MICROFINANCE AND WOMEN’S EMPOWERMENT IN UGANDA: A SOCIOECONOMIC APPROACH

DISSERTATION

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By

Florence Wakoko, M.A.

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Dissertation Committee:
Professor Linda M. Lobao
Professor Cathy Rakowski
Professor Bill Flinn

Approved By

Adviser
Rural Sociology Graduate Program
ABSTRACT

In the 1990s Ugandan farmers became increasingly interested in microfinancial resources (MFRs) that were being promoted nationally as important means for poverty alleviation and for women’s empowerment. In Arua and Mukono, households diversified their income generating strategies through formal, semi-formal and informal financial institutions. However, little has been done to neither assess the position of women in credit/savings initiatives nor to assess the capacity of MFRs in empowering women. There have been no studies in Uganda that have used a methodology that adequately defines and measures women’s empowerment. Available studies tend to focus only on defining a set of factors that affect women’s access to microfinance, and they give the impression that women are a homogenous group for whom microfinance would provide automatic and uniform benefits.

The present study examines the nature of women’s empowerment as measured by decision-making power, in relation to various types of MFRs. It recognizes the multidimensional nature of empowerment as a process involving personal, social, economic and political dimensions. This study focuses on decision-making power as the basis for transforming lives at the household level and in the wider society.

Data were derived from a questionnaire survey of a sample of 527 women and men farmers in the two regions. Causal analysis was attempted using Multiple Logistic Regression to determine the effects of microfinancial use on women’s decision-making power in agricultural activities and household income use.
The study establishes that participation in informal financial groups is the most important microfinancial resource promoting women’s empowerment in Ugandan rural households. Both women and men use informal financial groups more than any other source of microfinance. However, the benefits are significantly influenced by other sociocultural factors. For example, participation in informal financial groups increases women’s decision-making power over non-traditional matters – household income control, but not over women’s traditional issues --agricultural production. On the other hand, rural men’s empowerment is associated with their use of informal loans from individuals--friends, relatives or merchants. For women, individual-level factors such as occupation (farming, trading), and household level factors, notably household headship, have a profound influence on women’s empowerment in both traditional and non-traditional spheres of decision-making. In contrast, rural men’s empowerment is mainly associated with their gender rather than with household level conditions.

The study recognizes the limits of the transformative capacities of MFRs, especially of the more formal sources of credit, and it shows that financial empowerment does not necessarily lead to a transformation in gender relationships. It concludes by advocating an integrated approach to microfinance delivery in Uganda, since the integrated informal sources offer the best opportunities for rural farmers in general and women in particular.
Dedicated to my family especially to my late farther, Yekonia Wakoko, who would have been proud of my academic achievement, my late brothers, Daniel Kitutu and George Wamanga; and my dearest late sister, Lorna Mutonyi who encouraged me to further my studies while she watched over my two little children Daniel and Linda.
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VITA

May 5, 1957  Born, Mbale-Bugisu, Uganda

1984  B.A., Political Science and History  Makerere University, Kampala, Uganda

1993  M. A. Women’s Studies, The Ohio State University, Ohio, USA

1996-2002  Assistant Professor of Sociology, Fort Valley State University, Georgia, USA.

2002-2003  Assistant Professor of Sociology, Columbus State University, Georgia, USA.

1991 -1996  Research Assistant and Teaching Assistant, Departments of Women’s Studies and Rural Sociology, Ohio State University, Ohio, USA.

1988-1991  General Secretary, National Union of Educational Workers in Uganda

1987-1991  Senior Administrative Assistance Academic Registrar, Makerere University, Kampala, Uganda

1984 – 1986  Administrative Assistant University Appointments Board, Makerere University, Kampala, Uganda

PUBLICATIONS and PRESENTATIONS

# FIELD OF STUDY

Major Field: Rural Sociology

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CHAPTER 1

INTRODUCTION

1.1 Background

Economic crisis in Uganda has forced rural women and men to adopt microfinance (credit and savings) as one major strategy among many used for coping with poverty and increasing financial demands. Ugandan women’s use of multiple economic strategies dates at least to their historical experiences with colonialism, but it can no doubt also be seen as one example among many of women’s historical struggles for empowerment in patriarchal societies. However, the current situation of women is also linked to the post-independence changes ushered in by capitalist expansion and economic globalization. For instance, during the 1980s and 1990s structural adjustment programs (SAPs) were implemented in the country presumably to stabilize the economy. As a result of these SAPs, and despite a few improvements in some areas such as in reduction of national budget deficits, incomes in the formal sector plummeted making it difficult for the poor to satisfy even their basic household needs (Fendru 1995; Kwesiga 1995; Maxwell 1996).

At the regional level, rural women face the burdens of accessing markets and adopting improved technology; at the household level, women risk new forms of gender division of labor and personal disempowerment especially, with regard to their role in
household decision-making. Lack of access to critical resources, and lack of power in
general, remain fundamental problems underlying Ugandan women’s difficulty in
formulating independent decisions about their lives and improving the survival of their
households. Scholars such as Molyneux (1985) and Moser (1989) have suggested that
women have two major types of needs that relate to the situation of Arua and Mukono
women -- “practical gender needs” (everyday survival needs related to women’s social
responsibilities) and “strategic gender interests” (associated with relative status and
power). In a situation where women are faced with inequality and increasing family
obligations, their ability to satisfy these two types of needs by using microfinancial
resources is one definition of personal empowerment that is examined in this study.

The main goal of this study is to assess the effect of microfinancial resources on
women’s empowerment in Uganda. It carries forward an earlier study by Fendru (1995),
in which the author was involved, that described the most important factors related to
women’s and men’s access to microfinance in the two regions – Arua and Mukono. The
present study is thus an extension of the earlier analysis of access to microfinance; this
time, using the same data base, we are looking not only at who obtains microfinance but
also at its effects on women’s lives once it has been obtained. Whereas microfinance was
the dependent variable in the first study, here it becomes the major independent variable
hypothesized to increase women’s decision-making power in the home.
1.2 Microfinancial Resources in Uganda

Microfinancial resources in Uganda are of three main types – formal, semi-formal and informal (Morris and Lobao 1994; Fendru 1995). To briefly summarize these three sectors, the first can be thought of mainly as banks, the second as cooperative unions, and the third as small-scale savings and credit groups including rotating savings and credit associations or ROSCAs. All three of these are potential sources of microfinance for Ugandan women, and will be described in more detail in Chapter Two. Suffice it to say at this point that the informal sources have been found to be the most important types for rural women. The survey data upon which this study is based was carried out in two districts of Uganda -- Arua and Mukono. They provide a comparison of several ethnic groups, some rural-urban dichotomies, and other environmental differences that can be subsumed under the concept of locale. These two regions were chosen since they were both relatively accessible yet offered important contrasts that could help in testing the influence of a number of variables. Arua is more rural, Mukono is somewhat closer to Kampala, the capital of Uganda. Each region has a dominant distinct ethnic group, a factor that may influence other social characteristics and behavior in rural financial markets and household decision-making.

1.3 Problem Statement and Research Objective

It is now widely accepted that Ugandan women are central to household well-being and national economic development. In particular, women who live in rural areas are farmers and they devote 80% of their labor force to agricultural production. Rural women play a predominant role in agriculture, which accounts for more than 50% of
GDP and over 85% of Uganda’s exports (Ministry of Finance and Economic Planning MFEP, 2000). However, in the last two decades, women’s ability to improve their role in food production declined while their demand for microfinancial resources increased. These trends led policy planners to promote microfinancial programs under the assumption that credit/savings would increase women’s income levels and transform their social relations.

Despite the optimism, access to microfinancial resources alone has not been a sufficient guarantor of women’s empowerment because other factors such as gender, household structure and regional-level factors affect status attainment. This has been found to be the case not only in Uganda but also for women in rural development worldwide (Lobao 1996; April Gordon 1996; Susan Johnson 200; Mayoux 2002). Moreover, the concept of empowerment itself is difficult to define objectively. Its social, political and cultural dimensions are inherently interconnected, a fact which makes its assessment and measurement a very complex and dynamic task (Goetz and Sen Gupta 1996). To more accurately determine the impact of microfinancial resources on Arua and Mukono women’s empowerment, more than one indicator of women’s household empowerment needed to be used. Moreover, the effects of other factors had to be controlled statistically using multivariate analysis. However, in order to isolate the influence of microfinancial resources from other competing explanatory factors, it was necessary to develop precise definitions and measurements of the factors involved. According to scholars such as Moser (1993), Kabeer (1994), and Rowlands (1997), the concept of empowerment has two major dimensions that can clarify whether or not
women benefit from using microfinancial resources. They are personal empowerment and political empowerment with decision-making power being at the core of the empowerment state. A more recent evaluation of women’s empowerment in relation to microfinancial programs in India notes that MFPs (microfinancial programs):

…create empowerment promoting conditions for women to move from positions of marginalization within household decision making process and exclusion within the community, to one of greater centrality, inclusion and voice. The social processes of MFPs strengthen women’s self-esteem and self-worth, instill a greater sense of awareness of social and political issues, leading to increased mobility and reduced traditional seclusion of women. Most importantly, MFPs enable women to contribute to the household economy, increasing their household bargaining power. [However, the study recognizes the limitations of] the transformative capacities of MFPs, especially those operating from a minimalist framework, [and concludes that] economic empowerment doesn’t always lead to a reversal in gender relationships (Sabhrawal 2001:3).

The definition and measurement of women’s empowerment in relation to their borrowing and savings behavior has rarely been addressed in Uganda. As a result, there is limited information available on valid impact indicators for comparing and improving microfinancial delivery in rural areas. For example, few existing studies focus on identifying constraints to women’s “access to credit,” thus leaving out entirely the “savings” aspect of microfinance (Musoke 1992, Wakoko 1993). Fendru’s (1995) study also examined similar constraints between Arua and Mukono farmers. The conclusions drawn from these studies mirror the often-held assumptions that increased demand for credit and improved repayment levels indicate positive impacts of microfinance on women (Mayoux 1997; 2002). Even though this may be true in some cases, it remains questionable whether Ugandan women have experienced improvement in their lives and whether all women feel the same way about their presumed progress. This is a question
to be answered with empirical evidence in each case, while remaining sensitive to the differences between women as a subordinated category and women as individuals (Mohanty 1992).

There is a need in Uganda to renew the way in which the impact of microfinance on women’s empowerment is evaluated. That is, a need to reconceptualize microfinancial impact and measurement issues related to impact. The present study adopts a multidimensional approach that takes into account the social contexts in which women operate and the personal endowments that locate them in different class positions (see Robertson 1986; Lobao 1995; Blumberg 1991; Johnson 1996 and Mayoux 1999b, 2002:5). For instance, Johnson (1996:2) proposes a model that informs this study. She suggests that women’s empowerment is significantly associated with socioeconomic constraints operating at three levels: (1) **individual-level** constraints which are linked to a woman's personal endowment of skills, her occupation, experience, age, knowledge, education, and confidence or self-esteem. (2) **household level**, for example, marital status, family size, household economic status; these constrain in diverse ways the kinds of choices women can make. (3) **macro-social constraints** such as region/location which affect behavior through providing resources, and norms of behavior including legal rights. Also closely related to this model are results from Fendru’s (1995) study that show that personal characteristics as well as factors located at both the household level and the regional level significantly affect access to microfinance for farmers in the two regions.
On the basis of these conclusions and the indicators of empowerment identified in the literature, the following questions were asked: What is the relative role of women in household decision-making? What microfinancial resources do farmers use in Arua and Mukono and how does their use vary by gender? What factors affect the farmers’ use of microfinancial resources? Do the same factors affect household decision-making? What is the relationship between microfinancial resources and decision-making power for women and for men? What is the relationship between microfinancial resources, selected socioeconomic factors and decision-making power for women and for men? Does gender matter in determining the level of decision-making power that women and men have? If the effectiveness of the formal, semi-formal and informal financial services is to be examined and microfinance supported as condition for promoting women’s empowerment, the questions listed above should be answered. As such, the main objective of this study is to assess the relative importance of different types of microfinance in empowering rural women and men in Uganda. It examines the nature of women’s empowerment promoted by microfinancial resources within the contests of existing socioeconomic constraints at the personal levels as well as household levels.

1.4 Significance of the Study

This study is important for at least five interrelated reasons. First, it attempts to measure the impact of microfinance on women’s empowerment. In this regard, the study addresses two major needs: on the one hand, the need to better conceptualize and measure the effects of microfinancial services, and, on the other hand, the need to provide
rich empirical data on the status of women in the home, particularly in Uganda where there is a paucity of such information. This responds to a persistent call made by several United Nations (UN) conferences on women asking for the collection and analysis of gender disaggregated data, including all aspects of women's roles and activities, necessary for the formulation of appropriate development policies. Assessing the implications of credit/savings on decision-making roles is imperative, because there is limited information available in Uganda that could help improve the performance of microcredit enterprises.

Second, findings about the relative status of women, particularly at the household level, should have a positive effect on the way policymakers view both rural women and grassroots economic inventions such as ROSCAs. However, the status of the study ought to be understood from the perspective of the historical experiences of Uganda as a whole. Uganda presents a clear example of a country that has endured long-term and devastating economic downturns and social conflicts since independence. The widespread HIV/AIDS epidemic, together with structural adjustment programs adopted in the early 1980s, have altered gender relations but with a further marginalization of women’s roles and status in the rural economy. Despite recent economic liberalization programs meant to improve the economy, and despite the increasing role of non-governmental organizations in providing credit and other social welfare interventions, rural people are persistently poor and they are increasingly involved in self-help initiatives to support themselves. By examining the role of these initiatives in meeting the farmers’ multiple
needs, the study will shed light on some of the survival strategies people adopt during difficult conditions.

Third, this study contributes to multi-level research that examines variations within social groups at an intermediate level (region), their relationship to the macro-level (national and international), and how this variation is played out at the micro-level or household level (Cloud and Elavia 1991, Sachs 1996). The need for multi-level research is especially important in Uganda due to socio-cultural variations within and between its regions. Studies that have examined the response to economic crisis in Uganda have tended to use aggregate measures of production, consumption, and labor allocation to predict impacts of economic change (see Mamdani 1984, Mugyenyi 1992, Ochieng 1991). The tendency to rely heavily on macro-level indicators minimizes the importance of differences in cultural norms, and variations in the gender division of labor that are often more diverse in African societies than in other parts of the world. For instance, the social ideology surrounding gender issues and ethnic identity have had a profound influence on the country’s distribution of wealth, jobs, and other important opportunities for upward mobility (Tadhria 1986; Fendru 1995, Owusu-Ansah 1996). These factors must also be taken into account when analyzing the role of microfinance in people’s lives.

Fourth, this dissertation contributes to feminist sociology in its analysis of the household as a dynamic space where production and reproduction occur simultaneously. It draws on the observations made by many writers (e.g., Lobao 1996) that household and locales have social relationships internal to them that influence responses to economic
restructuring. Thus, this study is significant in that it contributes to the understanding of how individuals are differently affected by economic restructuring, and how they respond differently based on their individual characteristics, their household characteristics and the characteristics of their locale. In this way, this kind of analysis will bridge the gaps between macro-structures and micro-level factors that affect people’s lives.

1.5 Organization of the Study

There are seven chapters in this dissertation. Chapter 1 presents a brief background to the study and a statement of the research problem. It continues with a rationale for the importance of the study, and concludes with the overall organization of the study.

Chapter 2 describes the historical and contemporary socioeconomic status of women in Uganda. This is presented through an exploration of women’s roles in various economic activities in different eras including the pre-colonial period, the colonial era, and the post-independence period. The objective is to show how the socioeconomic status of Ugandan women has evolved over time to inform their current status and role in the home and the wider society. A review of the rationale underlying existing microfinancial resources in Arua and Mukono districts follow this.

Chapter 3 presents theoretical literature about factors that affect women’s empowerment in general. The review compares and contrasts the views of neo-classical economics with social structural and socialist perspectives.
Chapter 4 reviews empirical literature about two issues: (1) the effects of microfinancial resources on women’s empowerment as measured by decision-making power, and (2) the effects of socioeconomic factors on decision-making. Thus, the chapter delineates specific variables and hypotheses derived from the theoretical review that relate to women’s empowerment in Uganda. It concludes with a presentation of the overall causal model of the variables involved.

Chapter 5 explains the research methodology. This includes a description of the questionnaire design, the characteristics of the sample, data collection procedure, measurement issues, and methods of data analysis and interpretation.

Chapter 6 presents analytical results in two parts. Part one explains the roles of women in household decision-making and in using microfinancial resources. This is followed by discussion of the bivariate relationships between microfinancial resources and farmers’ decision-making. Part two discusses the results of the multiple logistic regressions describing relationships between socio-economic factors, microfinancial resources and household decision-making power.

Finally, Chapter 7 summarizes the study and its major findings; it presents conclusions and makes recommendations for theory and practice.
CHAPTER 2

EVOLUTION OF WOMEN’S STATUS AND THE EMERGENCE OF MICROFINANCE IN UGANDA

Outsiders and policy makers have often viewed rural women as a homogeneous group. This perception and the subsequent statistical “invisibility” of African women farmers was cited by scholars such as Rogers (1990) and Sachs (1993) as one of the critical reasons for the neglect of women’s needs and their productive roles. With the increasing demand for women’s labor in rural development, and women’s expanding needs for microfinance, it is imperative that the relative role of women in these processes be examined. However, the current situation of rural women in Uganda can only be well understood when the historical developments of the Ugandan economy are taken into account and women’s changing status and roles evaluated within the evolving social, economic and political activities.

The discussion that follows presents two themes. The first six sections review literature about women’s status and role in economic activities in three periods: (1) pre-colonial times (2) the colonial period and (3) contemporary Uganda since independence. The last two sections discuss the issue of household survival strategies, and the underlying principles of existing microfinancial programs in Uganda.
2.1 The Status of Women in Pre-Colonial Arua and Mukono

Before the British colonial rule was established in Uganda, the dominant economic activity was agriculture. Both women and men participated actively to produce food mainly for consumption and sometimes for marketing through barter trade. As in other parts of Sub-Saharan Africa, production activities were communally organized along ethnic lines. Next to agricultural production was trading was carried on within local communities and across regions. Trading activities, unlike agricultural production, tended to be male-dominated. In both Arua and Mukono, for instance, men traded in pre-industrial manufactured goods which included iron hoes, spears, and arrowheads, as well as animal hides and agricultural products. In Mukono, women and men traded in backcloth, pots, mats and baskets. Salt, spices, and cotton clothing materials were brought in from the Far East through transnational trade (Tadria 1984:23).

According to reports presented in earlier studies by Roscoe (1965), Mamdani (1984), and information obtained through personal interviews with Akile-Fendru, a native of Arua on December 28, 2001), the pattern of economic activities and the related gender division of labor were associated with the political organization that existed at that time. For instance, at the beginning of the twentieth century, Buganda was one of the most bureaucratically organized of the Central African kingdoms (Ray 1991). It was described as feudal due to the distinction between the royal line and the clans of commoners and also due to the centralized nature of power. The king (Kabaka) had tight control over the social, economic and political activities of the region. He ruled through hereditary chiefs
whom he entrusted with large plots of land on which the non-chiefly population known as the Bakopi (commoners) lived as tenants and cultivated food for the sub-chiefs and for the king’s court (Embuga). However, most of the land in Buganda was clan land (Butaka), which was held permanently under clan heads (Bataka), and used communally by members of a clan who were related by joint patrilineal descent (Tadhria 1986:35).

2.2 Women’s Access to Land in Uganda

Historically, Ugandan women have had access to land through usufruct rights to clan land. In Buganda particularly, the colonial system enforced gender disparities in land control by permitting certain groups of “commoners” to become landowners on appointment by the king (Mamdani 1984:29). This practice further marginalized women’s roles in agricultural production under the imposed monetary economy and its attendant emphasis on cash crop production at the expense of subsistence food making.

In Arua, a more decentralized clan system prevailed in which a clan chief was central to the economic and political activities of the clan. A clan in Arua, like in Buganda comprised of lineages that claimed a joint patrilineal descent, but, for instance, among the Lugbara (a dominant group in Arua) the clan chief was a more important leader within the larger tribal organization. He provided advice on various matters such as land use, agricultural production and marketing, and he presided over disputes involving security, marriage, divorce and inheritance. Within this context, households produced food on plots of land allocated by the clan chief. However, the mode of production was generally based on patrilineal land inheritance, which to some extent
reduced women’s autonomy over it even though they were free to cultivate clan land (Personal interview with Achile-Fendru). But has the land issue improved for women?

Analysts fear that disparities between women and men in access to land may be growing in Uganda as land formerly used by women for subsistence farming is increasingly brought under the control of men, not only for cash crop cultivation but also appropriated for business entrepreneurship (Kharono 2003). According to Fendru (1995), the gender/land issues in Uganda cannot be understood without reference to the legal system and its underlying support of the existing tenure scheme: customary system, usufruct system and tenant tenure system. Fendru (1995) summarizes the current land tenure rights noting that:

These various tenure systems carry with them different types of rights and obligations as different parties enforce them. Under customary tenure, there are lands that are reserved for such uses as grazing, forests, and fishing grounds by the entire community, but every household has a right of access to and use of its own land holdings for the sustenance of its members. Invariably, each household holds two types of land [like customary land, rented land can neither be sold nor pledged as collateral because the tenant has no free hold rights over it]…a larger part of the holding is family land that belongs to the whole household and all members are obliged to supply labor to the family holding to provide goods and services for collective consumption. The control of the use of land and distribution of its output is the entire household’s responsibility, which is traditionally vested in elderly heads. Besides the family land, individual adult household members have usufruct rights to personal (private) fields. The owners of such fields have full control over its cultivation and the disposal of the products there from (p. 100).

