms – are valuable tools in relationship-forming activities that, in turn, can lead to prosperous and flourishing collaboration on an intra- and interorganizational level. Hence, collective cognitive mechanisms function as an enhancer of a group's overall performance as well as the members' individual development process. Upon applying the concept of shared beliefs and values to the findings, it is evident that it could be considered as an essential cog in the collective machinery since it functions as a cornerstone in the development of

the group dynamics. Based on the findings, it is apparent that individuals that could not align their individual principles and attitudes to the groups are inhibiting the progress of the SHG.

Contradictory, the findings also display a reality in which social or societal norms function as an obstacle for women to access microfinancial services. Traditional and outdated cultural beliefs in some rural areas in Kenya still claim that the husband in a family has the power which, in turn, inhibits the development of socio-cultural and economic empowerment for women. The cementation of these societal and discriminatory norms in agronomic regions is limiting the women's abilities to long-established activities such as collecting water or childcaring which, in turn, narrows the span of opportunity for the involved females. By accepting such behavior, the current welfare gap of 31.4% between genders (World Economic Forum, 2019, p.9) could increase in the future and thus create a vicious cycle of financially excluded individuals (Hogarth, 2006; Joo & Grable, 2004). Hence, to meet United Nations (n.d.) policies about concerning gender equality, it is a necessity to abolish these outdated social norms and hence *"allow(s) women to exercise enhanced control over tangible and intangible resources and defy the male dominance and sex-related discrimination against themselves in all the levels of society"* (Batliwala, 1994, cited in Nawaz et al., 2012, p. 18).

7.7 FINANCIAL LITERACY & MICROFINANCE

In order to be able to fulfill the stated purpose of this thesis, it is appropriate to merge the two main concepts together. As stated by Almenberg & Widmark (2011), literature concerning financial literacy are usually divided into three elements; (1) the analysis of different geographical areas in order to assess the level of financial literacy; (2) research concerning financial literacy's influence on economic decision-making processes; (3) the examination of the results in financial literacy-related education. Although the main purpose of this thesis is not solely associated with one particular tradition of research related to financial literacy, it is evident that this paper grasps all elements. The underlying rationale for that statement is justified by applying the aforementioned traditions to the empirical findings.

The level of financial literacy was assessed by examining whether the participants in HiH EA's program had any previous knowledge about the sub-components concerning financial know-how and how their knowledge increase throughout the program. As mentioned in Chapter 5 this case study encompasses HiH EA's work in Kenya which, in turn, narrows the scope of the research to a specific geographic area. Despite the fact that the collected data was of a qualitative nature, the interviewees experienced that the participants in HiH EA's program had increased their general level of financial literacy which, in turn, is positively associated with increased domestic, social, and political acceptance (Bali Swain & Wallentin, 2007). Accordingly, by adapting Remund's five dimensions of financial literacy (2010) and applying them to the collected data, the authors of this thesis managed to provide information regarding financial literacy's impact on decision-making. As demonstrated in Section 7.1, some members may have pre-educational knowledge about how to make adequate financial decisions. However, after participating in HiH EA's training, the majority of the members managed to gain a better understanding of the underlying mechanisms behind their decisions through greater

awareness of the financial concepts. Moreover, the analysis of the findings illustrated continuous monitoring of the participants' post-training business. Although the interviewees describe that the process is in an infant stage, a positive correlation between the education provided by HiH EA and the involved members' prosperity could be distinguished. This development is aligned with Joshi's (2004) study who identified a reciprocal relationship between participation in an SHG and a woman's independence, awareness, income, and social empowerment.

As stated in the Chapter 1, a myriad of previous research has illustrated the existence of microfinance's positive influence on socio-economic development (Mehta et al., 2011; Nguyen, 2008; Pitt & Khandker, 1998; Smith & Todd, 2005). Equivalently, upon gathering, analyzing, and applying qualitative data, the authors of this paper could identify a similar pattern as their predecessors. The collected data illustrates a reality in which HiH EA's training culminates in an elevation of the individuals positioned in the nadir of the societal hierarchy. Nonetheless, the main purpose was to illustrate the possible association between financial literacy and the access to microfinance through the examination of the adverb *how* rather than the conjunction *if*. Hence, a thorough explanation, as well as a concluding section of the symbiosis between the analyzed findings and the theoretical background, are presented in the next chapter.

8. CONCLUSIONS

In the final chapter the authors aim to provide answers to the question and purpose that has guided this entire research. The chapter will contain a general conclusion of the study, together with a presented revised conceptual framework. This will be followed by the theoretical and practical contributions that prevailed from the research. Continuing with potential social implications and the authors' recommendation to HiH EA. Lastly, the authors provide insight into the limitations they have faced, as well as possible future research.