In a survey of land tenure in Arua and Mukono the author was found that about 73 percent of the land holdings are inherited and held under customary laws. However, in contrast to Arua where farmers have usufruct land rights, in Mukono, farmers have access to land mainly through tenant arrangements with much of it being owned privately.
by landlords. Women hold the smallest proportion of the land (2 percent) and mainly through marriage. The present study further noted that 84 percent of the male farmers studied owned land compared to only 24% of the women (Fendru 1995: 99). These gender differences in access to land have served as basis for determining not only who gets loans from the bank, but also in setting the stage for the kind of decisions women can make individually as the study reveals in Chapter 6.

2.3 Household Structure and the Gender Division of Labor

Historical accounts of the Baganda and the Lugbara agree that though the two groups are culturally different (e.g. in language and degree of political organization), they both operated on kinship as a basis of their social organization (Obbo 1991). In general terms, households in both regions have historically been large, extended families composed of a male head of household, his wives, children, relatives and friends. Even though extended families are more costly to maintain, in African societies, they have historically provided free labor and moral support. Traditional households are also polygynous and, household headship, like land ownership, confers status, prestige and security to those who head them. The role of household head in the past (and also today) was normally reserved for men, but it was also not rare to find women in positions of power due to the fact that women controlled the “bowl” (Robertson 1989) that is, the cooking pot that fed every member of the household. Productive tasks were organized on the basis of age and gender. Men were mainly responsible for hunting, constructing of households, providing clothing, and securing non-farm foods such as meat, fish and beer
(Tadhria 1986; Personal interview with Achile-Fendru). In contrast, a major role for women was gardening to produce food needs for their families especially staples -- potatoes, root crops, bananas, and various vegetables.

Despite differences in gender roles, Ugandans, like other Africans in Sub-Saharan Africa -- performed complementary tasks that enabled them to maintain their households while also meeting the demands of their chiefs. Women and men also shared certain tasks. In Arua, for instance, women worked with their male relatives in tobacco fields. They helped in clearing land and in the transportation of branches for supporting tobacco seedlings. Women continue to provide these services today even when tobacco production has become more mechanized (UWONET 1995:16). Reports about Baganda women indicate that they often worked with their husbands in the manufacturing of bark cloth, while men assisted in the cultivation of sim-sim (sesame) although this was considered a "woman’s" crop. In both regions, however, household headship was an exclusively male role (Roscoe 1965), a practice that continues to prevail in many households.

2.4 The Transformation of Indigenous Economy and Gender Patterns: The Colonial Period

The arrival of British colonial rule in Uganda led to major changes in every aspect of the people's lives. This began with the introduction of the 1900 Buganda agreement that turned Uganda into a British Protectorate. In the words of Mamdani (in Tadhria 1986: 23), the 1900 Buganda agreement marked a transformation that he termed the “peasantization” of the rural population. For instance, in order to get materials for their
industries, the British administrators’ encouraged or forced African men to provide labor in commercial crop production and in industrial activities, while female labor was restricted to home-based production and reproduction activities that were not attached to monetary value. This undermined the communally-oriented household production system where both women and men produced for consumption. Some of the changes women felt were specific to the regions in which they operated.

In the North, particularly in Arua, men were recruited to provide unskilled labor on the sugar plantations of Lugazi and Kakira, which are located in southern Uganda. A substantial number of men were deployed in the industrial copper mines of Kilembe located in the western region of the country (Mamdani 1984). The colonial taxation policies and the increasing need for cash thus pushed more men into migration leaving women to assume greater responsibilities for household support. By independence in 1962, Ugandan women were gradually shifting their focus from subsistence agricultural production modeled along the lines of a traditional gender division of labor, to extradomestic activities that had the potential for meeting their practical needs as well as improving their strategic positions. In comparison with other African women such as the Gha women of Ghana who turned into popular market traders with the intrusion of the colonial economic system (Robertson & Berger 19861), Ugandan women's role in marketing came second to agricultural food production and this is still their priority despite a trend to more trading activities and despite a growing shortage of land.
The need for Ugandan women to use multiple sources of microfinance to address their immediate needs and their long-term concerns can also be explained by the ongoing changes in the global economy and sociopolitical system.

2.5 Globalization and Women’s Roles in Production

Dramatic changes that have occurred in the global production and exchange of goods and services in the past two decades have also affected many segments of the Ugandan population. These changes are conceptualized in several ways, such as "economic crisis," "economic restructuring," or the "new world order" (Gereffi 1992:10; Bernstein 1990; Mingione 1991). However defined, global changes have involved what Sachs (1996:6) describes as: industrial reorganization, labor market shifts including the removal of trade barriers between states, technological advancement and transfer, cultural and political transformations, and increase in the free flow of capital through multinational co-operations such as the World Bank and the International Monetary Fund. In Sub-Saharan Africa, globalization has been felt in the sharp declines in exports of agricultural and other primary products, which account for the largest proportion of many countries’ foreign earnings (APIC 1992). For instance, from 1980 to 1988, per capita output in Sub-Saharan Africa fell just at the time that inflation fell from $752 to $613, forcing many countries to sink deeply into debt through borrowing from the IMF, the World Bank or private banks. Emergency borrowing was so extensive that by 1986 forty-five Sub-Saharan African countries were estimated to have spent $895 million on debt servicing, a sum that exceeded the total amounts they had borrowed (APIC
1992:11). The increasing indebtedness and high balance of trade deficits forced financial institutions to increase interest rates on loans, making it difficult especially for poor rural women to borrow from banking institutions.

At the level of specific nation-states, globalization in Uganda is manifested in many ways, most notably in the agricultural sector, which is the country’s most important economic sector. For example, agriculture products account for 44.3% of the GDP while industry and service sectors account for 17% and 40% respectively. The agricultural sector contributes 70% of the total employment in the country and about 94% of economically active women and 82% of men work in agricultural-related activities for their livelihood (World Bank 1993:35). In terms of labor power, women constitute approximately 80% of the agricultural labor force and represent 50% of all traders in the country. Thus, the agricultural sector remains a key area for assessing the status of rural women because they produce about 70% of the food contributing to both household and nation-wide food security needs, although they do not own much of the land on which to grow crops (Kwesiga 1995:5; Trip 2000). Global economic changes particularly the implementation of the IMF/World Bank structural adjustment programs (SAPs) in Uganda had adverse effects on the role of women in agricultural production and in other sectors of the economy.

2.6 Structural Adjustment Programs (SAPs) and Women’s Role in Agriculture

In addressing the impact of SAPs on the agricultural sector, it is instructive to reflect on the political developments of the country in the past two decades. The 1980s
were marked by continued instability and conflict. For instance, between 1970 and 1985, Idi Amin’s military regime was ousted by the Tanzanian army and replaced by the Obote II government that failed to restore peace in the country. Although Obote’s regime did not operate on sectarianism, sectarian sentiments by the opposition leaders culminated into a guerrilla war that killed up to one million people and led to a flight of many professionals into exile. In 1986 the National Resistance Army (NRA) took over power installing Yoweri Museveni as president. Political changes and the economic instability that followed promoted a series of problems in the country including: a virtual collapse of major infrastructures, a disintegration of social services, scarcity of foreign exchange and persistent high inflation (Fendru 1995; Maxwell 1996; Trip 2002).

In 1982 and again in 1996, the IMF/World Bank economic liberalization policies also known as structural adjustment programs (SAPs) were implemented. Policies included cutbacks in government spending on social services, particularly education and health care, reductions in infrastructural improvement, cutbacks in government employment, price controls, and reductions in protective tariffs. These developments generated contradictory interpretations among scholars and policy makers. On the one hand, improvements at the national level are documented such as, the shrinking budget deficit in the mid 1990s, decline in inflation and some traces of overall national economic progress (Onyango 2000; Tamale 2000; Tripp 2000). On the other hand, those concerned with people’s quality of life argue that:

…by 1999, Uganda had a population of 23,985,712 and a population growth rate of 2.93%, one of the highest in the world. The country still remained in the "Low Human Development" group of countries as exemplified by its Human Development Index of 0.404, giving it a rank of 158 out of 174 nations. By
comparison, the best performer in the Sub-Saharan region, Mauritius, ranked 59th and had an HDI value of 0.764, while the world's best performer, Canada, had a 0.932 HDI value (UNDP Web Info: July 2001).

However analyzed, structural adjustment policies were designed with gender biases at the policy formulation level as well as the implementation stages of the programs. In a study of the impact of structural adjustment policies on Arua farmers, UWONET (1995) noted that SAPs in Uganda undermined women’s cash crops (cotton) by only providing financial and marketing incentives to the men’s crops (tobacco):

…in the case of cotton, producer price incentives...proved so inadequate that Arua farmers...cut output in the 1992 and 1993 crop years.... [The report concludes]: The men got the reduced price incentives from the marketing monopolies because they control the revenue from cash crops. On the other hand, the women, who were also producers of the same cash crops, were by-passed by the SAPs producer price incentives because they did not control the cash. Therefore, for cash crops in Arua, half the producers did not receive any producer price incentives at all! (UWONET 1995:63).

As the above information indicates, liberalization policies have set the stage for a ripple effect of changes that have altered traditional forms of social organization and created new forms of associations (Boyle 1988; Kwesiga 1995; Robertson 1995). Despite a few improvements noted in the overall economy such as the expansion of land under cultivation and crop diversification (SAPRI 1998:3), poverty remains a daily reality in the lives of many Ugandans. According to Tripp (2000), women and children have made the smallest amount of improvement. For many struggling households, female children have been pulled from school to help with family chores. As such, many households have adopted a diversified survival strategy in order to make ends meet.
Some of the strategies common among rural households include cutbacks in spending, reduced food consumption, labor exchange for consumer items, migration of male labor to urban centers, juggling of work responsibilities and expansion of microfinancial activities (ACFODE 1988).

2.7 Microfinancial Resources in Uganda: The Underlying Rationale

Economic transformations, coupled with many uncertainties such as the long spells of drought in the north and north-east regions, the AIDS epidemic and the war that begun in the 1970s have pushed Ugandan women to expand their responsibilities and to assume non-traditional roles that were formerly under the domain of men or the state (Tripp 1994; 2001). Microfinancial resources offered through various institutions have become a major source for women to circumvent these issues but in varying fashions depending on policies underlying each financial sector.

**Formal financial institutions** – This sector comprises 61 financial institutions, namely, the Bank of Uganda (central bank), 20 commercial banks, 10 credit organizations, the post office, and several insurance companies (Kamuntu 2001; Fendru 1995:22). At the time of this study, the Uganda Commercial Bank (UCB) had the largest number of branches (approximately 100) located in various parts of the country and about half of them in rural areas. The bank targets rural farmers and micro-entrepreneurs. Its focus was solely on financial services with minimal training provided through informal credit officer/client interactions. For instance, by 1999, UCB had the largest clientele serving 20% of all micro-borrowers in the country --100,000 depositors and 10,000
borrowers (Jacobson 1999:9). Despite its long-standing reputation, UCB has not adequately addressed the financial needs of small-holder farmers. Financial mismanagement and institutionalized gender bias have for long characterized the UCB operations. In part, some of the UCB problems have been linked to its minimalist approach that emphasizes efficiency and sustainability at the expense of human relations. For instance, in 1990, the UCB’s Rural Farmers Scheme, which aimed at targeting women for 60% of the loans, ended up serving “progressive farmers” who happened to be men (Wakoko 1993).

Other sources of formal financial services in the country include the Cooperative Bank of Uganda (CBU), which has about 23 branches, the Centenary Rural Development Bank (CRDB) with 8 branches, and the Bank of Baroda with 6 branches (WOUGNET 2000:3). In contrast to the UCB and CBU, the CRDB uses an integrationist approach in extending financial services. That is, credit programs encourage group lending, training of borrowers, more flexible borrowing terms and reasonable repayment rates. Since most people in rural areas cannot read and write, the CRDB is a more expedient financial source for poor women in rural areas. Unfortunately, the CRB has only 11 branches and it is mainly concentrated in the south and southwest regions, apparently where there is more capital and security (Jacobson 1999).

Semi-formal financial institutions – Semi-formal financial institutions are less regulated than the formal financial sector (Morris and Lobao 1994). Hence, a growing number of semi-formal financial institutions have emerged in the country to extend credit and savings services to smallholder farmers and small-scale business entrepreneurs.
Semi-formal financial institutions include credit unions, cooperatives, processing and marketing firms, input suppliers, produce traders and non-governmental organizations. Through cooperative unions members receive multiple services that go beyond their immediate financial needs. For example, Morris and Lobao found that the Cooperative Credit Union (UCCU), which is the largest semi-formal financial institution in the country, provides transportation facilities, processing and marketing facilities, farm inputs, farm implements and food items to its members in addition to loans. Members also receive reduced interest rates, which is an incentive to smallholder farmers who cannot afford the high rates charged by commercial banks. In their study of semi-formal finance in Uganda, the authors had this to say:

…while commercial banks use asset-based financing, many semi-formal financial institutions rely on character-based lending which is determined by a client’s financial history with the institution (e.g. savings history), personal visits by loan offices to the borrower’s business, and information gathered from others who are familiar with the work habits of the potential borrower. Use of non-asset lending is particularly important in increasing the eligibility of female borrowers in developing countries [particularly in Uganda where] only 10% of the women own property in their own name (Morris and Lobao 1994:11-12).

Although it might be expected that semi-formal financial institutions have facilitated the establishment of savings accounts among low-income women and men, their overall impact is small. One of the problems with semiformal institutions that is often cited is the question of attending meetings on a regular basis (Sen and Beneria 1990). Like other women in Sub-Saharan Africa, Ugandan women spend most of their time working in the fields to grow food needed for their households. Irrespective of their status in rural communities, women have a traditional role of taking care of their families...
through household reproduction (childbirth, caring and feeding of the young), and through community management activities (Brydon and Chant 1989). These roles demand so much time and effort on a daily basis that it is not be surprising to find very few women who are willing to walk long distances to participate in cooperative meetings.

Informal-financial institutions -- Given the strictures associated with formal and semi-formal financial institutions, most rural people use informal financial intermediaries. In Uganda, informal financial intermediaries (IFIs) consist of individual moneylenders and group agents. Individual lenders tend to be relatives, close friends, neighbors, and small-scale business entrepreneurs, while informal financial groups include savings groups and rotating savings and credit associations (ROSCAs), often small-scale and locally formed (Fendru 1995). Rural people tend to use informal financial intermediaries because they are easily accessible, even in the remote parts of the country. Additionally, informal financial intermediaries (IFIs) provide small loans that can be used for consumption as well as production purposes. Unlike formal institutions, IFIs have few collateral requirements and low interest rates -- obvious incentives to smallholder farmers. Fendru writes about the advantages of using informal financial intermediaries in Arua and Mukono:

Most informal loans (78 percent) are provided without any strictly specified conditions or terms, indicating the flexibility of lenders. Only about 19 percent of the loans were to be repaid by a specified period of time, ranging from short to medium terms, and a smaller proportion (3 percent) of loans were granted with interest. Report cases of default were a rare occurrence. Informal lenders’ decisions to extend credit to borrowers depends primarily on the latter’s charter. Loan transactions are carried out mutual understanding and informal contracts between the transacting parties. Similarly, loans repayment is based on mutual trust between the lender and borrower and default is minimized through peer and community pressures...Lenders tend to be generous with the timing of loan repayment, as it
was largely left to the discretion of borrowers. The survey found that the majority of lenders (79 percent) allowed borrowers to repay late, while 9 percent accepted less repayment, and 12 percent even cancelled their debts. The high flexibility in informal lending can be attributed to the fact that transacting parties know one another well. Almost half (48%) of the lenders had known their business partners (borrowers) for 1-10 years, while 24% knew their partners for 11-20 years, and 28 percent for more than 20 years (Fendru 1995:119-120).

As in other parts of Sub-Saharan Africa, farmers in Uganda have traditionally formed self-help groups to provide mutual aid to each other and to their communities’ at large (Tadhria 1986; Tripp 1994). As such, self-help groups, which also include ROSCAs) play a multi-purpose role in the rural economy. They are organized on the basic principle of sharing resources, which in most cases are very scarce. This includes sharing of labor and sharing of costs and benefits that may accrue from the members’ efforts. However, group formation and endurance depend largely on social solidarity expressed through constant networking among members (Rutherford 2000). Fendru’s (1995) study found that self-help groups were more often found in villages than in urban towns in the two regions. In Arua, households generally used these groups to organize and exchange labor badly needed in the growing and tending of tobacco crops while in Mukono, farmers mainly formed groups to pick coffee beans during harvest season. However, in both regions, people rely mainly on self-help groups for generating income through loans or savings.

By 1994, 63 percent of the informal financial groups (IFGs) in the two regions were regular savings and credit association (SACAs) or, rotating savings and credit associations (ROSCAs). About half the IFGs were formed on a gender basis in that they comprised women-only groups or men-only groups. Women’s groups made up 36 percent
of the total while men’s groups accounted for 14 percent. About 33 percent of the IFGs were mixed groups with male majority, and 11 percent were mixed groups with female majority. The remaining small proportion of the mixed groups (6%) had exactly equal numbers of men and women. In terms of individual participation in financial groups, slightly more men than women (24% to 17%) belonged to an informal financial group. However, very few people – (only 1.4 percent of men and no women) deposited money with semi-formal institutions. A small percent of both women and men (about 5%) deposited money with banks, some of whom also had deposits in informal financial institutions (Fendru 1995:130).

Beyond this description of the importance of the use of microfinance as a survival strategy in Fendru’s study, he also sought to determine the correlates of its use, that is, what factors are associated with its adoption including factors such as gender, education, ethnicity, etc. His findings are described in detail in chapter 4 wherein we review related literature and discuss causal processes proposed in these studies. As stated in the introduction, the present study attempts to push this analysis of microfinance in a different direction. It is interested not only in discovering what factors lead to the use of microfinance, but also what the effect of their use may be on women’s relative empowerment as measured by decision-making. A major concern for this study is whether the use of microfinance leads one to make more decisions in the home? To adequately address these issues there is a need to situate microfinancial use squarely within the sociological context of home and family, and within the sociological matrix of other influences on women’s empowerment.
2.8 Women and Rotating Credit and Savings Associations (ROSCAs).

Ugandan women participate in several forms of microfinance. Informal sources include ROSCAs commonly known as Kibiina in Luganda. A Kibiina consists of people closely associated in a village or family members engaged in the same occupation. However, the Kibiina could also consist of any member who might have some connection with a family member of the group. The size usually ranges between 10 and 50 people. Each member of the group undertakes to pay a special amount of money on a periodic basis. The period of payment varies from one group to another. It could be on a daily, weekly or monthly basis. Contributions are pooled together and given to each member on a rotating basis until every one has received a pool of the contributions. At the end of the distribution when each member has received a contribution, any member of the group who wishes to discontinue may do so. Those who wish to continue begin another round. An agent appointed by their group who is paid a fee from what she collects usually collects the contributions. The Kibiina credit system requires neither fixed capital nor written records, characteristics, which make it more accessible than banks to poor women. However, the same process may undermine the very efforts that initiated it since it also has the potential for increasing fraud by collectors (Morris and Lobao 1994).

Studies have found that poorer people and particularly single mothers are rarely able to borrow from moneylenders, primarily because most lenders see them as poor risks. In Ghana for instance, one respondent remarked that being a mother, it was not possible for her to get a loan; moneylenders she knew hesitated to lend to her for fear that she would use the money buy food for her children rather than invest it in a business
venture (Okine 1999). The situation of single women in Uganda is little different from that of single mothers in Ghana. However, women in Arua seem to have an even lower rate of participation in rotating savings and credit associations than Mukono women. This is probably due to their location. In Mukono, farmers grow a variety of crops that have marketing possibilities as well as subsistence use. Compared to people in Arua, residents of Mukono are more integrated into the money economy due to greater outside investment in the area. Following this line of reasoning, the extent to which an area is integrated into the national economy is thought to be one of the key issues affecting women’s ability to obtain microfinancial resources and to make decisions in the home.

In summary, this chapter has attempted to describe the background of the situation in which Ugandan women find themselves today—their general social status and some of the possibilities, especially microfinance, of which they may be able to take advantage in an effort to improve their status. We now turn to some of the theoretical issues surrounding microfinance and women’s empowerment before developing our own hypotheses concerning how women may have empowered themselves and how they may continue to do so in the future.
CHAPTER 3

HOUSEHOLDS, MICROFINANCE AND WOMEN’S EMPOWERMENT: THEORETICAL FRAMEWORK

Having established in the preceding chapter changes and continuities in the status and roles of rural women in Uganda, and the principles underlying microfinancial services, this chapter discusses theoretical explanations of empowerment in rural households. As a background to the major concepts operationalized for analysis in this research, the chapter first provides a general theoretical orientation to our subject and finally focuses on three basic theoretical orientations notably, neo-classical economics, social-structural theory and socialist/feminist theory.

3.1 The Family and Household Context of Women’s Empowerment

Responses to structural economic change are often described as family or household strategies (see Beneria 1982a; Pratt and Hanson 1991; Roberts 1994). This view traces much of its origin to Bender (1967), the anthropologist scholar who first used the term to distinguish between two different but overlapping institutions. According to him, family refers to a set of normative relationships or kin relations whereas a household is a unit of co-residence and should be kept analytically distinct from the notion of family. So the term family-household combines the two notions but they closely mean the same thing in the African context which why they are used interchangeably in this study.
Drawing on these conceptualizations, analysts suggest that household survival strategies are the plans and actions of people geared to responding to the perceived opportunity costs of their various options in a changing environment (Tilly and Scott 1978; Boyle 1988). Others such as Moen and Wethington (1992) maintain that household survival strategies are simply the collective patterns of behavior assumed to result from actions and decisions of individual families aimed at improving their economic and social well being. Neither definition contradicts the other; rather they both recognize the importance of individual’s role in decision-making within the context of socio-cultural or structural constraints.