8.1 RESEARCH QUESTION AND STUDY PURPOSE

The purpose of this study was to delve into the underlying mechanisms of financial literacy and microfinance in order to examine how the former impacts the access to the latter. Although the main objective of the thesis could be described as the exploration of how various elements concerning financial proficiency favored the access to financial schemes, this thesis further provides relevant information regarding the aforementioned concepts' relationship to financial inclusion and women empowerment. Upon analyzing the academic fundament within the area of financial literacy, microfinance, and women empowerment, the authors of this paper identified a knowledge gap which, in turn, functioned as a cornerstone in the stated research question:

How does financial literacy favor women's access to microfinance in developing countries?

To properly answer the abovementioned research question and thus fulfill the purpose of this thesis, the authors conducted a qualitative study with an explorative approach. Upon interviewing six managers at Hand-in-Hand Eastern Africa, the authors gained adequate information about the subject matter which, in turn, functioned as a fundament not only for the analysis, but also for the conclusion of the examined topic.

8.2 GENERAL CONCLUSION

Studies over the past two decades have provided adequate data on the development of microfinance as well as financial literacy. As a result of Yunus' revolutionary and exultant work, a growing body of literature has examined the philanthrocapitalistic agenda along with a profusion of related themes such as poverty eradication (Aubuchan & Sengupta, 2008), stakeholder perspectives (Kabeer, 2005), and women empowerment (Marini, 2018). Along with the implementation of policies concerning financial inclusion and women empowerment from international entities, the existing literature has increased the attention to sustainable poverty alleviating-solutions. However, a considerable amount of existing academia has encompassed a quantitative or quasi-experimental approach to statistically examine correlations between microfinance's and/or financial literacy's impact on financial inclusion or women empowerment (See Garikipati, 2008; Khander, 2005; Nawaz et al., 2012; Rahman et al., 2009). Due to the previous research general approach and methodological stance, the authors of this paper identified a paucity of knowledge. Accordingly, the main objective of this study was to bridge the gap in the

current literature through the examination of *how* financial literacy favors access to microfinance.

In advance of the presentation of the empirical findings in Chapter 6, a conceptual model was formed through the examination of adequate concepts related to financial literacy, microfinance, financial inclusion, and women empowerment. Accordingly, the authors identified five sub-components of financial literacy: *knowledge of financial concepts*, *ability to communicate about financial concepts*, *aptitude in managing personal finances*, *skills in making appropriate financial decisions*, and *confidence in planning effectively for future financial needs* (Remund, 2010, p. 279-282). Additionally, the conceptual model incorporated four types of microfinancial services adopted from existing academia: *microcredit*, *micro-savings*, *microinsurance*, and *remittances* (Cull et al., 2013, p. 4; Holloway et al., 2017, p. 7; Khandelwal, 2007, p. 1128; Loubere, 2019, p. 199). Based on current literature, the concept of *MFIs* and *SHGs* together with the sub-components *social-capital*, *social learning*, and *dynamic capabilities* were included as descriptive elements.

Appertained to the analysis of the findings concerning financial literacy, the authors found support in the proposition that every single sub-component correlates with increased accessibility to microfinancial services. Furthermore, the review of the empirical data did not provide any supporting arguments for the prominence of a specific component. Based on the analysis of the findings, the fundamental principle for that non-existent repositioning of the Financial Literacy-block is HiH EA's minimum requirement for obtaining microfinancial services. The respondents argue that all participants need to possess a certain level of financial knowledge in order to carry out tasks such as profit calculation, bookkeeping, and business plan-creation to obtain external funds. In order to manage their finances, these individuals need to be proficient in all five elements of financial literacy. Thus, the authors argue that the Financial Literacy-block still functions as an umbrella term for the five sub-components of financial knowledge which, in turn, elucidates the impression that a repositioning of the block is not required.

However, the findings illustrated that the term '*dynamic capabilities*' is not solely limited to the MFIs, but rather could be extended to microenterprises which, in turn, is directly associated with the entrepreneur's individual competence. This development is justified by the respondents' strong emphasis on flexibility and adaptability. By continuously acclimatize to external fluctuations, HiH EA's members have the possibility to generate creative ideas and, hence, seize new business opportunities. It is, therefore, appropriate to argue that the vigorous characteristics that the members possess are in unison with traits associated with dynamic capabilities-theory which, in turn, justify the authors' modification in the revised framework. Since the findings did not display a particular fluctuation in dynamic capabilities' position in regard to MFIs, it is appropriate to extend the term to microenterprises rather than solely switching it from MFIs to Microenterprises.