One of the key questions arising from these studies has been to what extent household strategies can constitute a “women’s strategy” (Rakodi 1988, 1991). Bruce and Wryer (1988:8) suggest that what usually appears to be an adaptive, even finely tuned, balancing of household resources is actually the uneasy aggregate of individual survival strategies. Similarly, Roberts (1994) maintains that when the basis of the household is a family unit, the actions of individual members are likely to be influenced, even if contrarily, by normative assumptions about the obligations of family members and by shared principles as to family priorities. She further maintains that norms and principles do not guarantee that members of a household will act together to further some common goal because household members are likely to have different interests based on their family status, gender or generation. As such, often what appears to be a household turns out on closer inspection to be little more than the strategy of one member of a household (Roberts 1994:10). This observation relates to the type of decisions that
women and men make in their effort to cope with economic hardship. As this study will show, one person on behalf of the entire household membership makes some decisions while others are shared between couples.

It must be noted that the terms “coping mechanisms” and “survival strategies” are terms often applied in both neoclassical economic studies and socialist feminist studies and both sometimes view the household as the major unit of analysis. Moreover, studies inspired by neoclassical economic theory (human capital theory) and feminists inspired by Marxian conflict theory often return to the individual as a unit of analysis. The difference seems to be that the former assume that a household or family, particularly in agricultural settings, is a “corporate unit” in which interests and income are pooled to meet the needs of members in a kind of group consensus approach, or else they view socioeconomic inequalities as deriving from individual-based differences. The latter emphasize conflict rather than consensus in the household, and they find inequalities in the structures of society rather than inadequacies in the individual. The implication of the neoclassical consensus approach is the assumption that decisions about production, investment and consumption are undertaken by the household as a whole without due recognition of the variations in its composition nor of the differential experiences of women and men over time and space—in sum they tend to ignore conflict and inequalities between both genders and classes (for critiques of consensus theories see Lobao 1990 and Mingione 1990).

Despite certain differences in the conceptualization of household strategies/coping mechanisms, a general agreement reached by feminist sociologists
which is of relevance to this study is that family-household strategies are often conceived and implemented by individuals who have conflicting needs and interests, and the strategies they devise may enhance collective well-being, but they may well have differential benefits to different household members. If this is true, what are the bases of differential benefits for Arua and Mukono people? Are resources in the home shared equally and what are the depictions of the household contexts in which resources are distributed?

3.2 Household Economy: The Neo-Classical Economics Perspective

Standard neo-classical economic theory underlies much of the conventional analysis of microfinancial use and women’s empowerment in their households. This view, associated with the early works of Becker (1964), treats the household as a “black box” or presumes an internally unified structure--a single entity with a single preference ordering--obscuring the analysis of dynamics and relationships within the household (Blumberg 1991; Safa 1991). This model is elaborated in human capital theory and even draws on socio-biology in its views of women and the division of labor. According to the model, a household is depicted as having a unified utility function, a division of labor based on fixed market opportunities, a comparative advantage according to sex, and an altruistic head of household who makes decisions on behalf of all members in the home. Critics however argue that the model mystifies the household functions as an income-pooling unit and, it assumes that individual members have common interests and make rational choices to maximize the utility of the household as a whole. As a result, income
generating activities carried out by household members are evaluated in terms of the general household well-being rather than in terms of different individuals who constitute it (Maxwell 1996; Osmani 1998).

This “new household economics” view has provoked strong reaction, particularly with regard to the applicability of the model to developing countries including African societies (see Guyer 1981; Gordon 1999; Rakowski 1991; Blumberg 1991; Sen 1990). For instance, in her study of working and lower class households of Ciudad Guyana, Rakowski (1991:160) found that income pooling varied among poor households and the actual income pooled was very low with women making the largest contributions to the household pool. Furthermore, Rakowski identified two measures of household income—“potential” income that is the amount of money that household members make (but which is not really available to all members equally), and “real” income, which is the actual income an individual member, has at his/her disposal. Households that seemed to have adequate “potential” income had areas of hidden poverty compared to households that had similar amounts of “actual” income, suggesting that the treatment of a household as an indivisible unit of analysis that pools scarce resources and redistributes them equitably among its members is inaccurate, and this underscores the existence of a second economy (internal to the family) which has important implications for gender relations and for development policy (Blumberg 1991:3).

In another study, Goetz and Sen Gupta (1996:48-50) explored the degree to which women’s control of loans from the Grameen Bank in Bangladesh affects their empowerment and general household well-being. In cases where women had given their
husbands full control of the loan (possibly through pooling), these women remained dependent on their husbands’ willingness to utilize their money for regular debt repayment. As a result, women were often forced to either substitute funds from their own homestead activities or take out another loan from informal sources to pay their debts. At the household level, the authors note that women who lost control over their money also lost control of the consumption/nutritional standards in their homes, with far-reaching implications for the children. This critique of the simple optimistic view of microfinance certainly seems relevant for most African societies including Uganda where households are typically characterized by a clear gender and age division of labor and a stratification of power favoring males, particularly in regards to use of resources such as education, healthcare services and income generating opportunities.

In view of the limitations of the human capital theories, the emerging consensus in the feminist literature is that while there may be some identifiable “family-household” in most empirical situations, it is highly variable in composition, organization, and boundaries, and it is definitely not characterized by internal harmony and equality (Sen 1990; Haddard et al. 1994; Blumberg 1991; Gordon 2001). This study thus, assumed that such differences play out to promote further differences in resources use including decision-making power.

3.3 The Co-operative Conflict/Bargaining Model

Sen (1990) proposes to view the relationship between men and women in a household as one characterized by both co-operation and conflict. She suggests that
within partnered households, well-being depends on the relative bargaining power of the spouses. In turn, bargaining power depends on the individuals' respective *breakdown positions*, i.e., positions based largely on the welfare of individuals in the event of a breakdown of co-operation. Sen explains that a person's breakdown position shows his/her strength or vulnerability in the bargaining process. One must ask if the breakdown of negotiations should occur, what are the negative implications for a person's well being? Sen maintains that a person who fears the breakdown the most becomes willing to take into consideration the other person's interest in order to save the negotiation from breaking down. This assures that the person who fears breakdown least would gain the upper hand, and "win" when the final outcome is settled. The basic assumption is that the stronger the breakdown position of an individual, the stronger her bargaining power and hence the better her negotiating outcome, or, in the present Ugandan case, the greater the likelihood that she will make more important decisions in the home.

On the relevance of this model to non-Western societies, it is suggested that people's perceptions and values must be taken into account to allow for the possibility that the bargaining outcome may depend as much on subjective evaluations as on the objective realities of the breakdown position. Peoples' perceived contributions to the household and their perceived self-interest have a strong bearing on their overall objective status or power. Supporting this view, Okeyo (1988) argues that rural women in Africa tend not to perceive themselves as farmers first ad this has also contributed to the loss of recognition and power among women farmers. For Sen (1990), though these
perceptions may be unjustified, so long as women continue to perceive themselves and their household conditions as less important, women will find themselves in a weak bargaining position and, therefore, will end up with a lower level of well-being. Sen’s (1990) perspective informs well this study in that it assumes that women’s well-being in the home depends heavily on their respective breakdown positions, their perceived contribution to the family, and their perceived self-interest. For Ugandan women, the question has been what factors —“breakdown positions” affect Arua and Mukono women in terms of decision-making power? Feminist and human capital theories suggest a number of economic, social and cultural systems the society and individual levels of existence.

3.4 Combining Human Capital Theory and Structural Theory: Factors affecting the use of Microfinancial Resources and Women’s Empowerment

Any discussion of the factors potentially leading to the empowerment of women must consider current theories of stratification and inequality. If one doesn’t have at least a partial theory of what causes inequality and oppression in the first place, one is in no position to suggest how to change them or to create research that will meaningfully verify the causal processes leading to them. There seem to be two major competing general explanations in recent times that purport to explain inequality, including gender inequality—one focuses on individual characteristics of the rich/powerful and the poor/powerless (including their “social capital”), the other on socioeconomic structures or characteristics of socioeconomic systems; the first is also associated with the consensus theories discussed above, the second with conflict theory, more often favored by
feminists as we have seen.

In the case of concern in Uganda, one might focus on the “human capital” or “social capital” that women in different family-households possess, or one might attempt to identify different larger-scale historical, social and economic structures and conditions that constrain and limit the choices that women have, including their ability to control resources equal to those of men, and in conflict with men and other women. As has been demonstrated above, many feminists reject the notion that the household can be analyzed as a unit, and instead recognize gender inequality within even more individual micro-level relationships. But, somewhat paradoxically, many feminists, recognize the importance of attacking the “human capital” theorists from the opposite side as well, i.e., in highlighting the macro-level structures that determine which households or individuals will be able to amass capital and achieve power in the first place (cf. Lobao 1990:6-8). In fact, an adequate theory of inequality must somehow go beyond the macro-level reaction against the individualistic human capital approach.

It must explain inequality as the result of the interaction between individual characteristics on the one hand (human capital variations do exist), and historical socioeconomic structures on the other (prior structures of inequality certainly also exist). It must also somehow accept human agency (purposive decision-making) without falling into the simplistic view of “human capitalists,” that “everything derives from individuals” making “free and unconstrained” choices. Yet it must not fall into the opposite but equally debilitating trap of a deterministic socialistic or structuralist view where individual freedom and choice disappears altogether. In sum, an adequate theory must
attempt to chart a course between the micro/macro paradox and the freedom/determinism
paradox. Lobao (1990:13-15) comes to a similar conclusion in a search for a theory of
“political economy of locality and inequality” related to farms and farm families. Yet the
integration of the individual and of the issue of women’s inequality remains problematic
even in this neo-Marxian perspective in that its focus is on large-scale economic
structures of inequality at regional and community levels. The seamless marriage
between macro-structural conflict theory and functionalism and between micro-level
conflict and consensus theories has yet to be achieved. Yet it is perhaps within the
contemporary theorizing of socialist feminists that one finds the closest approximation of
such a theoretical synthesis. Certainly it often seems that the major differences between
the competing theories are moral ones, i.e., that inequality is bad (conflict theories) or
that it is, if not always good, at least inevitable (consensus theories); the one wants to
challenge the status quo (socialist feminism), the other seems to tolerate it or even justify
it as necessary (human capital-ism).

Research on gender inequalities in opportunity structures looks at various aspects
of this theoretical puzzle. For instance, with regard to women’s access to microfinance,
some studies have taken the “supply-side” human capital approach, while some of the
more sociologically informed gender stratification approaches highlight constraining and
exclusionary “demand-side” factors. Whereas the former stress the achieved qualities
and attitudes of individuals seeking access to income earning opportunities such as
credit/savings, the latter, originating as a reaction to human capital theory, emphasize the
structural and cultural barriers that women face in the various system of economic
exchange such as banks, cooperative unions and money lending institutions with which this study is especially concerned (see Blumberg 1984, 1991; Collins 1991; Chafetz 1991, 2000). Despite these differences both perspectives list specific factors that make it more or less difficult for people to make decisions, amass capital, and satisfy their multiple goals.

These are general and vague theoretical conclusions. To be more specific, it has been pointed out that human capital theory, besides looking at what individuals or households bring to the table in competition for scarce resources, also explains gender role behavior in terms of rational efficiency and choice-making. Believing in “rational choice” as a background cause of inequality (some make more rational choices than others), this “economizing” approach sees individuals as prioritizing job or family duties according to which domain is most likely to offer the best return on their investment of time, money and effort. Proponents of this view often argue that women are biologically suited to bear and nurture children, because in comparison to men, this is where their expertise lies; for their part, males specialize in paid employment in the labor market, and in formal income generating activities because this is where they enjoy a competitive edge (as summarized by Tanner and Cockerill 1999:3).

This theory depicts the gender division of labor, as characterized by Hagan and Kay (1995:12-13), in terms of the “chosen spheres” argument. According to the theory, women choose to invest less of themselves in the labor market (in economic activities removed from the home) than in family duties. For this theory, this is evidence enough that women are will be less involved than men in formal as well as non-formal financial
groups; we have seen that in Uganda it is true that women rarely borrow from semi-formal financial institutions because co-operatives encourage participation in group meetings and seminars, and they involve traveling to distant places. The premise is that women are less ambitious in applying for credit than men, they are borrow smaller amounts which makes the entire process more costly for banking institutions. Finally, women are less likely to have collateral to back up loans. In other words, proponents of human capital and rational choice theory see female borrowers as having their central life interest in the home and as being less committed to the rigors of formal banking, or even to microfinancial ventures.

As an alternative, sociologists (and WID researchers) such as Blumberg (1984, 1991), Collins 1991; Huber 1991 Chafetz 1999) offer a theory of gender stratification that locates women’s problems in institutional structures, policy plans and programs, and in the behavior of the credit extending institutions, particularly, their discriminatory practices. The basic premise is that differences in access to and control of productive resources are the fundamental causes of gender stratification within the household and the wider community. For instance, Blumberg maintains that,

…women’s economic power relative to men (defined as control of key economic resources such as income, property and other means of production) is the most important and achievable (though certainly not the sole) independent variable affecting gender stratification at a variety of “nested” micro and macro levels ranging from the couple to the state…[She predicts that] the greater the level of gender inequality at the society’s macro level (i.e. the extent to which for example, the political, economic, legal and ideological systems disadvantage women), the greater the negative “discount rate” nibbling away at women’s household level economic power (1991:23).
Since the UN declaration of the Women’s Decade in 1976, much of rural research on women noted that development practitioners often treat women’s productive activities as home-based and unpaid labor. This problem has contributed to the invisibility of African women’s work making it difficult for bank officials to treat them seriously as they often do male clients. In Uganda, while efforts are now being made to implement micro credit programs that fit women’s needs, these programs do not reach all women in the remote areas of the country. For example, in the rural villages of Arua, the nearest formal credit institution is the local branch of the Uganda Commercial Bank (UCB). In her study of the UCB credit interventions, Kenyangi (1996) found that the UCB like many commercial institutions in the country operates on a minimalist model of poverty alleviation, which does not take women’s issues into consideration. This approach emphasizes, often exclusively, credit access, which it sees as the ‘missing link’ for poverty alleviation. Its main concern is setting up viable, financially sustainable credit delivery mechanisms that will enable the bank to meet the operational costs of the intervention. As a result, client participation tends to take the form of mobilization of client skills and resources to reduce lenders’ transaction and information costs. Being the only commercial banking institution that has branches in rural areas, the UCB has full control of the delivery of financial resources. The assumption is that this would lead to income growth and employment opportunities for rural people and in return result in women’s empowerment. But the purview of poverty from such a narrower economic vision underscores the need for a broader analysis of the economic structures creating poverty, especially in a country like Uganda where many unequally situated ethnic
groups exist, and where the gender division of labor and property ownership remains crucial in determining the availability of collateral for obtaining loans.

Credit programs are often unavailable to women because these programs have stereotypical assumptions about women’s commitment to, and capacity for, borrowing. There is also a tendency to question women’s suitability for certain types and amounts of loans and they have stringent rules regarding collateral and repayment plans that are discriminative to women, since most poor women do not own land. The effects of these assumptions and normative prescriptions are such that the spheres available to women borrowers are limited and the progress they have made is mediocre. Overall, condescending attitudes of male-dominated financial institutions toward female clients, often makes them reluctant to lend directly to even qualified female applicants.

Whereas human capital theory construes the decision not to borrow or participate in group meetings as a personal and voluntary decision, gender stratification theory is more likely to identify inflexible working hours, inadequate child care provisions and unaccommodating bank officials as factors that make full participation in micro-financial programs more difficult for women than men and as stressors that dissuade women from staying in financial groups. Economists typically using neoclassical models focused on the borrower have done most studies of rural microfinancial resources in the developing countries, and these models tend to dominate the mainstream approach to development geared to improving households’ well-being. But on the other side of the coin are the structures and rules of lending, for example, in the distributive structures of microfinance. Bank officials in Uganda tend to exhibit a bias against dealing with women under the
guise that bank policies preclude dealing with small borrowers (Fendru 1995). This
seems to confirm one of the major objections raised by sociologists (and feminists in
particular) about the human capital models, namely, that in reality women do not make
free and informed choices about microfinancial resources. Rather, their choices are often
constrained by the circumstances in which they operate which include among others,
cultural traditions, class positions and gender (Blumberg 1991; Chafetz 2000).

3.5 Concepts of Decision-Making and Women’s Empowerment

In the 1990s, there was a marked promotion of the concept of empowerment in
development circles in response to growing poverty and unequal development in many
third world countries (Craig and Mayo 1995). This concern has been heightened by the
UN women’s conferences in which gender mainstreaming and women’s empowerment
issues are stressed as a “missing link” in the development process (UN conference on the
Status of Women, March 2-16, 2002). Feminist scholars recognize a need to go beyond
both the individualistic tendencies of the human capital models and the economic
determinist tendencies of the structural models. Some of the more sophisticated analyses
suggest the necessity of conflict/bargaining models, which can combine human agency
with structural constraints to gain a realistic understanding of empowerment. There is
recognition here of the power of social structures, but also a determination to transform
power relations through individual action or “agency” (see Moser 1993; Kabeer 1994;
Rowlands 1997).
Empowerment theorists start from the premise that empowerment is a process of increasing personal, interpersonal, and political power so that individuals, familyhouseholds and communities can take action to improve their situations (Gutierrez 1994:202). According to Karl (1995:14), “the process of empowerment is both individual and collective, since it is through involvement in groups that people most often begin to develop their awareness and the ability to organize to take action and bring about change.” For Rowlands (1997:17), women’s empowerment is a process of human agency -- women organize themselves to assert their independent right to make choices and to control resources, which would assist in challenging and eliminating their subordination.

However defined, a general consensus in the literature is that empowerment involves feelings and attitudes as well as actions, with political power (in the broadest sense) being the central issue to the empowerment state, and decision-making as the core of the entire empowerment process. There are two major strands of empowerment in the literature that shed light on the study of rural women in Uganda: (1) the personal empowerment view that has roots in individualist, functionalist human capital theory, and (2) the political empowerment view linked to theoretical assumptions of Marxism, socialism and conflict theory (Johnson 1992; Rowlands 1997).

The personal empowerment view assumes that power is located within individual members of society. Here, the empowerment state takes three forms of power namely, “power to” which is generative or productive power creating new possibilities and actions without domination; “power with” which is relational and hierarchical and exists only in its exercise, and “power within” which is seen in terms of self-reliance and self-
esteem (Moser 1993; Kabeer 1994; Rowlands 1997). From this view, empowerment can be achieved within an existing social order without any significant negative effects upon the position of the powerful. That is, it is assumed that once empowered, people can participate in the outcomes of the change process and become agents of change with the ultimate goal of achieving self-reliance (Mayo 1995).

The political empowerment view stresses “power-over” or, the “capacity to act” in relation to other people of similar standing. This view conceptualizes power as an instrument for domination in which an increase in the power of one group implies a decrease in the power of others (Staudt 1988; Johnson 1996; Aubrey 1996; Rowlands 1997, Chafetz 1999). Such a concept of power involves relationships between those who have more of it and those who have less. Empowerment becomes problematic as it involves gains by the powerless that would necessarily have to be obtained from the powerful and negotiated as part of a wider strategy for social reform. As such, it is argued that women’s empowerment is inherently threatening since it could come at the expense of men. For instance, Price (1992) noted that women’s empowerment goals go beyond personal enrichment to include increased awareness of political power and participation in political institutions. For analysts in this camp, it is critical that macro-level systems and structures be influenced in order to bring about real empowerment. This view shifts the emphasis from women’s economic independence through increased income and greater individual self-reliance to action that encourages women to seek power through decision-making positions at the local, national and global levels.
In Uganda, particularly following the National Resistance Movement war that brought Yoweri Museveni to power in 1985, the rhetoric in government circles was that women’s empowerment involves ‘gaining voice, having mobility and establishing a public presence.’ In government and non-governmental organizations, both policy planners and activists conceived women’s empowerment as a collective public action. In turn, there have been a growing number of financial institutions that attempt to meet the needs of women with a hope that this would translate into empowerment.

However, analysts such as Johnson (1996) caution that individual empowerment does not necessarily translate into political power that can be exercised in the wider society. For Johnson, there is a need to increase the effective participation of women in circles of political power. While Johnson is somehow correct to underscore the correlation between individual gains and political empowerment, one must not undervalue the importance of micro-level empowerment because it is particularly at the household level that social relations are formulated to shape the public domain. Who can say if the importance for women to be fed or safe from patriarchy in the home is irrelevant when it comes to having women elected to high political office? How can we explain the political role of women in decision-making without paying attention to their individual relative status in a myriad of socioeconomic factors?

The above discussion illustrates why, with a concept as complex as empowerment, operationalizing its measurement is extremely difficult. This study argues that the heart of empowerment is decision-making, whether at the micro or macro levels (Blumberg 1996). To make decisions in the home about how to use resources, about the
planting of crops, or how much to borrow or market produce is to exercise influence and independence; to decide to run for political office, how to exercise one’s vote, or to join a political movement is also to exercise power and autonomy, and in fact these processes are interconnected. Who makes key decisions, then, will be the key concept in operationalizing the concept of empowerment, whether empowerment is seen as the result of the use of microfinance or whether as the result of other socioeconomic factors to be delineated in the next chapter. After this effort in Chapter 3 to survey broadly general theory relevant to our problem, in Chapter 4 we review literature from a number of similar studies about specific factors that have been found to influence both women’s relative access to microfinancial resources and their role in household decision-making.
CHAPTER 4

SOCIOECONOMIC FACTORS THAT AFFECT THE USE OF MICROFINANCE
AND THAT PROMOTE DECISION-MAKING POWER

The 1990s witnessed a growing interest among scholars in microcredit programs that mobilize and organize women at the grassroots levels for supportive services. At the same time, in many developing countries including Uganda the issue of women’s empowerment has constituted in recent decades the basis for much research. But it is often unclear what changes in what factors can produce a real increase in women’s well-being. While some studies including anecdotal case studies in non-governmental reports have found that microfinancial programs improve women’s status in the family and their communities, great debates persist about the extent to which microfinance promotes significant change in these aspects, though most agree that improvement in status and well-being is certainly one aspect of empowerment.