Although some participants described financial assurance as an imminent service in its infant stage, the overall findings strongly expressed that both microinsurance and microcredit could be incorporated under the umbrella term microfinance. Upon analyzing the specific requirements for accessing these services, the respondents argued that completion of HiH EA's training is a necessity. As stated in Section 6.2, the syllabus is divided into the following components (1) *Group Formation training module*, (2) *Savings/Resource Mobilization training module*, (3) *Enterprise Development training*

module, (4) *Financial Management training module*, (5) *Credit Access training module*, (6) *Value-chain Management training module*, and (7) *Climate change resilience training module*, and encompasses every sub-component of financial literacy. However, the recent technological and socio-economic development in Kenya contradicts Khandelwal's (2007, p. 1128) argument that both micro-savings and remittances are characterized as microfinancial services. Although micro-savings occurs in the form of table-banking activities and merry-go-rounds, it is not a service that is explicitly limited to the microfinancial industry. Similar to remittances as a service, micro-savings – as described by Khandelwal (2007, p. 1128) – are accessible for every individual with a national ID and a mobile phone. Hence, the authors of this paper have chosen to exclude these two concepts from the umbrella term *microfinancial services*. In lieu, the findings illustrated supporting arguments for the incorporation of the term *loans in kind* in the framework. The underlying rationale for that decision is justified by the importance of the unorthodox investment opportunity. As a substitute for the temporary possession of financial means, the findings have illustrated that tangible assets such as water tanks and solar panels are considered as more sustainable and lucrative options. Furthermore, upon concluding financial literacy's impact on the access to micro-savings, remittances, and loans in kind, the authors found support in the claim that it is necessary to possess all five sub-components of financial literacy in order to obtain external assets in the form of water tanks, solar panels and similar tangible resources. Since the minimum requirements for accessing micro-savings and remittances solely are associated with the possession of an identification-card rather than specific knowledge, the authors argue that the incorporation of the two terms is redundant.

Upon concluding the analysis of the descriptive components, the authors identified empirical approval of their significance for accessing microfinancial services. As described in Chapter 7, both social capital and social learning function as cornerstones in the underlying mechanisms of human behavior since the presence of the sub-components *norms*, *trust*, *social network*, and *role models* influence the access to microfinancial services (Grootaert & van Bastelaer, 2002; Newman et al., 2014). However, in order to align the conceptual framework with the collected data, some alterations need to be made. First, it is evident that societal norms could be distinguished as an impeding factor for accessing microfinance. Although the findings illustrated that shared beliefs and values strengthen the group dynamic which, in turn, increases the accessibility of microcredit, microinsurance, and loans in kind, traditional cultural behavior is considered to be one of the major obstacles for both socio-cultural and economic women empowerment. Second, the data analysis illustrated a dichotomization of the term *trust*, but the authors of this paper have chosen not to include that distinction in the revised model. The underlying rationale for that decision could be justified by the fact that trust solely is distinguished as a sub-component of social capital and will, hence, not add any further value to the revised framework if disengaged from its original position. Although social capital and social learning are not theories that are directly associated with financial literacy, their influence on the group dynamics is of substantial value for the learning process and the group dynamics which, in turn, directly affects the access to microfinancial services. Hence, proper modifications in the framework have been amended accordingly and are illustrated in the revised framework Figure 3 below.

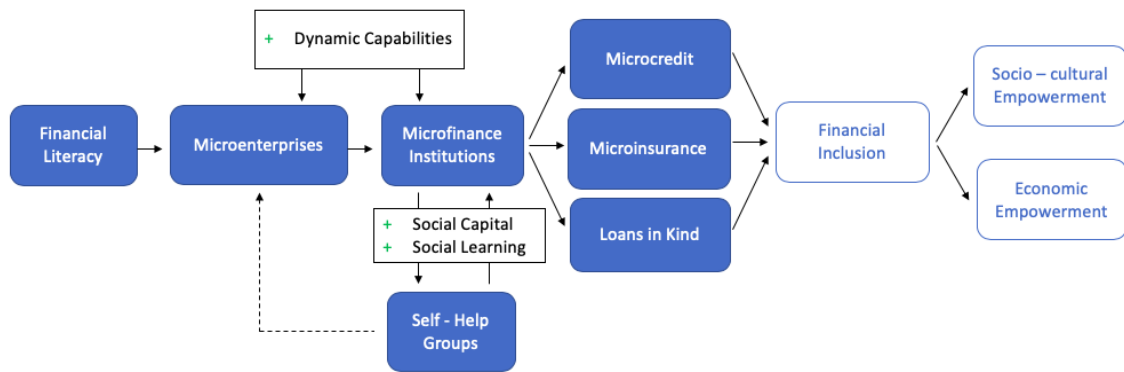


Figure 3 - Revised Conceptual Framework

Upon revising the conceptual framework, it is evident that financial literacy's impact on the access to microfinance is a quite complex process. As aforementioned, the possession of financial literacy could be considered as instrumental in the orchestration of a successful microenterprise. Depending on the individual's level of both general and financial literacy, the establishment of such an organization could either emerge from individual interests or with help from an SHG. In order to illustrate a possible but not explicit relationship, the authors chose to incorporate a dashed line from the SHG-block to the Microenterprise-block. As an influential factor, the Dynamic Capabilities-block is extended from the Microfinance Institutions-block to the Microenterprise-block. As previously explained, the underlying rationale for that decision is justified by the MFI's ability to transfer the dynamic capabilities to the microenterprises.

Furthermore, *social learning* and *social capital* are still considered to have an impact on both SHGs as well as MFIs. Although the revised framework solely illustrates the existence of an influential factor through the plus sign (+), the data analysis displayed both positive and negative impacts. Due to aesthetic purposes, a detailed explanation of the nature of the impact is excluded from the framework and, instead, incorporated in the analysis and conclusion. As previously presented, the authors solely chose to incorporate microcredit, microinsurance, and loans in kind as microfinancial services due to the lack of supporting arguments for financial literacy's impact on the access to micro-savings and remittances. Lastly, the translucent boxes represent financial literacy's, microfinance institutions', and microfinancial services' connection to financial inclusion and female economic and socio-cultural empowerment. The underlying logic for the incorporation of these factors was to increase the general comprehension of the progress from financial literacy to women empowerment proved by previous research. Hence, the incorporation of financial inclusion, as well as socio-cultural and economic empowerment, is solely for explanatory purposes.

To recapitulate, the empirical findings illustrated that the level of financial literacy is of paramount importance if an individual desires to participate in collective risk-taking activities or obtaining external funds of monetary nature or physical assets. Although the authors of this paper did not find support for the argument that specific types of knowledge under the umbrella term *Financial Literacy* facilitated or impeded the access to specific microfinancial services, it is essential than an individual need to be

multifaceted in order to access these schemes. Additionally, the findings illustrated a positive association between the participation rate in an SHG and the access to microfinancial services. This elucidates the impression that an individual does not be proficient in financial concepts before engaging in HiH EA's or similar institutions' programs. The emphasis is rather on individual development as well as the collective dynamic since applying for credit jointly increases the probability of obtaining it. Thus, theories regarding social learning and social capital could be considered as crucial for not only accessing financial schemes but also for the development of financial inclusion and women empowerment. The reasoning behind that statement is that the incorporation of both genders in the SHGs could challenge traditional values and beliefs that exist in certain societies. By illuminating both men and women, MFIs could transform the existing business environment into a more dynamic, amiable, and equal economic climate.

8.3 THEORETICAL CONTRIBUTIONS

Upon shedding light on how financial literacy favors women's access to microfinance in developing countries, this thesis functions as an extension of existing literature within the field. More precisely, previous research concerning both financial literacy and microfinance has embraced a quantitative and quasi-experimental perspective which, in turn, excludes further explanations of the subject matter. By utilizing a qualitative research approach, this thesis provides deeper knowledge about the individual perceptions of the underlying mechanisms of financial literacy and microfinance. By embracing an exploratory approach, this thesis further extends Almenberg & Widmark's (2011) study by adding a fourth theme to existing literature concerning financial literacy – *financial literacy as an impediment to accessing microfinancial services*. The underlying justification for this statement is explained by the societal norms in the form of domestic power-relationships that could emerge if a woman is empowered through developing financial knowledge. Furthermore, the incorporation of *loans in kind* as a microfinancial service could function as a fundament for future research considering its unique and efficient characteristics. As illustrated in the data analysis, this unorthodox opportunity in the form of temporary physical assets does not only allow the lendees to expand their business but also functions as a security for the lending institution that the given resources are applied to the lendees' original purposes.

Lastly, it is evident that the revised framework could function as a benchmark for future research since the focal point is on a specific factor's impact rather than the general picture. This elucidates the impression that single components could have both positive and negative effects on each other which, in turn, creates opportunities for further comparisons and more thorough research on the various components.