There are “discount factors” at the macro-level (regional or national), and micro-level (household) that can increase or reduce the benefits of microfinancial resources for women users (Blumberg 1991:23). At the regional level in Uganda, some of the discount factors include lack of markets, training, and employment opportunities. At the micro-level, personal endowments and the organization of the household in which rural women operate contain “discount factors” also. These include gender, age, marital status,
education, occupation, household headship, number of family members and household income (Jacobson 1999:2, FAO/IFAD 2000, Kasente et. al 2002; Fendru 1995). The effects of these factors on decision-making are discussed in detail in the following section. However, we start with a discussion of empirical literature about how women’s empowerment can be increased or reduced when they participate in microfinancial programs.

4.1 Microfinance and Women’s Empowerment

Empirical studies suggest that targeted credit serves to enhance poorer women’s socioeconomic conditions and thereby alter the relations of gender and class to the benefit of the subordinated groups (Ouattara 1994; Kasente 1994; McNamara and Moore 1998). Others argue that microfinancial programs especially those focusing on grassroots participation are time consuming and are not necessarily empowering because groups do not necessarily seek to question wider issues of gender subordination (Mayoux 1997:5), However understood, the emerging literature suggests that microfinancial programs create “empowerment-promoting conditions” for women, with personal power being at the center of the empowerment process (Goetz and Sen Gupta 1996; Aubrey 1998; Okine 1999; Sabhrawal 2001).

In a classic example of women’s use of credit extended through the Grameen Bank in Bangladesh, and the SEDAW credit programs in the Dominican Republic, Goetz and Sen Gupta (1996) and Kabeer (1996) found that programs that require members to participate in group meetings draw women out of their homes and give them opportunity
to be part of larger social processes. In India, most women until recently have not had the chance to belong to any association beyond their family because of the cultural restrictions on wives and daughters. The Grameen Bank credit programs drew women out of their homes to participate in group meetings, short-term training, and social networking. The authors note that drawing women out of their homes was in itself a big stride for poor women because it helped them to overcome some of the restrictive socio-cultural barriers and also widened their opportunities to get information and possibilities to develop other social roles.

In another study, Gadio and Rakowski (1998) found a similar experience with Thiedhem women of Senegal who organized themselves in groups to sell their agricultural products in towns during harvest season. As part of their survival strategy, these women held group meetings on a weekly basis and devised strategies of how to expand their income through temporary migrations to town. The authors noted a greater sense of awareness about social and political issues and also in an increase in self-confidence and assertiveness among women who participated in group organizing.

Further more, analysts have found that financial resources enable women to expand their micro-enterprises. For instance, women who invest their loans in productive activities have been found to have increased income which they then invest in productive ventures, they tend to have control over their income and they enjoy some degree of freedom and independence (Cloud & Elavia 1991; Okine 1999; Grasmuck 2000). Critics however argue that women’s microenterprises provide minimal well-being because they often represent extensions of their domestic role. Women’s enterprises tend to yield low
profits and they are time consuming. Although this trend is common in Uganda where one finds women operating enterprises outside the country’s legally established policies, there is no doubt that women who have access to some form of income afford life’s necessities better than poorer women. In fact, scholars such as Blumberg (1996) maintain that irrespective of how it is earned, “income has certain fairly clear-cut effects on the relative power of recipients … and women recipients in particular” (p. 213).

In her article, “‘Money Can’t Buy Me Love?’ Re-evaluating Gender, Credit and Empowerment in Rural Bangladesh,” Kabeer (1998) reports that women gain bargaining power when they are the only source of credit and income for their families. For instance, one of her respondent recounts:

…my position has improved; before no one took any notice of me, now they do. That is also true of my husband. Before I did not get this much affection from my husband. There would have been no loan without me (Kabeer 1998: 43).

Experiences in the general improvements in attitudes towards women were also observed among rural women in Senegal (Gadio and Rakowski 1998: 144). The authors noted a breakdown in male control and an increase in female autonomy as women participated in business enterprises. In a slum area of Namuwongo near Kampala city in Uganda, Obbo (1991) also observed a striking pattern in adaptive behaviors of women who participated in credit schemes. She notes that women reported improvements in the types of clothing they could afford, an increase in their need for domestic assistance, improvement in their dietary patterns, and a deliberate altering of intra-household food distribution in favor of women and children. The author concludes that women’s increased spending on basic consumption goods is an indication that their
status in the home has improved and should not be confused with deterioration in control of their lives as some scholars would have it. On the contrary, some would argue that increased spending on stereotypically domestic consumption goods is an affirmation of the persistent subordination of women in the household-family sphere. But as experience shows, spending on consumption needs is in itself empowering because it brings forth a sense of self-worth and self-esteem especially for women whose life-span and abilities are cut short by persistent war and now by the AIDS epidemic.

In another study, Aubrey (1997:45) recounts from her study of women’s collective organizing in Kenya that the women who had access to credit schemes and savings accounts had “a voice in the community”. For years, Kenyan women mobilized in self-help groups known as Harambee or Fata Nyao. These informal initiatives involve women taking part in various activities such as income generation through rotating savings and credit associations (ROSCAs) and savings credit associations (SCAS). Aubrey notes that women who participated in Harambee organizing also run small-scale enterprises such as trading in manufactured goods, agricultural products including cooked food, baskets (kiondo) and they invested some of their money in the construction of water wells, roads, dispensaries and schools in their communities. These developments gave women a voice to present their concerns to political candidates.

Staudt (1986:205) cautions about the interpretation of these developments because politicians in Africa tend to use women’s associations as a mere campaigning platform. In the case of Kenya, Staudt found that politicians have often used a selective group of elite women who have a profoundly different socialization experience from non-
elite women. As such, elite women advocate for family-related projects aimed at not only strengthening non-elite women’s identification with their conjugal families, but also separating them from the elite groups. These dynamics play out to reinforce existing inequalities among women and fail to challenge the established norms about gender roles.

Robertson (1986) sees it indifferently. She argues that African women’s relationship to the means of production (class position) is the most important factor affecting their social relations in the home and the wider community. Women’s class position is associated with their access to significant resources such as land, cattle, livestock, labor, wages and power. Robertson defines access to refer to three factors: ownership, use, and control, with control being the most important factor of all. Citing examples from studies by Kettle (1986) and Vallenga and Afonja (1986:21), the author notes that African women tend to use resources particularly land, but they rarely have real control over it. She attributes this problem to the entrenched patriarchal traditions and customs on one hand, and the pervasive capitalist expansion on the other. According to Robertson (1986), informal organizing is one major solution to the gender question in African societies. She suggests “female solidarity can play a strong role in promoting class action [and improving the class position of women especially for] women not in wage-earning positions.” Overall, Robertson’s analysis reveals two important issues that are relevant to this study. First, African women’s empowerment is due to both their indirect access to land (e.g. through hypergamy) and also, through direct access to other resources (e.g. employment, education and credit use). As such, the extent to which these resources empower women depends on the nature of women’s experiences with them –
either as owners, users or, when they are in control of them. Second, that a number of factors mediate the effects of each resource (including credit/savings), on women.

For example, in two villages of Ghana – Ashale Botwe and Akobima, Okine (1999:185) noted a glaring difference between people who participated in Susu groups also known as rotating credit and savings associations, and people who didn’t. People who benefited from Susu had some form of skills in that they were relatively economically well-off, and they tended to be married. No doubt, poor people in the areas studied needed Susu because they could not afford to borrow from individuals for fear that no one would risk lending to them. This fear to borrow from money lenders was expressed by one of her respondents who remarked that “…since she is a mother no one would think of giving her a loan because they will say that she will use the money in buying fish to eat” (Okine 1999:184). The author notes that the fear was perhaps an expression of some hidden feelings about the advantages that the people of Ashale Botwe had reaped from group mobilizing. She concludes that the people of Akobima may have felt that way because they are more rural and less integrated into the money economy, where as the Ashale Botwe people are peri-urban, more organized and were able to use their credit to hire labor and pay for tractor services (Okine 1999:185).

In Uganda, microfinancial programs have also had positive and negative effects on the recipients and women in particular. In a more recent study of women’s use of microfinance in Uganda, a study by FAO/IFAD (2000) revealed two implications that are relevant to the case of Arua and Mukono women. First, on the question of whether it is appropriate and efficient to provide credit lines exclusively for women, evidence from
UWESO programs in Mbarara, Lira and Kumi and from other NGO managed programs indicated that it was a good idea. The decision was based on the fact that women are more conscientious about saving; they were more cautious in borrowing and more disciplined in loan repayment than men. While this issue was not examined in this study, it reflects a hidden form of empowerment that rural women cultivate through group participation.

The study further examined the question of whether Ugandan women were able to control the enterprise for which the loan was obtained. The study found that women’s ability to be in control depended on three main factors namely, marital status, ethnic group and the nature and profitability of the enterprise. The study concluded with the following observations:

- Women are more likely to control food-processing enterprises, those that sell prepared food, food crop trading and tailoring. On the other hand, men are more likely to control those enterprises that have to do with hardware, cash crops, brick-making and retail shops.

- Married women are less likely than single women or women heads of households to control their enterprises, especially where the business is a household one, with both husband, wife, and often he children, controlling labor.

- Women in polygamous households manage their enterprises separately from co-wives but still need to consult with their husbands on the use of funds.

- In situations where the loan results in the woman’s enterprise becoming attractively large and profitable, it is common for husbands to take over control.

- Often women rely on husbands for keeping accounts, which can lead to the diversion of funds to the husband’s personal use (FAO 2000).
4.2 Critique of the Impact of Microfinance on Women’s Empowerment

Despite existing evidence from various studies about the advantages of poor women having a loan or a savings account, critiques maintain that microfinance is not a “panacea” (Johnson 1998), or, “magic ingredient” (Mayoux 1997). According to Mayoux, microfinancial programs promoted through banks, and sometimes co-operative unions, tend to adopt a minimalist approach that emphasizes efficiency and sustainability at the expense of women’s well-being. With this approach banks put pressure on women to repay loans at specified dates and rates which forces women to get loans from elsewhere and sink deeper into debt. The Uganda Commercial bank (UCB) Rural Farmers’ Scheme (RFS) for instance, adopted this approach in the early 1990s. Although some farmers (mostly men) were able to use credit to hire tractors, expand crop yields and use extension services, the loans were not sufficient enough for women and were not used for longer periods enable women realize their benefits (Wakoko 1993).

There is also a fear among some people that women may use loans to replicate rather than reduce gender inequalities. For instance, Mayoux (1997) found that among the people studied, women who received loans operated small enterprises usually near their homes and they employed daughters as unpaid labor. This process not only increased the daily workload for women who were already enmeshed in household provisioning roles, but it also undermined their daughters’ education while continuing to prioritize the interests of male children. Critiques have been skeptical about the uses of loans. They charge that women use their income to benefit children but like men, women
also give priority to boys at the expense of girls especially when it comes to paying school fees (ACFODE 1987; Blumberg 1996; Karl 1995).

Evidence from both the developed and the developing countries also attests to the fact that women's businesses are among the smallest in size, they are mostly concentrated in a few economic activities, and they are often located within the home (Hanson 1991; Morris and Lobao 1994). While this may be an advantage for women who may not have options and who may not have rigidly ascribed roles to perform in the home, domestic responsibilities and child care may drain the time and energy that female entrepreneurs have to devote to their home-based businesses. Grasmuck and Espinal (2000:235) suggest that, often, women’s residential location may not provide the best access to inputs and a wide range of clients. There is also a question of how much credit or income can do to improve the welfare of people in their homes. While it is true that women have varying reasons for borrowing and saving money, the fact that increased income often fails to challenge existing gender relations means that the benefits could be temporary and could even lead to the withdrawal of male support.

In some cases the effects of microfinancial resources have varied within schemes, the nature of investments for which the loans are obtained and also, the socioeconomic status (class positions) of women (Robertson & Berger 1986; Sachs, 1996; Johnson 1998; Goetz and Sen Gupta, 1996). For example, in the Grameen Bank microfinance program, women borrowers who were widowed, separated, and divorced were more likely to retain control over loan-use, compared to the young, unmarried women or new brides (Goetz and Sen Gupta 1996). The Grameen Bank study notes that characteristics such as loan
amount, one’s membership in a supportive group, and the nature of the investment activity also affected how much a woman was able to keep under her control, while the rest of the money was appropriated by male relatives and invested in activities over which women had no control. In Uganda, Mayoux (1999) noted that among the Langi people of Pakwach district, the larger the amount of the loan, the more likely it was to be appropriated by the husband or other male members of the family. It will not be surprising to find similar social behavior in Arua as opposed to Mukono since Arua and Pakwach have many values in common.

The issue of loan control or management of the enterprise for which the loan was sought was also cited in a study by Montgomery et al. (1996:173) in which she found that women did not manage the funded enterprise because husbands or other male members in the family controlled it due to the assumption that women did not have prior skills in money management. Goetz and Sen Gupta (1996) cite examples from their study about the proportions of women that control their purse. Only 37 per cent of the respondents indicated that they retained full or significant control of the loan, while 22 per cent were unable to give any details of loan use (p. 48-50). For these women, credit did not increase their income even though it enhanced their role and recognition in the home and community. The authors note that this problem forces women to substitute funds from their own homestead fund or take a loan from informal sources to pay off another loan. Since in much of the developing world women are responsible for household upkeep, men’s control of women’s income tends to lower the households consumption standards. In addition to the above problems associated with microfinance, some studies have found
an increase in domestic violence in households where women participate in financial meetings, spend hours in line for loans, or have to leave the house for hours to received training related to loan management (Obbo 1991; Mayoux 1999; Goetz and Sen Gupta 1996).

In extrapolating these observations to the case of rural farmers in Arua and Mukono, we note that the effects of microfinancial resources may vary based on a host of factors. These factors include among others, the underlying principles of microfinance, class positions of the recipients, the structure of the households in which they operate, the location/region, nature of the enterprise, and personal attributes, such as gender and marital status. For instance, people who live in abject poverty may not ask for loans mainly because they do not have the leverage and resources to exert influence through established programs and associations. Therefore, the benefits of credit are mainly available to those who are to some degree already empowered or, have some degree of social mobility.

Despite the mixed results associated with using microfinancial services, it stands to reason that Ugandan rural farmers who have the opportunity to obtain loans or make deposits in savings account have a higher likelihood of affording a nutritious meal, meeting medical care expenses and improving their farm production than those who do not have access to credit and savings at all. For instance, since the 1990s Ugandans have operated in a post-conflict society characterized by the trauma of war and economic hardship. In the north and north-eastern parts of the country where rebel forces are still waging war, rural communities have a high rate of broken bonds and many people have
limited access to important resources such as microfinance, health care services, education, and employment (Jacobson 1999; Tripp 2000). While both women and men feel these problems, they are even more intense on poor rural women who “have assumed responsibility for additional children orphaned by conflict or by war” (Jacobson 1999:8). On the basis of the literature reviewed above and in other sections of this study, a major hypothesis tested in this study is that the respondents’ empowerment will depend on their use of microfinancial resources. Respondents who use credit/savings and those who participate in informal financial groups will also make more decisions in their homes than respondents who don’t use these resources.

4.3 Personal-Level and Household-Level Factors Affecting Rural Farmers Access to Microfinance and Decision-Making Power

In the following section, we review empirical literature on a number of factors drawn from the social stratification theories and the human capital models discussed in chapter 2. The objective of this discussion is based on our concern about how we can view women as a heterogeneous group, as individuals who have qualities that facilitate or impinge on their role in the change process. Empirical studies have identified a number of socioeconomic factors affecting farmers’ access to microfinance and decision-making (Blumberg 1991; 1995; Obbo 1991; Tadhria 1989; Fendru 1995); these factors are analyzed below starting with those at the individual-level.
4.3.1 Individual-Level Factors

**Gender** – social scientists and feminist scholars in particular have shown that gender is an important determinant of access to opportunities including financial resources. In Uganda, women tend to have limited access to formal banking and related services, in part due to the persistent patriarchal ideology of the family expressed through kinship relations. For instance, in all the four regions, women and men are located in kinship groups based on birth and marriage relationships. They are subjected to social rules, duties and obligations that in turn shape their lives through a division of labor, all of which are maintained in a system of gender stratification (Obbo 1991; Tadhria 1986). Despite a large diversity of ethnic groups found in the country, people are generally subjected to an ideology that defines them according to universal gender roles. Gender specifications then serve as a basis for allocating significant resources such as land, crops, education, agricultural credit, extension services and decision-making power over major responsibilities in the home. Obbo sheds more light on the gender question in Uganda:

The biological differences are elaborated into social differences as well as power inequalities. The organization of labor and property transfers is embedded in kin relationships… [as such], men and women are unequal in their access to scarce and valued resources of society and material goods (Obbo 1991:1).

Although gender has been a basis for allocating resources in the Ugandan society for centuries, there has been no systematic, cross-cultural comparative study of the ways in which women’s access to microfinancial resources contributes to their empowerment, or the contexts within which this occurs. In some cases, women get access to loans
through the bank, cooperative unions or from informal lenders. However, as some researchers have noted, men may control loans. This increases women’s dependency on men and sometimes generates conflicts as women redirect their efforts to fulfill loan repayment objectives (Goetz and Sen Gupta).

Women’s relative position in their homes also accounts for the extent to which they can make choices in their lives. For example, in households often assumed to have “adequate” income, women and children may be dependent on income from their husbands/fathers which, often being inadequate, confines them to “hidden poverty” (Rakowski 1991). This affects the decisions a woman can make and her likelihood of participating in banking and savings activities. As mentioned elsewhere, in many parts of Sub-Saharan Africa, men tend to dominate commercial banks and cooperative unions. One of the reasons has been the fact that formal institutions operate in the language of the educated elite. This leaves out most rural women who use local vernaculars and are often illiterate. In addition, banks insist on collateral and as we know, land is almost the only form of collateral that poor households have to offer. Because women don’t often have control over this basic means of production even though they have access to it through “use rights” (Robertson 1986), women find it difficult to make decisions on major issues. Thus, women’s lack of what Sen (1990) refers to as strong breakdown positions due to their subordinate status makes their role in household decision-making problematic.

Some studies contradict this claim. Fendru’s (1995:171) study found that among the farmers of Arua and Mukono, gender was not the basis for determining their access to bank loans. He remarks, “the odds of a respondent having a bank account, or obtaining a
bank loan, or borrowing from an informal source are not significantly dependent upon her
or his gender, at the 95 percent confidence level.” Rather, the study found that gender
only had a significant influence on a person’s membership in informal financial groups.
The contradictions in the literature about the role of gender in determining one’s access to
opportunities are what this study attempts to explore in Uganda. Contradictions in the
findings may indicate a number of things. Of relevance to this study, they point out the
fact that there are several confounding factors that interact with gender to increase or
reduce a person’s participation in opportunity structures including the decision-making
process. Given the social expectations placed on women and men, the important role
played by economically active women and men, and the women’s unique role as
producers, reproducers and community managers (Brydon & Chant 1996), we
hypothesize that both women and men will make important decisions in their homes but,
whereas women will be more likely to make decisions related to farming and household
reproduction activities, men will make more decisions about income derived from both
farm and non-farm activities.

Age – Analysts from the Human Capital school of thought view age as in large
part representing one’s work experience and a value that is highly rated in the job market
(Beck 1964). In African societies, age also symbolizes experience and it conjures
meanings of power and prestige. Both women and men in Uganda make important
decisions within the family, the community and the state, but, older males are the overall
“gate keepers” of the decision-making process. Experience shows that disputes at the
family level are often handled through a committee of elders who in most cases are
related by kin. This group may also include non-members of the family from the community who have the wisdom that comes with old age, as it is generally believed.

Empirical research shows that differences in family cycle have different effects on the need and use of micro financial resources (Meyer in Adams et al. 1984). For instance, Fendru’s (1995:170) study found that younger respondents (20-40 years) were 4 times more likely to be members of informal financial groups than people who were older than 40 years. Likewise, younger respondents had a greater chance of borrowing from both formal and informal sources than older respondents. In a demographic study of gender norms in Bangladesh, Balk (1996) also examined women’s mobility outside their homes and decision-making authority in their homes. She found that most women move freely between nearby households, but they tend to be confined in their movements further away from home. With regard to decision-making power, she found that age was significantly associated with a women’s authority in the home. The study further revealed that as women age, their role in household decision-making increases and then decreases, peaking in the 30- to-34 age group. The decrease in decision-making authority among older women was however not necessarily due to age alone; rather, it was also compounded by the values of different generations. For instance, women who were much younger than their husbands also had more decision-making authority than women who were closer to their husbands’ age.

While this study did not focus on the effect of age on microfinancial resources, the fact that women’s authority in the home has been found to increase with age (Balk 1996), and, since people who range between age 20-40 are more likely than younger or
much older groups to have access to informal credit and savings in Uganda (Fendru 1995), it is likely that farmers who fall in this category will also have an increased role in decision-making. We hypothesize that age will have a significant influence on the respondent’s decision-making role in that people who are 35 years of age and above will be likely to make more decisions in the home than people below 35.

**Marital Status** – Feminist scholars and sociologists argue that even though married women have a higher chance of gaining access to critical resources because of their affiliation to husbands, they are less likely to make more decisions in their homes than single women. This is because married women, though they may share responsibilities with their spouses, very often have less control than the men over decisions that involve resource allocation. For instance, in Pakistan, Fong & Perret (1991:55) found that some married women were able to control savings from the money which they generated from selling dairy products, poultry, goats and other farm goods. However, in most rural households, married women did not have authority over the money earned from the sell of produce because the money was kept in a common pool and allocated by a spouse. The study showed that in most households, only widows had decision-making authority over their income because their sons often turned over the money to them. Married women living in extended families had a marginal role in decision-making authority simply because their mothers-in-law or other male relatives made the decisions.