8.4 PRACTICAL CONTRIBUTIONS

The revised model presented in Section 8.2 could function as a simplified illustration of the favorable contribution financial literacy provides when accessing microfinancial services and products. The combined results generated from this thesis and potential future research can facilitate both non-governmental organizations and federal entities in their understanding of the positive effects of proper distribution of educational,

implementational, and gender-inclusive processes which, subsequently, has the potential to positively impact financial inclusion and poverty reduction.

The thesis adds to the importance of educational aspect and literacy advancement for everyone in the society, adding insight to the barriers and obstacles vulnerable women faces when they lack the knowledge and struggle to understand the entire context of microfinancial services. This research could also add further pressure on the relevance of formal initiatives provided to marginalized people, as this study illustrates the potential positive effects it brings. At the same, it is crucial that these initiatives are properly formed and structured to work for both men and women, creating solutions that are adaptable for both genders. Similarly, it is essential that these policies are amended accordingly to incorporate micro- and macroeconomic fluctuations that may differ among economies.

Furthermore, it is appropriate to mention that the theoretical framework created out of this thesis is emulated and conducted based on a certain setting and environment and based on a specific case. Thus, the model might not be applicable and appropriate for settings that may not stipulate the same characteristics as this one. However, it is to believe that the revised model is suitable for similar environmental, societal, and cultural conditions, and markets that are similar to the Kenyan one.

8.5 RECOMMENDATIONS FOR HAND IN HAND

The following section is added to administer HiH with information that could enhance their operational work at HiH EA. Before proceeding to the authors' recommendations, it is worth mentioning that these recommendations are based on the findings secluded to the specific subject themes that bases in this thesis, and that it does not necessarily apply to all aspects of HiH's operational areas.

Throughout the process of conducting this case study, the authors have truly been able to witness the remarkable work that HiH does. The analysis of aspects such as their unique job-creation model, as well as the seven training modules provided to strengthen and enhance the lives of thousands has truly been an eye-opening and intriguing experience. Beyond providing their members with educational advancements that help them in their business, they also give their members invaluable knowledge that they can use on their own when accessing microfinancial services. Knowing and understanding all aspects of those services together with HiH's help, they can be certain that they will not end up in a vicious lending cycle.

By creating an environment that encompasses both social capital and social learning, they have created a trustful and social setting that increases the learning process for the members. Hence, once they are in that setting, they equipped with the best possible starting point. However, an area that the authors noticed that may need further revision is assessments and understanding the capabilities of the group in terms of financial literacy and noticing their development on a more documented level. The authors believe that this could add to the training material and training sessions as they would get a closer understanding of the different levels of the group. Following in the same area, the authors would recommend further follow-up assessments on their members once they have finalized training. The authors do recognize that HiH does follow-ups close to their training but would recommend follow-ups that take place further down the line. It would

provide HiH with an understanding of the long-lasting effects that they provide to communities.

Based on the findings, some interviewees briefly mentioned external collaboration with MFIs that not only provides the members with increased access to credit but also widening their network. Beyond this, the authors of this suggest that further partnerships with MFIs and other entities could increase the scope of the loans as well as create further business opportunities for the members and HiH EA. As an example, a collaboration with external insurance companies could provide additional assurance for the members or facilitate the creation of both intra- and interorganizational insurance packages.

Furthermore, the authors recommend that HiH EA could establish further collaborations with educational entities in order to enhance their members' academic knowledge about financial concepts. Although practical training could function as an adequate fundament in their entrepreneurial journey, an additional theoretical dimension could increase their general understanding of the concepts. By implementing a conceptual segment, the members could understand the underlying mechanisms of their actions and, hence, develop them in accordance with internal and external fluctuations.

Lastly, as the situation is prevailing at this time, Covid-19 has all of us in a place of uncertainty, and where no-one can say for sure what is to come. Hence, just like their entrepreneurs adapt to the dynamic external conditions they are faced, it is just as important that HiH does the same. Adapting and transforming to the new conditions and develop innovative solutions to keep their organization going and making sure that their members are still able to maintain in the programs. This is certainly going to take a toll on everyone, and changes are inevitable, but it is also at this time that HiH's work becomes even more important.

8.6 SOCIAL IMPLICATIONS

This study has aimed to gain a deeper understanding of how financial literacy favors women's access to microfinance in developing markets. The research provides a deep dive into previous literature, and definitions and deep discussions about the concepts, and what contributions that may arise as they are intertwined. Following is a text prevailing the potential societal implications that might emanate from this research.