But in Uganda Fendru (1995) failed to find a correlation between marital status and access to microfinance. Contrary to expectations, he found that farmers’ access to
loans and savings, be it from formal, semi-formal or informal financial sources, was not dependent upon their marital status. Marital status was only important for farmers to become members of informal financial groups as he notes: “the odds of belonging to the IFGs are twice as high for married respondents as they are for the unmarried people regardless of their gender” (p. 195).

In another study, Owusu-Ansah (1996), a researcher who examined the correlation between marital status and decision-making over nine activities, found that decision-making varied significantly with marital status and the nature of the decision in question. For instance, decisions regarding what crops to plant, when to plant crops, when to harvest crops, whether to sell crops and whether to use farm income were almost always made jointly by spouses. However, even though both married women and married men reported having an important role in these decisions, women were likely to provide more input on issues related to planting, harvesting and family food provisioning. On the other hand, married men almost always dominated or provided more input when it came to decisions about income such as the selling of crops (43.8% men to 6.7% women), using farm income (42.7% men to 6.7% women), setting aside savings for future use (50% men to 10.5% women), borrowing money (49.2% men to 7.9% women), and trying a new farm innovation (54.7% men to 15.9% women). In contrast to married women and men, the study found that single women and single men have almost absolute control over their decisions. However, whereas single women showed this control in all the nine decisions, only two thirds of the single male farmers decided alone about the selling of crops. They
were less likely than women to save money, and one-third of the single men requested input from other persons about harvesting of crops (1996: 141-150).

On the basis of the literature reviewed above, we hypothesize that married farmers in our study will be likely to make fewer decisions concerning agricultural production as well as those concerning income use than single farmers. With regard to gender, married women will be likely to make fewer decisions in the home than single women because married women almost always make decisions jointly with their spouses. On the other hand, married men will be just as likely as single men to make decisions in the home.

**Educational Attainment** – Studies based on the human capitalist model suggest that people who have had more years in school or had formal education make greater use of available opportunities including decision-making in the home. Education is a type of human capital, and so is information network formed through schooling. For sociologists, education is also structural indicator of the socioeconomic position of a person or household or group in the social stratification system (Collins 1991; Chafetz 1991; 2000). Overall, analysts see education as a basis for social differentiation among members of society (Robertson 1995). For instance, in one study in Rwanda, Clay and McAllister (in Fendru 1995:55) found that education had both direct and indirect effects on income levels. The educated apparently had more efficient control and use of household labor (indirect effect), as well as access to higher paying jobs (direct effect). Thus, it stands to reason that educated people in Uganda will also have a greater ability to make many and important decisions. As Fendru (1995:173) notes, they “tend to have
bank accounts, have greater opportunity to obtain commercial loans, have more propensities to save their discretionary earnings at high income levels, and hence are less inclined to borrow from external sources than those with no formal education.”

So, in Fendru’s study, education showed an overwhelmingly significant correlation with access to and use of microfinancial resources. Since income increases one’s propensity to afford necessities, gain knowledge about innovations and skills, this assumes that education will exert a significant influence on the respondents’ decision-making power. That is, *respondents who have received some formal education will be likely to make more decisions in the home than respondents who have not received formal education.*

**Occupational Status** -- In this study, occupational status refers to the respondents’ daily productive activities. Given that people in Uganda engage in three major activities, the following occupations were examined: (1) Farming, (2) Trading and (3) Wage employment. Rural sociological studies indicate that people working in the same occupation tend to interpret more and share information with one another more than those belonging to other occupations (Slover in Fendru 1995: 1). Occupational differences are, however often attributed to different cause-effect relationships. While the human capital analysts would view biological characteristics as the key factors determining one’s occupational status, sociologists and gender stratification scholars attribute differences in occupations to structural inequalities among various individuals or groups. In either case, the type of occupation individuals may have will certainly affect the choices they make and the extent to which they make those choices. Also,
occupation, like education, is a key indicator of one’s socioeconomic status in the social structure. In Sub-Saharan Africa including Uganda, occupation and income together with education play predominant roles in social differentiation (Robertson 1995).

However, Fendru’s study found that being a “farmer, trader, and employee had partially significant relationships with bank account and informal financial groups, but did not exert any significant influence on bank loan and informal borrowing” (1995:191). The study suggested that these occupations were not the basis for one to obtain a loan or have a savings account. These findings somewhat contradict the literature and call for further investigation into the occupational question in Uganda. Evidence from other African countries suggests that women gain self-esteem at least at the household level when they engage in trading (Robertson 1984, 2000; Lewis 1976; House-Midamba 1994). In Nigeria and in Corte Devoir for instance, Barbara Lewis recounts that “women’s strategic role in commercialization offers them far greater social leverage and access to income…on a smaller scale, women who are able to market the surplus of their subsistence food crops are also better off (Lewis 19834:174). Similarly, a study of market women of Thiedhem, Senegal, Gadio (1998) found that although marketing exposes women to risks such as failing to nurture their small children, marketing frees women from their family and community control and also provides them with new competences through experience.

In Sub-Saharan Africa including Uganda, women and men are traditionally farmers (Okeyo-Pala 1989; 1990). In Uganda, farming activities include agricultural crop production, fishing, pottery-making, and herding of animals. As mentioned elsewhere,
agricultural crop production is the mainstay of the country where more than 80% of the Ugandan population earns their living. Women contribute over 80% of the labor force needed to generate enough foreign exchange and to maintain national food security (World Bank 1993:3). In a personal interview with Achile Fendru, it was emphatically stated that in Arua, while husbands control land (by tradition), Arua women are the major producers involved field work where they spend more time and effort relative to men, planting, weeding and harvesting crops in addition to attending small animals particularly goats. Similarly, women in rural Mukono as in other parts of Buganda spend much of their day doing gardening, which includes, watering, harvesting yams, potatoes, vegetables and fruits (UWONET 1995; Kasente 1994).

Fendru found that occupation has a significant though weak correlation with obtaining microfinance. For example, people who indicated that farming was their primary occupation participated more in informal financial groups than either traders or employees. These observations suggest that occupation should have only a small effect on women’s empowerment, for if women farmers obtain loans, their husbands may obtain them also, and women farmers’ power relative to men’s would thus be counterbalanced. It can be hypothesized, however, that being a farmer (rather than a trader or employee) will enhance some women’s decision-making power in the home since women farmers will be able to obtain microfinance more often than women in other occupations (we are assuming that microfinance empowers). This would be particularly true for women farmers married to husbands who are traders or employees, since these husbands are themselves less likely to obtain loans than husbands who are farmers. So,
though the effect on empowerment is likely to be small, we can hypothesize that farming compared to “not farming” (the two other occupations) will be positively associated with decision-making power in the home, for both men and women.

**Perceptions** – According to social psychologists, perceptions or attitudes are a function of cultural values and the institutions in which individuals operate (Hillgard 1980; Franzoi 1999). Individual perceptions are based on the interaction between one’s value systems and the organization of particular social settings such as household. As such, people form attitudes based on the shared values within a given setting and these common values are transmitted from one generation to another through the socialization process. Similarly, economic sociologists such as (Collins 1991; Slomczynski 1991) argue that attitudes *per se* do not influence behavior. Rather, perceptions about household financial situation (in the case of this study), are in fact the result of social stratification due to socio-economic differentiation. Perceptual variables depict the positions of various individuals or groups in the social structure and thus affect their attitudes and the decisions they make about their household activities.

In Uganda only a few rural studies address the question of the influence of perceptions/attitudes on human behavior. For instance, Owusu-Ansah (1997) noted gender biases in the attitudes of extension officers toward male farmers and large land owners in Mukono. These biases he recounts, were based on the farmers’ accounts of extension work in Mukono and extension officers’ accounts of extension interaction with the district farmers (p. 231). In another study, Morris and Lobao (1994) noted persistent gender attitudes with respect to how female and male clients are treated in formal banks.
and semi-formal financial institutions. In Arua and Mukono, Fendru (1995) found that male and female respondents had strikingly similar perceptions about their household economic hardship and influenced their role in borrowing from formal, semi-formal and informal financial institutions. However, this relationship was not significant suggesting that access to microfinance was not dependent on the respondent having a better household financial situation. Nonetheless, in practice, an economically well-off family or, a household that has made economic improvements since last year reflects the fact that members have made improvements in purchasing power and can therefore, make more decisions than before. Thus, we expect to find people who perceive their household financial situation (HHFINSIT) as getting better than the previous year to be more involved in their household decisions compared to people who perceive their household financial situation as not getting any better.

4.3.2 Household-Level Factors

Sociologists define a household as a basic unit of society involved in production, reproduction, consumption and socialization activities (Brydon and Chant 1989:6). But, social relations within the household are shaped by factors located both in the “external economy of the household” and the “internal economy of the household” (Blumberg 1991:21-22). In the first case, a shift in government policies may generate insecurity among household members forcing them to expand their household size in order to enhance earnings. For instance, in Uganda, economic changes brought in by the capitalist expansion transformed both community bonds and gender relations in a way...
that farmers had to change their roles and methods of farming in order to meet increasing market demands. This caused the government to adopt NTAE, which is an agricultural program that requires farmers to produce “non-tradable” crops for marketing. Since these crops include traditional subsistence foods such as maize, beans and ground nuts which were mainly under the domain of small-holder farmers, they have not doubt become more insecure with the loss of autonomy over the conditions which govern how their crops are produced and sold (Kasente 1994). These changes have undoubtedly created more responsibilities for heads of households and especially women who have a traditional provider responsibility.

Research has further shown that access to microfinancial resources is also influenced by factors within the household itself. In her article “Triple Intersection” of Economy, Family and Gender Stratification, (Blumberg 1991:21) the author proposes three major factors that contribute to socioeconomic inequality within the “internal economy of the household”. They include gender, age, marital status, women’s provider responsibilities (gender division of labor), and household headship-control of income. Relevant to this study, Blumberg’s thesis suggests that (i) gender and age vary independently, (ii) marital unions do not necessarily promote women’s control of income even if they do engage in income generating activities, (iii) women’s provider responsibilities may affect their use of resources including decision-making and, (iv) household headship may guarantee women control of income and other resources including the number of children/dependents in the home. These issues are discussed in detail below.
Household headship, research has shown that policy makers and development agents concerned with microfinance in the rural areas of developing countries tailor their programs to male heads of households irrespective of the existence and interests of female heads (Nafziger 1988; Nagarajan et al. 1994). In a classical study by Whitehead (1985) titled the “Effects of Technological Change on Rural Women: A Review of Analysis and Concepts” (1985:25), it was found that technological change affecting women are not innovations aimed directly at them but rather are the indirect consequences of planned and unplanned innovation which tend to be channeled through certain institutional mechanisms such as the sexual division of labor and family relations. Given that in African societies a male person generally heads the household, and financial institutions consider the head to be creditworthy and trustworthy since he is supposed to be in control of his household’s resources, power relations between women and men are patterned by these basic mechanisms.

Empirical research has found that household headship positively correlates with the use of productive resources in the home and the wider society. Clay and McAllister (1991) found that men who are also heads of their households tend to use more sources of finance than women regardless of whether or not they are married. Similarly, Fendru (1995) found that in Arua and Mukono, heads of households had a greater chance of requesting and receiving credit from formal financial institutions compared to ordinary members of the household. In contrast, being a household head did not influence the respondents’ chances of getting credit from informal sources (1996: 193-194). Since the head of the household has a traditional responsibility of providing leadership in the home,
and given the increasing responsibilities in Uganda ushered in by economic hardship requiring households to diversify their survival strategies, we hypothesize that:

*Household headship will be significantly associated with an increase in decision-making power for both women and men.*

**Family Size** is another household-level factor of importance. In their study titled “Family Development Cycle, Social Class, and Inequality in Rwanda”, Clay and McAllister (1991) suggest that the state of a given family’s life cycle (expansion or contraction) determines the actual size of the family (household), the size of labor force at its disposal, the amount of land family members can control and work, and hence the total amount of household income. Both economic and sociological studies suggest that large households have the capacity to engage in more decisions about agricultural production and household income use because they have the capacity to create and accumulate greater wealth than relatively small families. According to Meyers (1982), family size greatly affects the type and number of income-generating activities household members use, particularly borrowing and saving (in Fendru 1995:75).

In Uganda, Fendru noted that the large number of related members who resided in the same family dwelling unit was a great source of knowledge and skills (human capital) for the Arua and Mukono families. Families that had 7 or more members had better opportunities for accessing and using formal sources than those living in families consisting of 6 or fewer members (Fendru 1995:194). As the literature suggests, a large family is a potential source of labor power and more responsibilities that require thoughtful planning and decision-making. In African households, therefore, family size
is both a cause and a result of socioeconomic status. In this study, we hypothesize that **family size (7 people or more) will have a significant influence on household decision decision-making in general, but the increase in decision-making power will accrue mainly to household heads, be they women or men. When married, the increased decision-making power will accrue to the husband, so that married women in large families will find their decision-making power reduced as husbands gain more influence and control** (Fong & Perret 1991, Owusu-Ansah 1997).

Finally, household income must be considered. It is treated here as a separate variable although it is highly correlated with family size in rural farming families. Income is the main measure of a household’s socioeconomic status and thus its position in the social stratification system (Collins 1991). A household’s income provides a good indicator of its members’ capacity to make decisions that will enhance family survival. Fendru (1995) found that in Uganda household income among the rural families studied is positively associated with the ability to borrow more from formal sources. Stated differently, households that earned about ($250.00) in a year, were more likely to borrow from banking institutions than households that had less annual income. But, as in the case of household size, family income is likely to affect men and women somewhat differently. Whereas higher income may allow both men and women to borrow more, the control of the borrowed money is likely to be exercised by husbands.

*Therefore, we hypothesize that (1) high household income (defined as $250 and above) will have a significant positive influence on decision-making for single farmers, male and female, but (2) among married couples, high income will be positively*
correlated with increased decision-making among married men and negatively correlated in the case of married women. This reflects a reality similar to that found among women living in “hidden poverty” (Rakowski 1991). There, even when households were classified as “high income,” men’s control of money prevented women from increasing their power and status.

4.3.3 Summary of Conceptual Model

In this chapter, we have dealt with a number of factors that affect decision-making at different levels of social organization. From these factors we have identified a set of independent variables and hypotheses that will be tested on two types of decision-making power which we discuss in detail in (Chapter 5). They are, agricultural production decisions (AGDECIS) and income use decisions (INCDECIS). The independent variables considered in this chapter are drawn mainly from empirical studies of women’s development and studies of microfinancial resources as a potential source of empowerment. These studies proposed explanations about the distribution and sharing of resources in households and about the role of socioeconomic factors. They argue that customs, social norms, personal endowments and household-level conditions define the circumstances within which people make choices. The interaction of individual choice and social constraints determine the expected empowerment results. In short, we have attempted to develop hypotheses about how a number of socioeconomic factors, particularly the use of microfinance, will affect men’s and women’s ability to empower
themselves through enhanced control of certain types of decision-making. The conceptual model and the hypothesized relationships are presented in (Figure 4.1)

![Figure 4.1: Logic of the General Research Model](image-url)
4.4 Summary of Hypotheses

1. Decision-Making by gender: Both women and men make important decisions in the home but whereas women are likely to make decisions that are related to farming and household reproduction activities, men are more likely to make decisions that concern both farm and non-farm activities which involve money.

2. Age and Decision-Making: Irrespective of gender, age will have a significant influence on the respondent’s decision-making role in that people who are 35 years of age and above will be likely to make more decisions in the home than people below 35.

3. Marital Status and Decision-making: Married farmers in our study will be likely to make fewer decisions concerning agricultural production as well as those concerning income uses than single farmers. With regard to gender, married women will be likely to make fewer decisions in the home than single women because married women almost always make decisions jointly with their spouses. On the other hand, married men will be just as likely as single men to make decisions in the home.

4. Education by Gender: Irrespective of their gender, respondents who have received some formal education will be likely to make more decisions in the home than respondents who have not received formal education.

5. Occupation: As the main primary occupation, farming compared to “not farming” (the two other occupations – trading and wage employment) will be positively associated with decision-making power in the home, for both men and women.
6. **Perceptions of Household Financial Situation:** Irrespective of their gender, respondents who perceive their household financial situation as getting better than the previous year will be involved in more household decisions than people who perceive their household financial situation as not getting any better.

7. **Household Head:** Women who are heads of their households will make more decisions in their homes compared to women who are not heads of households. However, there will be no difference between men who are heads of households and men who are not when it comes to making decisions in the home.

8. **Family Size:** A family size of (7 people or more) will have a positive significant influence on the respondents’ role in household decision-making in general.

8-1. **Household Income:** A high household income (defined as $250 and above) will have a positive significant influence on decision-making for male farmers but it will not have a significant effect on women’s decisions.

9. **Microfinancial Resources:** In both regions, people who have access to the following microfinancial resources – bank loans, bank savings, semi-formal loans, semi-formal savings, informal loans, informal savings and, those who participate in informal financial groups will have a significant increase in decision-making power over agricultural production as well as incomes use activities, compared to people who don’t use these resources.

10. **Microfinancial Resources by Gender:** Since women tend to be more involved in informal financial group activities than men, and, given that men have a higher chance of
borrowing and depositing with formal banks than women (Fendru 1995), women’s
decision-making power over selected activities will be significantly increased with their
participation in informal financial groups (INFGROUP) where as men’s decision-making
power over these same activities will be significantly associated with their behavior in
formal financial institutions particularly with bank loan (BANKLOAN) and bank savings
(BANKSAV).
CHAPTER 5

RESEARCH METHODOLOGY

This chapter describes methodological procedures that were used to collect data and analyze the findings. The discussion proceeds as follows: First, we describe the research design, the household survey, and the personal interviews, which are the primary sources of information for this study. Second, we describe data obtained from secondary sources, notably, publications and seminars. Third, we describe the setting, sampling procedure and the characteristics of the sample, and fourth, we operationalize variables and describe their measurement. Finally, we provide a description of the data analysis procedures and the precautions taken to achieve reliability and validity, concluding with a discussion of several limitations of the study.

5.1 Research Design

Prior to the field study, Ijoyi Fendru, the secondary investigator (SI) in this study, and I, the Principle Investigator (PI), collaborated on the research design and questionnaire construction that led to the success of the entire research process. Our collaboration was based on our complementary strengths and experiences. First, we needed feminist epistemological and methodological insights, given that our aim was to collect gender-disaggregated data about farmers’ access to rural finance in Uganda. The PI who had professional training in Women’s Studies and Rural Sociology, provided
literature on gender and development, the operational definitions of gender-related
concepts, as well as the feminist-inspired sociological method of gathering data in rural
places. Both researchers had much first-hand knowledge of the research setting in
Uganda, and Fendru was able to personally oversee the research process. The initial
research was fully funded which made possible both our collaboration and the collection
of primary data in Uganda.

Data for this study was mainly collected by the SI, Ijoyi Fendru, from June 1993
through May 1994 during a field study of women and men in the rural villages of Arua
and Mukono districts. These data are supplemented where possible, by secondary data
from national sources, official census data, and Archival data and from seminar
discussions.

The major objective of the original study was to test a number of specific
hypotheses about microfinance formulated by us and based on our indigenous knowledge
of the social, economic, and cultural concerns in question. Thus, the survey method
(using a questionnaire schedule) was found more appropriate than any other procedure.
Researchers such as Campbell and Stanley (1966), Kerlinger (1964), Bennet and
Rockwell (1995) suggest that surveys are more reliable than observational techniques,
and are just as valid. Structured interviews are suitable instruments of measurement
because they are accurate, cost effective, time saving, and easy to adapt to individual
situations. Given the large size of our sample (527 respondents) and the difficulties
involved in securing transportation to, and accommodations in, rural villages, the survey
method was appropriate for collecting a large amount of precise data. We felt that such a
process would not have been possible within the time-frame using ethnographic or participant observation methods.

Both the PI and the SI spent quality time making careful preparations for the research project. As noted by Kerlinger (1964), interviewing itself is “... an art, but the planning and writing of an interview schedule is even more so…. It is unusual for a novice to produce a good schedule, at least without considerable prior study and practice” (Kerlinger 1964:481). We held frequent meetings for a period of five weeks. Although our discussions covered various aspects of the research project, we devoted time to meeting the following objectives: (1) specifying the research problem and hypotheses, (2) selecting the kinds of information sought and the actual questionnaire items, (3) reviewing the items for clarity and simplicity, (4) insuring measurement issues related to the reliability and validity of the survey instrument, discussions about pre-testing of the questionnaires, review of questionnaires, selection and training of research assistants and, (5) how to code data derived from open-ended and closed-ended questions. Occasionally, we consulted with Jovan Tibezinda, a doctoral student in the Department of Agricultural Education, on matters related to the design and administration of the questionnaire. We also held meetings with our advisor, Dr. Linda Lobao, who provided technical advice about questionnaire formats, interview items, relevance of the questions to the study hypotheses, and guidance on how to meet reliability and validity concerns.

5.2 Questionnaire Design

The data for this study were generated by means of several complementary
methods and included collection of both quantitative and qualitative data, even though quantitative data dominated. Two sets of instruments (questionnaires) and two sets of codebooks were designed at Ohio State University, prior to the SI traveling to Uganda to collect the data. One questionnaire was administered to leaders of informal credit/financial groups (IFGs) notably, rotating and savings credit associations (ROSCAs) and non-rotating savings and credit associations (SACAS). The other instrument was a general household survey. The household survey was administered to economically active adult women and men (between the ages of 16-99 years), generally referred to in this study as farmers. They were members of randomly selected households in Arua and Mukono districts. For the purpose of easy and accurate reading, the questionnaire was designed in three parts. This was also done to allow better sequencing of questions as follows:

Part one provided face sheet (identification) information, which included the date and time of the interview, interviewer and respondent identification, and site-specific information. Part two provided census-type (or sociological) information (Kerlinger 1973). This consists of demographic and socioeconomic characteristics in general. For instance, respondents were asked about their age, gender, education, marital status and whether they headed the households in which they resided. Gender disaggregated data on the respondents’ economic behavior particularly that related to savings, investments, level of household income, and property ownership were gathered in this section. Part two mainly dealt with the respondents’ attitudes and perceptions--psychological issues that had a direct link to the research problem and hypotheses. For example, respondents
were asked about their perceptions of their household financial situation, and decision-making in the home.

The questionnaire was designed to gather information about four major characteristics: (1) demographic characteristics of the sample (2) socio-economic conditions associated with household structure and property ownership, (3) contextual-location factors and (4) farmers’ perceptions of their financial situation. The household questionnaire comprised two types of questions; closed-ended questions, which were pre-coded during the planning sessions, and the open-ended items, which were manually transcribed after the data, were collected. Closed-ended questions predominated since they are convenient for generating large amounts of information within a short time frame. They are also easy to code and analyze statistically. Examples of closed-ended questions included questions like:

Are you the head of the household? (circle one)

1. Yes    2. No

Open-ended questions were included on the basis of their quality for enabling a researcher to gain better understanding of the meanings, concepts, definitions, and description of the issue presented through the farmers’ voices (Berger 1989:2). Combining both types of questionnaire items was not only helpful to the researcher but also in line with methodological guidelines recommended by the scientific community of rural sociologists and feminist researchers. For example, Murray (1981:32) points out “In the field of rural development hardly any research topic falls neatly within the ambit of any research discipline. For this reason, it is often necessary and substantially
rewarding to adopt a cross-disciplinary and holistic view of rural research and to employ a multi-method approach to data collection in order to maintain consistency.”

5.3 Feminist Methodology

This study incorporated feminist methodology since the objective was to collect gender-sensitive data about women's empowerment. Four key issues considered were:

- 1. Reflexivity-- through documentary research and personal experience as indigenous researchers, we developed personal insights about the problem in question while analytically mindful of the study benefits to the people being researched (Fonow and Cook 1991), interview schedules were pilot-tested before conducting the final study.

- 2. Action research--this requires that the research not only present findings but also provide suggestions about how to change social reality and make society more acceptable (Reinharz (1997:179). In an attempt to meet this goal, both the PI and SI incorporated one key issue -- focus on gender as a variable and as a major area of emphasis.

Edwin Ardner (1975) suggests that conventional research methods used before the 1970s treated women as “muted groups”-- subordinate groups who are silenced and can only express themselves through the language of the dominant group. Fonow and Cook (1991) support this view, noting that past analyses used male experiences as the norm and much of the research on rural development treated a household as a unit of analysis and regarded men as heads of households, which is not true as we now understand. The centrality of gender in a research study therefore, serves as a guard against sexism since

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gender is a critical component of one’s standing in almost every social structure (Osmond 1984:35).

In this study, gender occupied a central place in the research design, research analysis, as well as in research discussions. For instance, the questionnaire consisted of mixed question items. These included contingency questions, matrix questions, as well as open-ended and closed-end questions. In using a multiple method--triangulation--of this kind to study women during economic crisis, our aim was to allow women some degree of control over a number of issues by expressing themselves in full. Furthermore, contingency and matrix types of questions helped to reduce the boredom of, and pressure upon, the respondents, while also enhancing response rate.

• 3. Involvement of the researched--This goal is said to be best achieved by using ethnographic or other qualitative designs (Reinharz 1997). Since this study was based on a survey, the only way we could integrate this goal was by using a number of open-ended questions, in addition to the closed-ended items. This way, respondents had a chance to not only explain their experiences, but also to provide their perceptions about their household financial situation and to state reasons why they borrowed (or did not borrow) money from financial institutions. In addition, Fendru conducted follow-up in-depth interviews with 70 respondents who were members of informal savings and credit groups.

• 4. Relationship between the researcher and the researched--The question of subjectivity/objectivity is hotly debated in social science research. Babbie (1998:53) suggests that standard sociological method should attempt to distance researchers
from the researched and that this distancing provides the best way to obtain unbiased data. However, feminist methodology often stresses partial identification or “collective interaction” with the researched (Reinharz 1991). This involves incorporating, within the research design, measures that are sensitive to cross-cultural issues. The aim is to increase the validity of the questionnaire, particularly internal validity which, in our case, was captured through semi-structured or open-ended interviews. The research also minimized cultural and gender bias by including three female enumerators on the team of six. In addition to the fact that enumerators were well educated in the field of agriculture, and that they had professional experience in conducting surveys, they were also natives of the areas in which the study was conducted. This meant that they had good knowledge of the geographical locations and they were fluent in the native languages. The main objective for this selection was to encourage woman-to-woman “talk” that is useful for not only self-revealing responses, but also for empowering female respondents (Harding 1991).

5.4 Secondary Research

Secondary information was used to supplement data from the field study. I used materials available at the Ohio State University libraries as well as libraries within the university system of Georgia especially, Fort Valley State University and Columbus State University where I taught during the time of writing the dissertation. Through documentary analysis, I was able to obtain background information on the social and economic situation in Uganda. Occasionally, I accessed documents through the inter-
library loan, and more frequently through the internet and the library archives. Previous studies done in Uganda provided information on a variety of issues related to my study. For instance, some documents provided literature on the status of women’s participation in development plans and programs in Uganda, on women’s grassroots organizing, and on the social costs of the Ugandan war, Structural Adjustment Programs, and the AIDS epidemic.

I also reviewed dissertations from my former colleagues in the OSU rural sociology program for more background information, for instance, Mark Erbaugh's (1996) work on agricultural production in Uganda, Owusu-Ansah’s (1996) exploration of extension farmers attitudes on farm production, Gadio’s (1998) research on patterns of change among three generations of rural women in Senegal, and of course my collaborator Ijoyi Fendru’s (1995) study of factors determining women’s and men’s access to credit in Arua and Mukono districts. All these provided critical sociological insights for my study. However, none of the studies consulted specifically considered patterns of survival of small farmers in Uganda, particularly women farmers, nor the extent to which survival initiatives influence women’s decision-making roles, an important aspect of household management.

### 5.5 The Research Setting

The first objective of this study was to describe certain characteristics of the sample which, according to the research literature, are predictors of the respondents’ use of microfinancial resources, and which also can influence decision-making in the home. Background information about the sample was also deemed useful for generalizing the
findings to the entire population in the regions under study. As such, the information describes three different levels namely, the individual level, the household level, and the regional level. These are discussed below.

5.5.1 Arua District

Arua district is located in northern Uganda, about 496 kilometers (km) away from Kampala, the capital city, which is also a major center of business in the country (see Figure 1). Arua lies in the former West Nile region and is bordered by Zaire on the West and Sudan in the North. For over a decade, these areas have experienced severe problems of political insecurity that continue to force many people to seek refugee status in the neighboring regions and districts. At the time of the study, Arua had a population of 624,600 people and long-distance trading was a major economic activity for men while farming and local trading was the domain of women (UWONET 1995).
Figures 5.1 Map of Uganda highlighting Arua and Mukono Districts
5.5.2 Mukono District

In contrast to Arua district, Mukono district is located in the south-central region of the country, about 25 kilometers (12.4 miles) east of Kampala, the capital city. Mukono borders several districts namely, Kamuli to the north-east, Jinja to the east, Iganga to the south-east, Lake Kyoga to the north, Luwero to the north-west, Mpigi to the west and Lake Victoria to the south (see map of Uganda on p. 88). Mukono district lies between the country’s capital city and the main industrial city of Jinja; it has four main commercial centers, namely, Mukono town, Lugazi, Buikwe and Kayunga. With an area of 1,424,183 square kilometers and a natural resource endowment of rich soils, water and forests, Mukono district has a population of 816,200 which is 88 percent rural (Owusu-Ansah 1996).

Overall, Arua and Mukono have some similarities in agro-ecological conditions in that both areas rely heavily on farming for their livelihood although Mukono is moving toward small-scale industrial production. In Arua, farmers grow tobacco, tea and cotton as cash crops while maize, sesame, and millet characterize the food industry. Residents of Mukono mainly rely on coffee, vanilla, sugarcane and tea for cash crops and bananas (plantains), potatoes and various types of fruits and vegetables for food and marketing. One of the major differences between the two regions is their degree of rurality. For instance, Arua is located very far from Kampala, which is the main center of business in the country. This makes Arua more rural compared to Mukono, which is closely located within the Kampala city area. Thus, the Lugbara of Arua and the Baganda of Mukono (the two regionally important ethnic groups in this study) differ largely in the nature of
work and extent to which they get involved in economic activities. It is against this backdrop that we expect to find that women from the two regions will differ significantly in their use of microfinancial resources as role in household decision-making power.

5.6 Sampling and Data Collection

Data for this study were collected using cluster sampling. In the words of Adler and Clark (1999:109), this design is “a probability sampling procedure that involves randomly selecting clusters of elements from a population and subsequently selecting every element in each cluster for inclusion in the sample.” The word cluster in this context refers to “naturally occurring groups” of respondents such as rural household farmers. This design is used in situations where the sampling frames come in two or more layers based on the characteristics of interest. It was envisaged that cluster sampling would: (a) result in a heterogeneous population stratum to permit useful comparisons between selected characteristics, (b) provide a sampling frame that was sufficiently large to assure an adequate sample size to minimize random error, (c) yield findings that could be generalized to other regions in Uganda, (d) enable the study to tap into major variables related to the use of microfinance and women’s decision-making, and (e) allow for cost-effective collection of data (Fendru 1995:71).

By using this design, the sample size can be selected by either simple cluster sampling, or by the multistage cluster sampling method. When the simple cluster sampling method is used, a few clusters are picked from the population and data collected from many of the respondents comprising each of those clusters. On the other hand,
when multistage cluster sampling method is used, several stages or “layers” of the sampling process are followed to yield a proportional or representative sample (Ellis1994: 169). Using the multistage cluster sampling method, a sample of 527 rural farmers was randomly selected as follows:

First, the sampling frames, notably the population census maps and lists of households and residents of the survey areas, were obtained from two major sources: (1) the Ministry of Planning and Economic Development, which provided the 1991 population census, and (2) local chiefs, including Village Resistance Council officials, who supplemented information with local registers of households and residents. Second, the desired sample was then selected by going through the following stages:

1. Two districts -- Arua and Mukono, were chosen mainly because of their similarities in agro-ecological conditions, but also due to their contrasting locations (Arua in the north-west, far away from the capital city, and Mukono in the south-east which is close to the capital city).

2. In each district two counties were randomly selected from a list of isolated rural areas, and one county from areas near small towns (i.e., a semi-urban location). This was considered a manageable number because of the administrative and resource limitations, particularly, the high cost of transportation in Uganda at the time.

3. One sub-county, which is the next smaller administrative-cum-geographic unit, was selected from each county.

4. Four parishes from each rural sub county and 3 from each semi-urban sub-county were selected, and lastly,
5. One village was chosen from each of these parishes; this led to a total of 16 rural and 6 urban villages from which a random number of households and individuals were selected for interviewing.

In the final analysis, however, no differences were found between the more isolated rural villages and the semi-urban ones and this distinction was not maintained in the final reports.

Overall, the sample was chosen from 6 counties and 22 villages from the two regions/districts (see Table 5.1). In this study, villages were treated as the primary sampling unit since they represent the lowest level of government administrative units that are often used for determining the official population census. On the other hand, households were treated as the secondary sampling units. For purposes of securing the rural-urban proportion of the Ugandan population in the study, 85 percent of the sample was rural while 15 percent was urban. While the selection of respondents was random, they were chosen according to their gender. For instance, from each household, we picked an alternative female or male adult. As Fendru (1995:74) clearly points out, the “purpose was to obtain a random sample of the population, being sure to include women who were not necessarily the first or senior wives and men who were not necessarily heads of households.” The procedure proceeded as follows: (1) we obtained a list of names of all economically active adult household members notably, those who were over the age of 16, participated in production for consumption or marketing, in trading or, in wage employment. (2) we assigned a number to each name and randomly picked the
respondent from the household list. In households with only two adults including couples, we selected respondents by flipping a coin. From a sociological point of view, this procedure allowed senior women who were not included in the sample to maintain their dignity in the eyes of junior women who had the chance of being selected. This exercise became popular and initiated rapport as many people perceived it as a game.
<table>
<thead>
<tr>
<th>Name of Village</th>
<th>Population *</th>
<th>Sample Size</th>
<th>% of Subtotal *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obolokfuko</td>
<td>2530 (397)</td>
<td>15</td>
<td>6</td>
</tr>
<tr>
<td>Anyafiyo</td>
<td>1177 (196)</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>East Bazar</td>
<td>1604 (198)</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Kati</td>
<td>3124 (423)</td>
<td>29</td>
<td>11</td>
</tr>
<tr>
<td>Onivu</td>
<td>2067 (316)</td>
<td>30</td>
<td>11</td>
</tr>
<tr>
<td>Tanganyika</td>
<td>2008 (301)</td>
<td>38</td>
<td>14</td>
</tr>
<tr>
<td>Ariwara</td>
<td>2830 (495)</td>
<td>25</td>
<td>10</td>
</tr>
<tr>
<td>Aawa</td>
<td>450 (226)</td>
<td>20</td>
<td>3</td>
</tr>
<tr>
<td>Idayi</td>
<td>2094 (361)</td>
<td>27</td>
<td>10</td>
</tr>
<tr>
<td>Roi</td>
<td>1537 (395)</td>
<td>28</td>
<td>11</td>
</tr>
<tr>
<td>Tatro</td>
<td>2340 (507)</td>
<td>38</td>
<td>14</td>
</tr>
<tr>
<td>Subtotals (11)</td>
<td>21,761 (3,815)</td>
<td>(264)</td>
<td>100% (50%) s</td>
</tr>
</tbody>
</table>

Table 5.1(a): Sample Characteristics of the Survey Villages by District: Arua Villages

n = Figures in parentheses represent number of households.  
* = proportion is obtained by expressing the individual village samples as a percent of the subtotal sample  
s = Represents the proportion of the Arua sub-sample to the total sample.  

Source: Uganda Population Census and Field Data (Fendru 1995:73)
<table>
<thead>
<tr>
<th>Name of Village</th>
<th>Population*</th>
<th>Sample Size</th>
<th>% of Subtotal*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Butebe</td>
<td>942 (236)</td>
<td>18</td>
<td>7</td>
</tr>
<tr>
<td>Kavule</td>
<td>663 (170)</td>
<td>19</td>
<td>7</td>
</tr>
<tr>
<td>Bugoba</td>
<td>1071 (216)</td>
<td>26</td>
<td>10</td>
</tr>
<tr>
<td>Gonve</td>
<td>790 (179)</td>
<td>27</td>
<td>10</td>
</tr>
<tr>
<td>Nalubabwe</td>
<td>894 (183)</td>
<td>27</td>
<td>10</td>
</tr>
<tr>
<td>Buteyongela</td>
<td>167 (59)</td>
<td>11</td>
<td>4</td>
</tr>
<tr>
<td>Kitovu</td>
<td>698 (171)</td>
<td>25</td>
<td>10</td>
</tr>
<tr>
<td>Ndeeba</td>
<td>469 (85)</td>
<td>13</td>
<td>5</td>
</tr>
<tr>
<td>Kyebanja</td>
<td>741 (136)</td>
<td>21</td>
<td>18</td>
</tr>
<tr>
<td>Nekoyedde</td>
<td>576 (120)</td>
<td>17</td>
<td>6</td>
</tr>
<tr>
<td>Kiwangula</td>
<td>1829 (370)</td>
<td>59</td>
<td>23</td>
</tr>
<tr>
<td>Subtotals (11)</td>
<td>8,840 (1,925)</td>
<td>263</td>
<td>100 % (50%)s</td>
</tr>
</tbody>
</table>

Table 5.1(b): Sample Characteristics of the Survey Villages by District: Mukono Villages

n = Figures in parentheses represent number of households.
* = Proportion is obtained by expressing the individual village samples as a percent of the subtotal sample
s = Represents the proportion of the Mukono sub-sample to the total sample.

Source: Uganda Population Census and Field Data (Fendru 1995:73)
5.7 The Sample

Population by region -- The sample was drawn from a population of women and men living in rural households of Arua and Mukono districts. The sample selection was based on the population of the two regions in 1993-1994. Arua had a population of 624,600 people (96 percent rural). The population density was about 84 persons per sq. km., which was just below the national average of 85 (Ministry of Planning 1995). In contrast, Mukono had a population of 861,200 with a population density of 179 persons per sq. km., double the Arua density. In terms of rural/urban population distribution, Mukono had a much larger urban proportion (12% compared to Arua’s 4%). This study was based on a sample of 527 people randomly selected from 11 villages in Arua and 11 in Mukono. Because of their overwhelming reliance on agriculture as a source of livelihood, respondents in this study are generally referred to as farmers. The characteristics of the sample are summarized in Tables 5.1, 5.2 and 5.3, and the detailed descriptions are discussed below:

Age distribution – Table 5.2 below shows that the largest proportion of the sample (33 percent) was between 26 and 35 years of age. The mean and median ages were 38 and 30 respectively. About 20 percent of the sample was between 14-26 years with the youngest age being 16 years of age. A very small proportion (3 percent) was over 70 years and the oldest respondent was near 100 years of age. The sample varied slightly in age by gender as the average age for women was 36, and for men, 39. This suggests that almost all respondents were economically active members of their
households, and this is also an indication that they were theoretically capable of making important decisions in the home.

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Sample Frequency (N = 527)</th>
<th>Percent of Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>14-25 years</td>
<td>105</td>
<td>19.9</td>
</tr>
<tr>
<td>26-35 years</td>
<td>175</td>
<td>33.2</td>
</tr>
<tr>
<td>36-45 years</td>
<td>108</td>
<td>20.5</td>
</tr>
<tr>
<td>46-55 years</td>
<td>76</td>
<td>14.4</td>
</tr>
<tr>
<td>56-70 years</td>
<td>50</td>
<td>9.5</td>
</tr>
<tr>
<td>More than 70</td>
<td>13</td>
<td>2.5</td>
</tr>
<tr>
<td>Total</td>
<td>527</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 5.2   Age Distributions

**Gender distribution** -- The sample was evenly distributed by region and by gender. For example, 264 respondents were from Arua and 263 were from Mukono. Women were 42% of the Arua sample and 51% of the Mukono sample. This reflects an under sampling of women in Arua, a fact that must be born in mind when making certain comparisons. While we don’t have field notes to show why fewer women than men were sampled in Arua, it is possible that most women were out working in the fields or, fetching water, a task that often keeps rural women away from home. Overall, about 47 percent of the sample was women and 53 percent were men. Tables 5.4 and 5.5 present a summary of a selected set of the sample characteristics by gender and by region that are relevant to the study of women’s empowerment in Uganda.

**Ethnic group** – As demonstrated in Tables 5.1 and 5.2, the sample was selected from different villages of each region and from various ethnic groups. Although many
ethnic groups live in Arua and Mukono, this study focused on the two major groups in each region -- the Lugbara in Arua and the Baganda in Mukono. The largest ethnic group in the sample was Lugbara. They made up 49 percent of the sample while the Baganda were the second largest group and constituted 32 percent of the sample. Other smaller groups totaled only 19 percent.

<table>
<thead>
<tr>
<th>Description</th>
<th>Percent of Women (N = 247)</th>
<th>Percent of Men (N = 280)</th>
<th>Percent of Sample (N = 527)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marital Status</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>73.8</td>
<td>64.4</td>
<td>82.1</td>
</tr>
<tr>
<td>Not Married</td>
<td>26.2</td>
<td>35.6</td>
<td>17.9</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Have Formal Education</td>
<td>77.8</td>
<td>65.5</td>
<td>88.5</td>
</tr>
<tr>
<td>No Formal Education</td>
<td>22.2</td>
<td>34.5</td>
<td>21.5</td>
</tr>
<tr>
<td>Occupation*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farmer</td>
<td>87.5</td>
<td>84.6</td>
<td>90.0</td>
</tr>
<tr>
<td>Trader</td>
<td>61.0</td>
<td>39.0</td>
<td>37.0</td>
</tr>
<tr>
<td>Employee</td>
<td>32.4</td>
<td>67.6</td>
<td>21.1</td>
</tr>
</tbody>
</table>

* Totals don’t add up to 100% due to limited options: primary or secondary occupation.

Table 5.3 Summaries of Background Characteristics of the Sample by Gender

With respect to occupation, several characteristics stood out. First, most people were farmers (90%). Second, in line with findings from many studies about the role of African women in farm production, this study found that 87.5% of the women participate
in farming as primary occupation and 84.6% of the men also consider farming as their primary occupation. Third, as expected, men are more likely than women to participate in wage employment while women are twice as likely to participate in trading activities as men do (Table 5.3). It is worth noting that the totals for occupation do not add up to 100% due to the fact in real life, occupations overlap as people constantly juggle activities to make ends meet. For this study, only primary occupation was coded for statistical analyses, and thus, more than one occupation was included in the analysis. Overall, the occupational distribution of the sample seems to suggest that a profound shift in women’s roles is taking place in Uganda. Rural women are becoming more involved in marketing activities, which may also have implications for their decision-making roles in the home because of their increased access to income and as social support, which they find outside their homes.