This research has shown that with proper education and training, women are empowered with the ability to manage their finances and access microfinancial services with confidence and have an understanding of the related presented information concerning each service. Because of this, women can start their own business, make proper choices for their business, adapt in uncertain and dynamic circumstances, and plan for the future of the companies and their family's lives. These new female-driven enterprises do not only give women a larger presence on the financial business-scape, but they also boost the entire job-scene. As every new business created not only provide jobs for the women but also comes with job opportunities for people in their surroundings. This brings positive effects to Kenya's work environment, contributing to the nation's long-lasting sustainable development and further movement towards a world without poverty.

This thesis could also add to the discussion on how to empower women further in the communities and strengthen the place in power positions. Having the potential to affect

deeply rooted power structures and cultural norms that have been the same for generations. By adding women to higher positions, they can implement policies that are formed and assigned for women, which have been something that has hindered women previously, as a lot of policies have been designed and implemented by men. Thus, it could help close the gender gap and bring the most vulnerable to positions of power.

8.7 LIMITATIONS AND FUTURE RESEARCH

In defiance of the fact that quality was one of the main priorities for the authors throughout the study, limitations are inevitable and are thus essential to recognize in order to demonstrate that the findings have been critically evaluated. The limitations found in this study exist due to several reasons, some that prevailed during the completion of the study, whilst others were not possible to carry out. Despite these limitations existing in the research, the study should still be interpreted as trustworthy and authentic, and the limitations should simply be viewed as further research aspects that would contribute to more findings on the subject.

One of the limitations this study encountered are directly connected to time constraints associated with the authors' thesis course. Upon conducting explorative research, it is appropriate to observe the participants during some period of time in order to ensure that adequate data has been collected. Nonetheless, as this research is conducted during a set period of time limited to the authors' course period, the authors had to make do with the time given. Beyond that, because of only being able to observe their participants over video-interviews, time for observation was limited, putting pressure on the authors to gain as many impressions and useful information as possible. Hence, for further research it would be interesting to follow the participants within their environment and interview them more than once. It would also be fruitful to gain more perspectives from HiH EA's members. It would also be of interest to visit other locations, perhaps other operational offices within HiH, or possibly view other NGOs work with business creation and poverty elimination. Conducting research with a higher number of participants and with a larger observational area could lead to compelling and interesting results. It could be fascinating to look at how other regions would respond to the research subject, and possibly create a cross-regional study.

It is also hard not to recognize the devastation of Covid-19 and the unfortunate limitations that it came within terms of conducting this research. Due to Covid-19, the authors were not able to travel to Kenya and observe and talk to their participants in person. This unfortunately limited the authors to conduct their research online and via Skype interviews. Hence, a definite future research idea would be overseeing and administer a study on-hand in Kenya. Beyond, Covid-19 also shut down HiH EA's operations, meaning it has put a limit on the personnel's meeting and interactions with their members, and also the possibility of interviewing any of the members. Having interviewed members as well would have allowed the authors to gain further insight into their research. Moreover, Covid-19 also made an effect on the number of participants in this research. Because of the staff not meeting every day and working from home, their managers were unable to reach out to everyone quickly enough or their home environments were not suitable for interviews. Increasing the number of participants would have been to the research advantage, however, the authors believe the amount of information and knowledge they retrieved during their interviews was enough to analyze and interpret.

Due to previously mentioned limitations, the authors had to decide from the start to limit their research to financial literacy's impact on women's access to microfinance. For future research, it would be interesting to study further effects that financial literacy could create as well as the obstacles in the form of societal norms that are associated with the concept. Looking further into its effect on financial inclusion and women empowerment, since, even though it is touched upon, further research on those subjects would contribute with a greater understanding of the subject matter. Other studies that would have been intriguing to conduct, would be to help HiH with their follow-up assessments on their previous members. Upon analyzing the development of the members' financial, socio-cultural, and autonomy, HiH or similar philanthrocapitalistic institutions could tailor their programs in order to optimize the empowerment of individuals positioned in the nadir of the societal hierarchy.

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APPENDIX 1: INFORMATIONAL LETTER

Dear participant,

We would like to begin by thanking you for setting aside your time to read this information. With this informational letter we would like to briefly introduce you to our thesis topic and to make sure you understand what your part will be in the study.

We are two business students from Sweden currently writing our Master Thesis in Finance at Umeå University (located in the northern parts of Sweden). Our aim with this thesis is to explore the relationship between *Financial Literacy* and *Women's Access to Microfinance* in Kenya. With your experience in the field and work with women we believe it will be resourceful to interview you on your experiences and perceptions of the women's knowledge and understanding in the subject.

If you choose to participate in the study, you will be given the option to maintain *anonymous* throughout the research and your personal information will not be used in the study. This means that we will not provide any of your personal details in the final thesis and your answers will not be traced back to you. You are given this option because, once finalized, our thesis will be uploaded on Umeå University's thesis portal and people will be able to read our findings. Nonetheless, the answers you give during the interview will only be used for our degree project and will not be published or used in any other context.

As mentioned, the purpose of this study is to investigate the relationship between financial literacy and women's access to microfinance. You have been asked to be a part of this thesis because of your connection and work with Hand in Hand Eastern Africa's female members. Hence, your answers during the interview should be based on your own personal experience and interpretations. It is important to understand that there are no 'right' answers, and that during the interview we expect you to be truthful and honest in your answers.

The interview will be held through Skype/Zoom and will be held at a time of your convenience. In order to fully understand and make sure we interpret your answers correctly the interview will be semi-structured; we will follow an interview guide but may also ask follow-up questions to fully understand the context of your answers. Hence, we are unable to give you a time-scheme on how long the interview will last but be sure to set aside an hour at least.

Once again, thank you for your time, we hope to speak to you soon!

Kind regards,

Linda Mokvist and Pontus Lindahl

APPENDIX 2: INTERVIEW GUIDE

CODES FOR INTERVIEW GUIDE

CODES	TOPIC
FL	Financial Literacy
FL1	Financial Literacy: Dimension 1
FL2	Financial Literacy: Dimension 2
FL3	Financial Literacy: Dimension 3
FL4	Financial Literacy: Dimension 4
FL5	Financial Literacy: Dimension 5
MF	Microfinance
MC	Microcredit
MS	Micro-savings
MI	Microinsurance
R	Remittances
SHG	Self-Help Groups
SCSN	Social Capital: Social Networks
SCT	Social Capital: Trust
SCN	Social Capital: Norms
SL	Social Learning
DC	Dynamic Capabilities
GI	General Information
<i>Important to recognize is that the questions are written with regard to HiH EA's female members.</i>	