**Formal education** – Formal education in Uganda is based on a three level system. The levels are: primary education (P1-P7), secondary level education (S1-S6) and post secondary education (S6-college, university or vocational training). However, given that many people in rural areas have not received much formal education, this study focused on two categories of people: those who have received formal education and those who have not received it. Table 5.3 demonstrates that (77.8%) of the sample had received some formal education and (22%) had not, or, were illiterate. Of the women interviewed about (65%) were educated and (35%) were not. As for men, (88.5%) had received formal education and only (11.5%) had not. Lack of education has serious implications for women’s decision-making role especially in the changing global economy where
skills in reading and writing have become not only a standard measure of competency, but also a basis for resource allocation and use. But, given the overwhelming scarcity of productive resources in rural areas and the entrenched assumptions of patriarchal family ideology that dictate the kind of roles women have to play in a home, will education make a difference for women who are educated when it comes to decision-making? To what extent does education enhance rural women’s empowerment? These are a few of the questions addressed in chapter 6.

Marital Status -- One of the major characteristics for distinguishing people in African societies is marital status because, traditionally, marriage confers respect and prestige and is associated with rights of access to resources. As Table 5.4 shows, most of the respondents (388 or 73.7%) were married. The rest, (139 or 26.3%) were single -- divorced, widowed or never married. Arua people were more likely than Mukono residents to be married. This suggests that Arua people may still be operating under more strict customs and traditions that may also have implications for women’s participation in household decision-making compared to their counterparts in Mukono. With regard to gender distribution in Table 5.3, women (73.4%) are more likely to be married than men (64.4%). This suggests that men may have fewer responsibilities in the home and therefore could spend more time lining up and processing applications for formal credit. On the other hand, a large proportion of women in marital relationships may also be a reflection of polygynous marriages in rural Uganda. However, as Fendru (1995:95) noted in his study of Arua and Mukono families, the proportion (32%) of polygynous marriages is smaller compared to (68%) monogamous marriages. Although this issue is
not investigated in this study, it may be reflected through household headship which also has implications for one’s role in decision-making.

**Household headship** -- With regard to household headship, (65%) of the respondents headed their households. The proportion of heads of households in Mukono was significantly larger than the proportion in Aura, 69% to 61% (Table 5.5). This is important to recognize since people who are heads of households are traditionally expected to be leaders in their household matters.

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Arua District (N = 264)</th>
<th>Mukono District (N = 263)</th>
<th>Total (N – 527)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Freq. %</td>
<td>Freq. %</td>
<td>Freq. %</td>
</tr>
<tr>
<td><strong>Marital Status</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>219 83</td>
<td>169 65</td>
<td>388 74</td>
</tr>
<tr>
<td>Not Married</td>
<td>45 17</td>
<td>94 35</td>
<td>139 26</td>
</tr>
<tr>
<td><strong>Household Head</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>161 61</td>
<td>181 69</td>
<td>342 65</td>
</tr>
<tr>
<td>No</td>
<td>103 39</td>
<td>82 31</td>
<td>185 35</td>
</tr>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td>112 42</td>
<td>136 51</td>
<td>248 47</td>
</tr>
<tr>
<td>Men</td>
<td>152 58</td>
<td>127 49</td>
<td>279 53</td>
</tr>
</tbody>
</table>

Table 5.4 Gender and Household Characteristics by Region
5.8 Operationalization and Measurement of Variables

According to the literature reviewed in chapter 4, a number of independent variables were derived and examined for their suggested strength in predicting decision-making, and thus empowerment. These variables are grouped into two categories. First we describe the major independent variables, which are, microfinancial resources (MFRs) notably, credit and savings. MFRs use is operationalized in this study as a dichotomous multilevel independent variable (see Table 5.5). Second, we describe other independent variables that have been found to be significantly associated with decision-making power. In this study, they are refereed to as socioeconomic factors (variables) and they include demographic factors and household-level factors, Table 5.5.
<table>
<thead>
<tr>
<th>Variable</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>INFSAV = 1</td>
<td>if respondent has money deposited with informal sources of finance and 0 if not</td>
</tr>
<tr>
<td>INFLOAN = 1</td>
<td>if respondent borrowed money with informal sources of finance and 0 if not</td>
</tr>
<tr>
<td>SEMISAV = 1</td>
<td>if respondent has money deposited with semi-formal sources of finance and 0 if not</td>
</tr>
<tr>
<td>SEMISAV = 1</td>
<td>if respondent borrowed money with informal sources of finance and 0 if not</td>
</tr>
<tr>
<td>BANKSAV = 1</td>
<td>if respondent deposited with a bank and 0 if not</td>
</tr>
<tr>
<td>BANKLOAN = 1</td>
<td>if a respondent borrowed money from a bank and 0 if not</td>
</tr>
<tr>
<td>INFGROUP = 1</td>
<td>if respondent participates (is member) of two or more informal financial groups and 0 if respondent is not a member to two or more informal financial groups.</td>
</tr>
</tbody>
</table>

**Other Independent Variables: Socioeconomic Factors**

**Personal-level variables**
8. GENDER = 1 if respondent is male and 0 if respondent is female
9. AGE = 1 if respondent is 35 years or more, and 0 if less than 35 years
10. MARRIED (Marital Status) = 1 if respondent is married and 0 = if respondent is not married
11. EDUCATION = 1 if respondent received formal education and = 0 if not
12. FARMER = 1 if respondent’s main occupation is farming and 0 if not
13. TRADER = 1 if respondent’s main occupation is trader and 0 if not
14. EMPLOYEE = 1 if respondent’s main occupation is paid employment = 0 if not

**Household-level variables**
15. HHHEAD = 1 if respondent is head of household, and 0 if not
16. FAMSIZE = 1 if respondent has a family size of 6 people or more, and 0 if it is less than 6
17. HHINCOME = 1 if respondent’s household income is Sh. 250,000 ($250.00) or more, and 0 if household income is less than that amount.

---

**Table 5.5 Independent Variables: Microfinance and Socioeconomic Factors**

**Dependent Variable: Decision-Making Power**
Adler and Clark (1999:135) suggest that measuring a concept means placing respondents in empirical categories or classifications. There are two rules governing the structuring of categories. First, categories should be exhaustive in that they should permit categorization of every respondent in the study. Second, categories should be mutually exclusive such that every respondent in the study is classified in one and only one category. Respondents were asked to indicate who makes the following decisions in their households:

DEC1 What to plant on the farm?
DEC2 When to plant?
DEC3 Whether to try a new farm practice?
DEC4 When to harvest?
DEC5 When to sell farm produce?
DEC6 What family members will eat?
DEC7 Whether to get a loan?
DEC8 Whether to buy farm inputs?
DEC9 Whether to buy household goods?
DEC10 Whether to get non-farm jobs?
DEC11 How to use income from farm activities?
DEC12 Whether to save?
DEC 13 How to use income from non-farm employment?

Responses to decision-making questions were coded as: 1 = I make the decision by myself and 0 = I don’t make the decision by myself. This coding was employed because
for nearly all decision-making items, about half of the response indicated that the
decision was made independently. Also, about a half indicated that they made the
decision with a spouse or someone else. The thirteen decision-making items described
above were then analyzed using factor analysis.

Factor Analysis—This procedure is one of the most frequently used techniques to
improve construct validity, in this case, valid categories of decision-making. The
procedure allows one to construct new variables based on a few dimensions inherent in a
large group of related items, thus reducing a large amount of test data to a few basic
factors (Academic Review 1992:106). The factor matrix revealed two distinct decision-
making factors. One factor included four decisions that related to agricultural production
(AGDECIS), and the second factor contained three decisions that involve income use and
control (INCDECIS).

As is generally considered appropriate to justify the creation of a small set of
factors from a larger set of variables, a test of the consistency of the items being
coalesced was conducted using in this case, Cronbach’s alpha. A reliability coefficient
of between .70 and .80 is considered acceptable (Nunnaly 1978) in most social science
applications. The results for the two factors/indices are reported in Table 5.6 below. The
eigenvalue for the three factors were calculated and are reported along with the
percentage of total variance in the 13 original decision-making questions explained by
each factor. The total variance explained of (61.9%) is considered an acceptable level in
constructing factors to summarize a large number of variables and is reflected in the
Cronbach coefficient. Each factor in terms of percentages is calculated as:
Eigenvalue ÷ # of variables/items) x 100 = % variance accounted for by FACTOR X


<table>
<thead>
<tr>
<th>Factor</th>
<th>Cronbach’s alpha</th>
<th>Eigenvalue*</th>
<th>% total variance explained</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGDECIS</td>
<td>0.773</td>
<td>2.9800</td>
<td>22.9</td>
</tr>
<tr>
<td>INCDECIS</td>
<td>0.728</td>
<td>1.6985</td>
<td>13.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>61.9%</strong></td>
</tr>
</tbody>
</table>

* Rotated normalized oblique transformation

**Table 5.6:** Results of Factor Analysis on Thirteen Decision-making Items: The Dependent Variable

**Dependent Variable Loadings**

1. Four variables (questions) loaded to form agricultural production decision index
   (AGDECIS): Dec 1, Dec 2, Dec 3 and Dec 4.

2. Three variables (questions) loaded to form household income use decision index
   (INCDECIS): Dec 5, Dec 11 and Dec 12.

3. Five decision-making items did not load adequately on any of the three factors.
   These were: Dec 6 Dec 7 Dec 9 Dec10 and Dec 13.

   Due to the fact that each index consists of from 3 to 7 items, a respondent’s mean score on each index can be calculated. However a high score is best interpreted as making more decisions of that particular decision-type. This is because each index is coded dichotomously for logistic regression analysis using one/half the questions as the
cutoff point, i.e., someone will make “more decisions” if she/he makes 3 or 4 decisions in AGDECIS, and 2 or 3 decisions in INDECIS.

5.9 Data Analysis

The major techniques of data analysis used are described below including the correlation technique known as multiple logistic regression and tests of significance chi-square and the t-test.

5.9.1 Bivariate Correlations: T-test Analysis

Descriptive results about the characteristics of the sample including rural farmers’ use of microfinancial resources and their role in household decision-making were analyzed using measures of central tendency notably, means, frequency distributions, and standard deviations. These are so commonly used as to require no discussion. T-test analysis was also performed to compare means and sometimes proportions as a way of making initial assessments about relationships without drawing any serious conclusions, but rather to prepare the way for the regression analyses. For instance, t-tests compared differences in decision-making for people who used microfinancial resources and people who did not, when it came to making decisions in the home. The t-test measures the probability that the difference between the observed mean is not caused by chance according to the customary probability value $p < .05$. That is, if the probability is less than 0.05, then the difference is “significant” or, the difference between the two observed means or percentages did not occur simply by chance (Kerlinger 1996). The general
formula for t-test is: \( t = \frac{\text{Statistic} - \text{Hypothesized Value}}{\text{Estimated Standard Error of the Statistic}} \)

**Chi-square test of independence** was also used where possible, to summarize data for easy interpretation of the associations between the independent variables and dependent variables with nominal values (Kerlinger 1964). Since much of our data had nominal values, we developed 2 x 2 contingency tables to report frequencies, which made possible the use of the Chi-square test procedure to assess the statistical significance of the association between an independent variable and a dependent variable. The following criteria recommended for using Chi-square test were met: (i) our data set consisted of nominal variables, (ii) the data are drawn from a normal population (iii) the overall sample size is greater than 100; (iv) the expected cell values in the 2 x 2 tables are more than 5 and (vi) the two samples – for example, the female sample and the male sample – are independent of each other (Isaac & Michael 1981:158).

### 5.9.2 Multivariate Regression Analysis

Multiple logistic regression (MLR) was used to assess the strength of the relationships between multiple independent variables, (selected socioeconomic variables and microfinancial resources) on the dependent variable, decision-making. Some of the following general assumptions associated with using regression analysis were taken into consideration: 1--all relevant independent variables are included and that there is no error in specifying variables in the model, 2--a linear relationship exists between the independent variable and the dependent variables (not made in logistic regression) 3--
variables included in the model are measured accurately, 4--the mean of errors for each observation over many replications is zero, 5--the variance of errors at all levels of (x) is constant, or homoscedastic, 6--the error terms of observed values are not correlated with other observed values, and 7--that errors are not correlated with independent variables (Lewis-Beck in Erbaugh 1995:94-95).

A total of eighteen variables -- eleven independent socioeconomic variables and seven microfinance variables (see Figure 1, Chapter 4) were regressed on each of the three dependent decision-making indices while simultaneously applying a backward elimination technique to statistically eliminate variables that were redundant, likely due to colinearity with other variables -- high correlations among independent variables which could distort the influence of independent variables on the dependent variables (McCracken and Etuk 1986; McCracken 1991). Logistic regression made it possible to isolate the unique influence of each independent variable on the dependent variable while controlling for the effects of other variables.

Owing to the fact that the tests of the relationships in this study involve independent variables measured as dichotomies, odds ratios are accordingly used to compare the relative strength of associations (Zollinger and Krannich 2002:457). In logistic regression analysis, odds ratios are used to compute an expected B-value, which is a single summary statistic representing the partial effect of a given predictor on the odds of the effect occurring (i.e., on the dependent variable), while holding other independent variables constant. Odds ratios, unlike normal regression values, are non-additive given the non-linearity of the logistic model. For an exploratory study that seeks
to understand the behavior of microfinance in predicting decision-making, and given that our dependent variable was categorical, we could not examine the amount of change (variance) expected in the dependent variable as a result of a unit change in the independent variable (Kerlinger 1964), rather, we looked at the odds (likelihood) that a category of a given independent variable (for example, women with loans) would be associated with a particular category of the dependent variable, for example, (making above average number of AGDECIS decisions).

The data was analyzed for effects on decision-making, of seven types of microfinance and eleven other socioeconomic variables that were hypothesized to be significant. The approach followed was to regress all 18 independent variables (IVs) against the three dependent variables (DVs) utilizing the full sample (Case 1), then control for gender by regressing the DVs on IVs for the female sample (Case 2) and male sample (Case 3) separately, which is 17 IVs and 3 DVs. Finally, the analysis is performed using the same procedure while controlling for gender and region simultaneously. Regressions are performed on the Arua women sample (Case 4), Arua men sample (Case 5), and Mukono women sample (Case 6) and Mukono men sample (Case 7). The main goal of controlling for gender as well as gender by region was to see if the model improves to reveal the effects of some factors that could have been confounded by the controlling variable. For this study, the major hypotheses centered on the effects of microfinance on women’s empowerment, with expectations that other variables such as gender and region would be felt. Thus, for this study, if the Odds Ratio for variable BANKSAV or GENDER is found to be significantly higher than 1, the
hypothesis that having savings in a bank or, being male would result in one making more
decisions and thus, having increased empowerment, would be confirmed. If the Odds
Ratio is significantly less than 1, we conclude that having a bank account or, being male
reduces the likelihood for one to make more decisions in the home. However, if the Odds
Ratio is not significantly different from 1, we conclude that there is no difference in
decision-making for people who have a bank account and those who don’t, as well as for
men and women. The commonly accepted p<.05 significance level is also used
throughout. Though it might not confirm hypotheses, finding a negative association is of
importance in a study such as this, which is at least in part exploratory.

5.10 Reliability Issues

Though in part exploratory, like most studies taking a scientific or semi-scientific
approach, the question of the reliability of the research instrument and the research
procedures was considered critical in this study. To ensure that the instrument
consistently measured the variables under study, the following issues were taken into
consideration: clarity, specificity and training of assistants (Babbie 1998). Campbell and
Stanley (1966) argue that data tend to have inherent shortcomings especially when
interviews are conducted in one single visit. As such, for a cross-sectional study of 527
respondents located in two geographically different and distant regions, a time frame of 6
months was not sufficient to permit the researcher to revisit each respondent for
clarification. However, the two research designers took the following precautions to
minimize measurement error. First, much thought went into constructing clear and
understandable questions. Second, the secondary investigator (SI) conducted a pre-test survey on a small group of respondents before proceeding with the actual larger study. The results of the pilot-test were used to identify and rectify inconsistencies in the questionnaire design. The following issues were uppermost in writing and rewriting the questionnaire: (1) logic, (2) phrasing of question items (3) order and sequencing, and (4) time taken to complete the questionnaire. Percent agreement was used to summarize test-retest data for each item and varied between 45% and 100% and the overall test-retest agreement for the instrument was 80% (Fendru 1995). In order to maintain reliability, to ensure replication, and low level of interviewer errors (Babbie 1998), the SI researcher made an effort to participate in numerous interviews with research assistants and provide needed information in a timely manner. In addition, the secondary investigator examined data from a sub-sample of respondents to crosscheck for “erroneous responses and deal with them whilst the enumerator still had fresh memories of the interviews they had just completed over the past few hours or during the day” (Fendru 1995:79).

5.11 Validity Issues

Babbie (1998) defines validity as “the extent to which an empirical measure adequately reflects the real meaning of the concept under consideration” or, in other words, it is the concept measuring what it purports to measure? And is the respondent understanding what the researcher thinks he is asking (Babbie 1998:124). Other researchers such as Kerlinger (1964), Miller and Conna (1991), Campbell and Stanley (1966) suggest that concepts don’t have real meaning, and that conceptual meaning varies with factor variables, which may include time, space, social class, race, gender and
ethnicity. In order to ensure precision in measuring what we claim to measure, we first relied on face validity measures, secondly, on theoretical underpinnings, and thirdly on sample validity. First, as natives of Uganda, the two principal investigators were able to assure the accuracy of the questionnaires translated into African languages and read to the illiterate respondents. All other respondents filled out questionnaires with the assistance of the research aides.

The research was guided in large part by theories and methodologies derived from feminist sociology. This provided us with an integrative framework from which the research variables and procedures were derived. This can be verified in detail in the introductory sections above. As for sample validity, the sample consisted of people who used microfinancial resources in various ways or who were familiar with these institutions. For example, about 60 people had a bank savings account, 21 received loans from the bank, 219 borrowed from informal sources, 109 participated in various informal financial groups and 12 and 4 people respectively received a loan from a bank and saved with semi-formal financial institutions.

With regard to the validity of measurement of the concept of empowerment, we “unpack” empowerment and defined it in terms of decision-making power. This was facilitated by the factor analysis procedure described above and created three indices tested for reliability/consistency with Cronbach’s alpha. We also sought more information about empowerment issues for Ugandan women by participating in meetings with Ugandan and Africanist scholars at OSU during the Luncheon Series hosted by the Center for African Studies. In 1994, we also gained more insights from the then
Ugandan Minister of Agriculture, Mrs. Victoria Sekitoleko, during her visit to OSU. These meetings plus our personal knowledge of the people studied led us to believe that academic concepts do not fit neatly within the ambits of the indigenous people when it comes to conceptualization and interpretation of their experiences. For instance, some of the concepts of empowerment used in this study have little meaning to a rural woman whose life is surrounded by poverty, hunger, illness and other forms of social disadvantage. In point of fact, however, the operationalized measure of empowerment used is such a simplified construct that it should be convincing to most sociologists who have delved into the notion of power. We must assume that power at the personal and household levels, the levels with which we are dealing here, is about control of people and resources the process of making everyday decisions—decisions about the mundane issues of family life and survival.
CHAPTER 6

PRESENTATION OF RESULTS

This chapter presents the major findings of the study. It is guided by an effort to test hypotheses developed in Chapter 4 concerning relationships between eighteen independent variables, particularly microfinance, and the major dependent variables, two types of decision-making. In order to do this, the participation of women in household decision-making is first delineated and is established as a measure of empowerment. Secondly, women’s participation in microfinance is presented, and thirdly microfinance is correlated with changes in decision-making power. Since these initial efforts are based on simple bivariate correlations, we conclude with a multiple logistic regression analysis which attempts to sort out the role of microfinance among a host of other significant influences on women’s empowerment as measured by their enhanced decision-making.

6.1 Decision-Making and Empowerment in the Household

A large body of literature has demonstrated that in patriarchal societies such as Uganda, men tend to make more decisions in the home than women. However, the Women in Development literature has shown that women have more decision-making
power relative to men in areas where their role is significant to household survival such as in subsistence food production. However, in the recent past, both male and female farmers have become increasingly involved in obtaining microfinancial resources, hence it is to be expected that women are increasing their role in decisions related to income use. A major assumption has been that microfinance would lead to increased income, improvements in nutritional standards and overall empowerment for those who use them. If the effects of microfinance on the farmers’ empowerment are to be assessed, it is imperative that we first assess the relative role of women in household decision-making.

Hypothesis 1 Both women and men make important decisions in the home but whereas women are likely to make decisions that are related to farming and household reproduction activities, men are more likely to make decisions that concern both farm and non-farm activities which involve money. The inverse expectation (null hypothesis) is that women and men will not differ significantly when it comes to making any of these decisions about farming activities or issues related to money. Table 6.1 presents the different decisions compared by gender, using a chi-square test of significance. Significant relationships appear in bold.

Respondents were asked to indicate who makes decisions concerning thirteen different activities; these were: (1) What to plant on the farm, (2) When to plant, (3) Whether to try a new farm practice, (4) When to harvest, (5) When to sell farm produce, (6) What family members will eat, (7) Whether to get a loan, (8) Whether to buy farm inputs, (9) Whether to buy household goods, (10) Whether to get non-farm jobs, (11) Whether to use income from farm activities, (12) Whether to save, and (13) How to use
income from non-farm employment. Hypothesis 1 is in large part confirmed by results shown in Table 6.1, but with certain modifications. Generally, men tend to make six of the thirteen decision-types, women overwhelmingly make two types of decisions, and both women and men jointly make decisions regarding five activities.