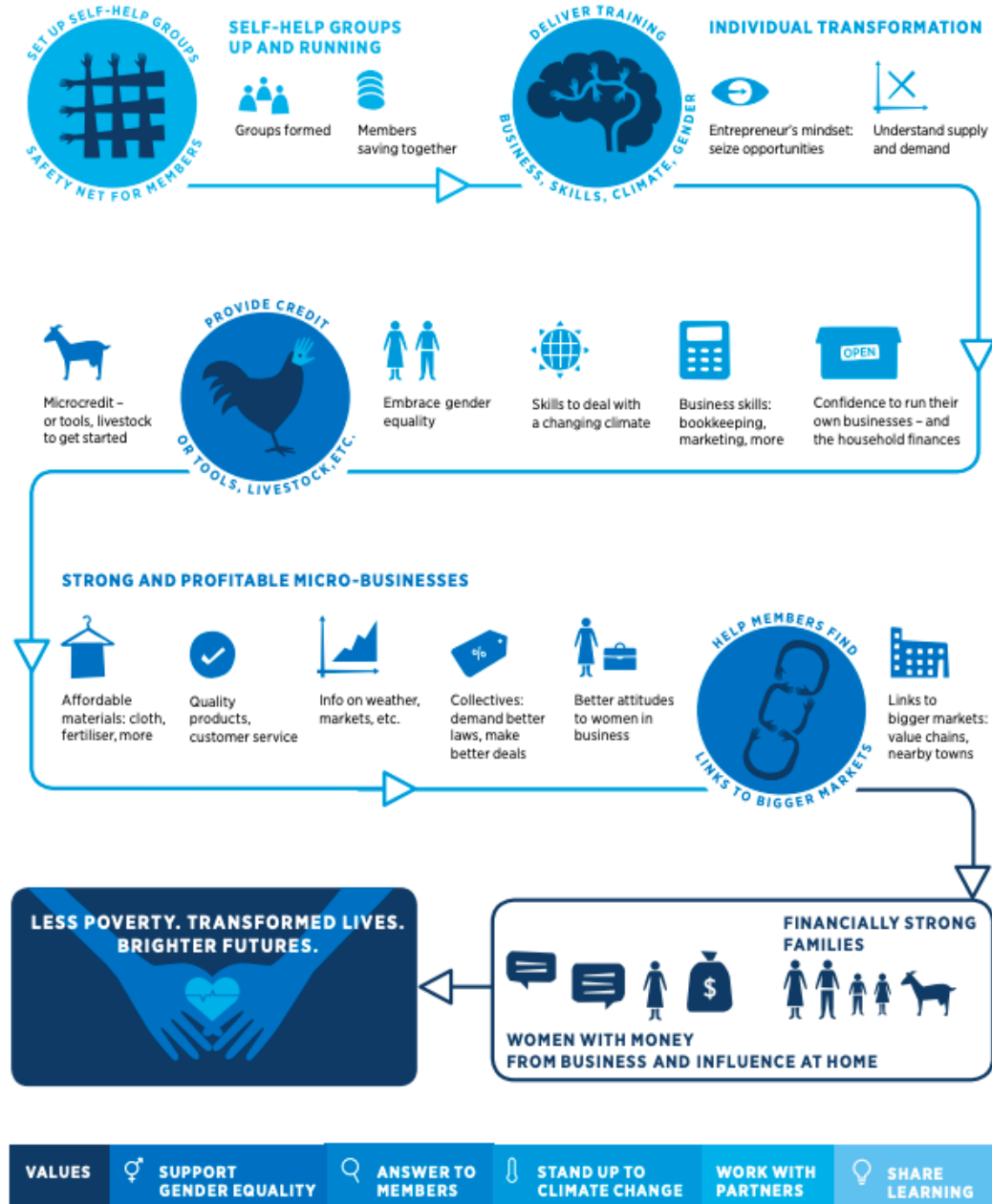
INTERVIEW GUIDE

INTERVIEW QUESTIONS	TYPE OF QUESTION	CODIFICATION
Please describe your journey at HiH EA	Opening	GI
What is your relation to HiH EA's members?	Opening	GI
How would you describe financial literacy?	Generative	FL
What skills, do you believe, are essential for someone to be financially literate?	Generative	FL
How do you perceive the knowledge the women possess in regard to financial literacy?	Directive	FL1
How has this knowledge progressed and/or developed?	Generative	FL1
Do you find that the women are able to communicate about financial concepts?	Directive	FL2

How has their ability to communicate progressed and/or developed?	Generative	FL2
What competencies do the members possess in regard to managing their finances?	Directive	FL3
How has their managing skills evolved during their time with HiH EA?	Generative	FL3
Are HiH EA members able to make appropriate financial decisions?	Directive	FL4, DC
How has their decision-making skills developed?	Generative	FL4, DC
Do you believe the women are confident in planning for future financial needs?	Directive	FL5, DC
Have the members confidence evolved during their time with HiH?	Generative	FL5, DC
How does HiH EA educate members about financial concepts?	Directive	FL, SHG
Is the provided education to individuals, in groups, or both?	Directive	FL, SHG, SCSN
If in groups: does it affect the results of the learning?	Directive	FL, SHG, SCSN, SL
How does HiH EA assess the financial literacy levels in the groups? - Before - During - After	Directive	FL, SHG
Is it a clear distinction between the levels of financial understanding in the groups?	Directive	FL, SHG, SL
If so: how does the people with larger understanding affect the once with less?	Generative	FL, SHG, SL
Does HiH EA perform any follow-ups with previous project-participants after a project is finalized?	Directive	FL, SHG, DC
If so: What is their skills level in terms of their financial understanding?	Directive	FL, SHG, DC
If so: Are they still operating their business?	Directive	FL, SHG, DC
What financial services does HiH EA provide?	Directive	FL, MF
When is a member able to access microfinancial schemes?	Directive	MF
What are the requirements, in terms of knowledge and skills, for accessing microfinancial services such as: - Microcredit? - Micro-savings? - Microinsurance?	Directive	MF, MC, MS, MI, R

- Remittances?		
What are the hurdles women may face when accessing microfinancial services?	Generative	MF, SCN
Are there any other societal norms that impact access to financial services?	Generative	MF, SCN
Regarding the microfinancial services you provide, are they provided to individuals, groups or both?	Directive	MF, SHG
If in groups: How does the level of trust between the members affect the access to microfinance?	Generative	MF, SHG, SCT
Does the participation in SHG affect the access to microfinancial services?	Directive	MF, SHG
Are there different affects with regard to the different microfinancial services?	Directive	MF, SHG, MC, MS, MI, R
What financial skills do you believe are necessary for accessing; - Microcredit? - Micro-savings? - Microinsurance? - Remittances?	Directive, Generative	FL, MF, MC, MS, MI, R
Is there anything else that you would like to add or thoughts that you would like to emphasize that have not been discussed?	Closing	GI

APPENDIX 3: HAND IN HAND JOB-CREATION MODEL



Source: Hand in Hand International (n.da)



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