Our results reveal two decisions where women are clearly in control. These are in their expected traditional areas of food preparation and provisioning: (4) When to harvest, and (6) what family members will eat. As expected, men were more likely to say they decide on issues, which have a direct relationship to work, and income outside the home. Their decisions focus on issues such as buying of farm inputs, buying of household goods, getting a non-farm job, securing a loan, and how to use income from farm activities. The study further finds that some decisions related to farm production and money management are made jointly, with no significant difference between men and women. These include (1) when to plant, (2) whether to try a new farm practice, (12) whether to save, and (13) how to use income from off-farm employment. Overall, then, some decisions are strongly controlled by one gender or the other, along with a significant sharing of decision-making between men and women on other decisions. But does this pattern persist when decisions are coalesced into groups (factors)? This question was addressed using two decision-making indices created through factor analysis.
<table>
<thead>
<tr>
<th>Do You Decide</th>
<th>Women (N=247)</th>
<th>Men (N=280)</th>
<th>Ch-Sq.</th>
<th>DF</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>What to plant on The farm (1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>121</td>
<td>130</td>
<td>0.1</td>
<td>1</td>
<td>.741</td>
</tr>
<tr>
<td>No</td>
<td>114</td>
<td>130</td>
<td>50.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>When to plant (2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>131</td>
<td>141</td>
<td>0.09</td>
<td>1</td>
<td>.771</td>
</tr>
<tr>
<td>No</td>
<td>104</td>
<td>118</td>
<td>45.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Whether to try a new Farm practice (3)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>99</td>
<td>120</td>
<td>0.02</td>
<td>1</td>
<td>.880</td>
</tr>
<tr>
<td>No</td>
<td>109</td>
<td>136</td>
<td>53.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>When to harvest (4)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>157</td>
<td>117</td>
<td>24.3</td>
<td>1</td>
<td>.001*</td>
</tr>
<tr>
<td>No</td>
<td>77</td>
<td>143</td>
<td>55.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>When to sell farm Produce (5)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>112</td>
<td>167</td>
<td>5.7</td>
<td>1</td>
<td>.017*</td>
</tr>
<tr>
<td>No</td>
<td>96</td>
<td>91</td>
<td>35.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>What family members will Eat (6)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>210</td>
<td>62</td>
<td>204.4</td>
<td>1</td>
<td>.001*</td>
</tr>
<tr>
<td>No</td>
<td>37</td>
<td>214</td>
<td>77.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Whether to get a loan (7)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>152</td>
<td>238</td>
<td>17.1</td>
<td>1</td>
<td>.001*</td>
</tr>
<tr>
<td>No</td>
<td>32</td>
<td>13</td>
<td>5.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Whether to buy farm Inputs (8)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>107</td>
<td>210</td>
<td>65.8</td>
<td>1</td>
<td>.001*</td>
</tr>
<tr>
<td>No</td>
<td>130</td>
<td>52</td>
<td>19.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Whether to buy household Goods (9)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>120</td>
<td>185</td>
<td>16.9</td>
<td>1</td>
<td>.001*</td>
</tr>
<tr>
<td>No</td>
<td>126</td>
<td>93</td>
<td>33.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Whether to get non-farm Jobs (10)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>99</td>
<td>164</td>
<td>34.0</td>
<td>1</td>
<td>.001*</td>
</tr>
<tr>
<td>No</td>
<td>100</td>
<td>48</td>
<td>22.6</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Significant at p<. 05

(continued)

Table 6.1: Household Decisions by Gender
Table 6.1 (continued)

<table>
<thead>
<tr>
<th>Do You Decide</th>
<th>Women (N=247)¹</th>
<th>Men (N=280)¹</th>
<th>Ch-Sq.</th>
<th>df</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Freq.</td>
<td>%</td>
<td>Freq.</td>
<td>%</td>
<td></td>
</tr>
<tr>
<td>How to use income from Farm activities (11)</td>
<td>Yes</td>
<td>111</td>
<td>51.1</td>
<td>162</td>
<td>63.3</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>106</td>
<td>48.9</td>
<td>94</td>
<td>36.7</td>
</tr>
<tr>
<td>Whether to save (12)</td>
<td>Yes</td>
<td>133</td>
<td>69.6</td>
<td>182</td>
<td>72.2</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>58</td>
<td>30.4</td>
<td>70</td>
<td>27.8</td>
</tr>
<tr>
<td>How use income from off-farm employment. (13)</td>
<td>Yes</td>
<td>154</td>
<td>75.9</td>
<td>167</td>
<td>76.3</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>49</td>
<td>24.1</td>
<td>52</td>
<td>23.7</td>
</tr>
</tbody>
</table>

*Significant at p<.05
¹ Non-responses are not included in the calculation of percentages

6.2 The Decision-Making Indices

In Chapter 5, we discussed factor analysis and the formulation of two decision-making indices namely, AGDECIS, which are decisions concerning basic farming activities or agriculture, and INCDECIS, or decisions that loaded to refer to the use of income in the home. Table 6.2 summarizes the major characteristics of the two indices when compared by gender. To make clear the interpretation of the comparisons, the mean here is the average number of decisions made by women or men out of the total number of decisions loaded on the particular factor of concern. Note that although there
were 5 items subsumed under income decisions, the maximum anyone claimed to make was 3 out of the 5. For agricultural decisions, the maximum reported indicate that respondents made all the 4 decisions. The T-tests assess the likelihood that the differences between the mean scores of men and women could have occurred by chance (p-values reported, one-tailed test, the first that women make more decisions than men, the second that men make more decisions than women). With rejection of the null hypothesis set at p<0.5 the results confirm the view from the first analysis of the 13 decisions separately, namely, that both men and women make all types of decisions, that men make somewhat more decisions related to money, whereas women seem to make more decisions related to agricultural production (though the last difference is not significant at the p< 0.05 level, observed probability = 0.13).

<table>
<thead>
<tr>
<th>INDEX</th>
<th>Gender</th>
<th>Mean</th>
<th>S.D.</th>
<th>Min</th>
<th>Max</th>
<th>n</th>
<th>T-test</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGDECIS</td>
<td>Women</td>
<td>2.18</td>
<td>1.73</td>
<td>0</td>
<td>4.0</td>
<td>254</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Men</td>
<td>1.96</td>
<td>1.36</td>
<td>0</td>
<td>4.0</td>
<td>207</td>
<td>-1.478 ns</td>
</tr>
<tr>
<td>INCDECIS</td>
<td>Women</td>
<td>1.64</td>
<td>1.17</td>
<td>0</td>
<td>3.0</td>
<td>163</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Men</td>
<td>2.02</td>
<td>1.14</td>
<td>0</td>
<td>3.0</td>
<td>229</td>
<td>3.004*</td>
</tr>
</tbody>
</table>

* Significant at p < .05

Table 6.2 Summary: Agricultural Production and Income Use Decisions by Gender

These results probably accurately represent power relations in the two areas, namely, male dominance of most decisions. If women have little control over the
acquisition, control, and allocation of income, this would be a disincentive to engage in income generating activities such as microfinancial resources. But the key question is, will this pattern change when women, despite impediments, begin to use microfinancial resources? What happens when both women and men have access to credit and savings opportunities? Will credit/savings increase the decision-making role of women who use it compared to women who don’t? Will it make a difference between men and women who both take advantage of microfinance? These questions can be more fully addressed after we establish the role of women and men in existing microfinancial programs. This way we can justify a look at microfinance as a possible reinforcement or deterrent of women’s participation in their households’ decision-making process.

6.3 Use of Microfinancial Resources

In Uganda, people in rural areas mainly use three types of microfinancial resources namely, loans (credit), making deposits in savings accounts held by formal and semi-formal financial institutions, depositing money with relatives and friends, and participating in informal financial groups. Past studies have established that bank officials tend to exhibit a certain bias against small borrowers particularly women. The literature further asserts that male-dominated financial institutions epitomize condescending attitudes towards women clients and this makes them reluctant to extend credit services to even qualified female applicants (Morris and Lobao 1994). If this generally represents the distribution of formal finance in Uganda, what then would be the relative role of Arua and Mukono women in microfinance?
Hypothesis 2: Rural women will differ significantly from men in their use of microfinancial resources in that, compared to men, women will be more likely to use informal sources of finance, and less likely to obtain loans and savings opportunities from formal and semi-formal financial institutions. The null hypothesis is that the women studied will not differ significantly from men in their use of microfinancial resources (access to credit and savings). In the next sections we present the findings starting with use of credit and followed by use of savings from various sources.

6.3.1 Sources of Credit: Informal Loan, Semi-Formal Loan and Bank Loan

Informal Loan: According to the findings presented in Table 6.3, most loans were obtained from informal sources. A surprisingly similar proportion of women and men used informal sources for their financial needs. Of the total sample, a slightly higher proportion of men (57%) than women (52%) reported borrowing from informal lenders and gender differences were not significant. On the other hand, hardly any woman received a loan from formal banks and semiformal institutions. The approximately 10% proportion of men who borrowed from these two sources combined is small.

Nonetheless, it is greater than the proportion of women who used semiformal finance (only 2 or, less than 1%). Gender differences are not significant which suggests that cooperative unions in Uganda do not provide sufficient credit to farmers in general. This lack of support reduces the farmers’ level of productivity and may have negative implications for their role in household decisions. There was no single woman in the study that received a loan from a semiformal-financial source or, from the bank. Thus,
the table clearly shows that while both rural women and men have limited use of informal financial resources, women are somewhat less limited than men especially in formal and semi-formal finance. In contrast most people in the study, about 52.2% of the women and 57.1% men obtained loans from informal sources. The emphasis on informal sources is understandable, since they are comprised of relatives who provide about 47 percent of all such loans, and friends who furnish the rest or 53 % (Fendru 1995:118).

<table>
<thead>
<tr>
<th>Type of Loan</th>
<th>Women (N=247)</th>
<th>Men (N=280)</th>
<th>Ch-Sq.</th>
<th>df</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Freq. %</td>
<td>Freq. %</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Informal Loan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>129 52.2</td>
<td>160 57.1</td>
<td>1.28</td>
<td>1</td>
<td>0.258</td>
</tr>
<tr>
<td>No</td>
<td>118 47.8</td>
<td>120 42.9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Semi-/Formal Loan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>2 0.8</td>
<td>19 6.8</td>
<td>12.24</td>
<td>1</td>
<td>0.001*</td>
</tr>
<tr>
<td>No</td>
<td>245 99.2</td>
<td>261 93.2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank Loan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>0 0.0</td>
<td>12 4.3</td>
<td>10.83</td>
<td>1</td>
<td>.001*</td>
</tr>
<tr>
<td>No</td>
<td>247 24.0</td>
<td>268 95.7</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Significant at (p<.05)

Table 6.3 Sources of Credit by Gender

Informal institutions also have flexible terms that attract borrowers. For instance, Fendru’s study found that “only 19 percent of the loans were to be repaid within a specified period of time and an even smaller proportion (3 percent) required repayment with interest” (Fendru 1995:119). It is therefore not surprising that both women and men
tended to borrow most from informal sources. At first glance it seems that women were able to obtain informal loans at a rate almost equal to that of men. One must note, however, that the size of the loans varies greatly. The average value of loans for men was about five times (Shs. 70,000 or $58) that of women (Shs. 67,000 or $56). Furthermore, the maximum amount of loans obtained by men was seven and half times (Shs. 3,000,000 or $2,500.00) that extended to women (Shs. 400,000.00 or $334)--see Table 7.1. Therefore, while women may obtain almost as many loans as men, men’s actual access to money in terms of total shillings (or dollars) can be considered significantly greater than the women’s due to differences in loan amounts. These findings probably accurately reflect the division of power in rural households and hence, the extent to which women can increase their role in decision-making through expanded use of microfinance.

The apparent gender differences in part reinforce the notion that rural women have very little time, effort, and initial capital to enlist membership in group activities. Moreover, informal financial groups have a rigorous internal self-selection process that requires newcomers to demonstrate their trustworthiness and creditworthiness by making regular savings and deposits in a common fund for a certain period before becoming eligible for any benefits. However, some groups may allow members to make smaller cash deposits and substitute the difference with in-kind contributions such as volunteering to work on group members’ farms (Fendru 1995:131).
Past studies have also attributed increased use of microfinance to so-called “push factors” (Lycette and White 1986). For instance, many people join groups because of the motivation behind group formation.

<table>
<thead>
<tr>
<th>Characteristic Credit Use</th>
<th>Men (N=280) Freq</th>
<th>%</th>
<th>Women (N=247) Freq</th>
<th>%</th>
<th>Total (=527) Freq</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production &amp; Marketing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>211</td>
<td>73.3</td>
<td>175</td>
<td>70.8</td>
<td>386</td>
<td>73.3</td>
</tr>
<tr>
<td>No</td>
<td>69</td>
<td>24.7</td>
<td>72</td>
<td>29.2</td>
<td>141</td>
<td>26.7</td>
</tr>
<tr>
<td>Buy Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>19</td>
<td>6.9</td>
<td>23</td>
<td>9.3</td>
<td>42</td>
<td>8</td>
</tr>
<tr>
<td>No</td>
<td>261</td>
<td>93.1</td>
<td>224</td>
<td>90.7</td>
<td>485</td>
<td>92</td>
</tr>
<tr>
<td>Invest in Cottage</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>5</td>
<td>1.9</td>
<td>2</td>
<td>0.8</td>
<td>7</td>
<td>1.3</td>
</tr>
<tr>
<td>No</td>
<td>275</td>
<td>98.1</td>
<td>245</td>
<td>99.2</td>
<td>520</td>
<td>98.7</td>
</tr>
<tr>
<td>Handcraft Business</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>4</td>
<td>1.4</td>
<td>4</td>
<td>1.6</td>
<td>8</td>
<td>1.5</td>
</tr>
<tr>
<td>No</td>
<td>276</td>
<td>98.6</td>
<td>243</td>
<td>99.4</td>
<td>519</td>
<td>98.5</td>
</tr>
<tr>
<td>Pay School Fees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>2</td>
<td>0.7</td>
<td>9</td>
<td>3.6</td>
<td>11</td>
<td>2.1</td>
</tr>
<tr>
<td>No</td>
<td>278</td>
<td>99.3</td>
<td>258</td>
<td>96.4</td>
<td>516</td>
<td>97.9</td>
</tr>
<tr>
<td>Personal Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
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<td>0</td>
<td>1</td>
<td>0.4</td>
<td>1</td>
<td>0.2</td>
</tr>
<tr>
<td>No</td>
<td>280</td>
<td>100</td>
<td>246</td>
<td>99.6</td>
<td>526</td>
<td>99.8</td>
</tr>
<tr>
<td>Household Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>3</td>
<td>1.1</td>
<td>17</td>
<td>7.3</td>
<td>10</td>
<td>3.8</td>
</tr>
<tr>
<td>No</td>
<td>277</td>
<td>98.9</td>
<td>230</td>
<td>92.7</td>
<td>507</td>
<td>96.2</td>
</tr>
</tbody>
</table>

Table 6.4  Reasons for Joining Groups by Gender of Respondents

In this study, respondents were asked why they joined financial groups and their responses revolved around survival needs including answers such as: “invest in
production and marketing,” “spend on household needs,” “improve personal income,” “buy assets,” “invest in cottage industry” and “pay school fees” (Table 6.4). Both women and men seem to have a similar interest in investing their money in production activities. However, women are more likely than men to spend their money on household needs and children’s school fees. If this explains why women were actively involved in informal financial groups (though slightly less than men), it is an important factor that can be used to motivate more women to seek out more microfinancial sources.

<table>
<thead>
<tr>
<th>Type of Savings</th>
<th>Women (N=247)</th>
<th>Men (N=280)</th>
<th>Chi-sq</th>
<th>df</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belongs to an Informal Group (INFGROUP)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>38</td>
<td>67</td>
<td>6.01</td>
<td>1</td>
<td>0.014*</td>
</tr>
<tr>
<td>No</td>
<td>209</td>
<td>213</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Informal Savings (INFSAV)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>41</td>
<td>68</td>
<td>4.73</td>
<td>1</td>
<td>0.030*</td>
</tr>
<tr>
<td>No</td>
<td>206</td>
<td>212</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Semi-Formal Group (SEMISAV)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>0</td>
<td>4</td>
<td>3.56</td>
<td>1</td>
<td>0.059</td>
</tr>
<tr>
<td>No</td>
<td>247</td>
<td>276</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank Savings (BANKSAV)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>24</td>
<td>35</td>
<td>1.02</td>
<td>1</td>
<td>0.312</td>
</tr>
<tr>
<td>No</td>
<td>223</td>
<td>245</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Significant at (p<.05)

Table 6.5 Sources of Savings by Gender
6.3.2 Savings: ROSCAs, Informal Savings, Semi-Formal Savings, and Bank Savings

Respondents were asked whether they had money in savings accounts or belonged to any informal financial groups (INFGROUP). Participation in informal financial groups refers to becoming a member of any of the two main types of informal groups reported by respondents. They are savings groups, which are also known as accumulating savings associations (ASAs), and the rotating savings and credit associations (ROSCAs). Table 6.5 above indicates that a substantial proportion of the respondents (109 or 20%) participated in informal financial groups. Male farmers (67%) tended to use these groups more than female farmers (38%).

**Informal Savings Account**: When asked whether they had a savings account with informal financial institutions, a significantly higher proportion of men (24.3%) than women (16.6%) indicated that they saved with informal sources. As explained in Table 6.5, farmers mainly use savings and credit associations (SACAs) to meet their various needs elaborated above.

**Semi-Formal Savings** – As with SEMILOAN, SEMISAV represents very few members of our sample (i.e. 1.4% and these were all male). These few were members of local cooperatives. With regard to having a savings account with a bank (BANKSAV), the study found that about 11 percent of the total sample was involved. Only a slightly higher proportion of men (12.5%) than women (9.7%) reported saving with this formal institution (Table 6.5). While these data do confirm that men have greater access to microfinance than women, women nonetheless seem to be increasingly able to obtain loans from and create savings with informal sources and institutions. This is why Fendru
reported that gender had no significant effect on access to microfinance in Uganda (1995:188).

The fact that he did not include an adequate measure of total credit obtained as a dependent variable is the likely explanation for this unexpected and counter-intuitive finding. A number of factors could be adduced to explain this unequal access, but our goal is first to find out if the access that is available to women is empowering them. If it is, then there is good reason to create efforts to remove the barriers to equal access that continue to exist. If it is not empowering, then other avenues to empowerment might be more fruitfully pursued. Following this logic, let us turn to the crucial question of correlating use of microfinance with the decision-making indices that have been constructed.

6.4 The Effects of Microfinance on Women’s and Men’s Empowerment: Results of T-test Analysis

The effects of using microfinancial resources (independent variables) on each of the indicators of household empowerment (dependent variables) are analyzed in this section based on bivariate statistics. We chose to use bivariate analyses first and tease out causal relationships before proceeding to the more powerful, multiple logistic regressions. T-tests were deemed appropriate for testing the significance of the differences between the mean scores of microfinance users who make decisions and non-users who don’t make decisions. A t-test procedure enabled us to compare two sample means to see if there is sufficient evidence to infer that the means of the corresponding
populations also differ significantly (George and Mallery1999:348). This comparison was performed for women and men separately.

**Hypothesis 3:** Women and men who use microfinancial resources will differ significantly from women and men who don’t use these resources when it comes to making important decisions in the home. When the entire sample was examined (Table 6.6 and 6.7), only people who participated in informal groups and those who used informal savings were significantly (p < .05) different from people who did not use these resources when it came to making decisions in the home. More specifically, farmers who were members of informal groups such as SACAs or ROSCAS made more decisions in agricultural production as well as income use compared to people who used did not save with these sources of financial. Informal financial groups and informal savings are the only two resources out of the six forms of microfinance that contributed to an increase in the respondents’ decision-making power.

**Women only sample:** When the data were analyzed for the women-only group, Tables 6.8 and 6.9 show that, again, only two microfinancial resources increased women’s decision-making role. Women who saved with informal sources and those who had savings (personal accounts) with the bank made more decisions in this area compared to women who did not save at all. Differences between the two groups of women were significant at (p < .05) suggesting that savings will almost always enable women to increase their role in production activities especially since this is an area where they provide most input (see table 6.1).
With regard to decisions concerning income issues, three types of microfinance were found to be statistically significant (p < .05). As Table 6.8 indicates, women who participated in informal financial groups, those who saved with informal savings and those who had personal savings accounts with the bank made more decisions regarding the use of income in their homes. These results are not surprising because as Fendru’s (1995) study of women in Arua and Mukono noted, majority of women in these regions control their own “purse.” Nearly three quarters (74%) of the respondents in the study had separate savings accounts. About (44%) of the women and men gave lack of trust between the spouses as a primary reason for not saving jointly. However, other explanations were the prolonged absence from home (33%) of the males and (29%) of the females, guaranteeing personal financial security mentioned (24%) of the men and (27%) of the women (Fendru 1995:126). Since this study is based on the same data as Fendru’s it is arguable that the increase in women’s decision-making power in relation to savings could be due to the fact that women control their personal accounts, and therefore, they can allocate the money to areas of their interest.

**Men only sample:** Only men who had bank savings accounts were able to make more decisions compared to men who did not have bank savings. As in the case of women, men who saved with the banks also had increased decision-making power over issues related to income use. However, bank savings did not increase the men’s role in agricultural decisions just as it didn’t increase women’s agricultural decisions (Tables 6.10 and 6.11).
However, while the apparent significant effects shown in the correlations between microfinance and decision-making are encouraging, they cannot be assumed to prove causality because in real life, many factors interact to influence people’s behavior. Bivariate findings do serve as a spur to test relationships further, to seek out explanations and possible intervening or, confounding factors. This way, we can root out overly simplistic causal relationships. For example, the apparently anomalous and negative effect of bank savings on women’s ability to make agriculture-type decisions gives definite pause to one’s initial enthusiasm. The effects of other variables on women’s empowerment, effects that might obscure or offset the contributions of savings and loans, must be controlled for before concluding that microfinance is or is not of major significance. These possibilities are investigated in the next section using multiple logistic regressions.
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Table 6.6 Agricultural Decisions by Microfinance for Full Sample
## Table 6.7 Income Use Decisions by Microfinance for Full Sample

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<tr>
<td>No</td>
<td>389</td>
<td>1.87</td>
<td>1.16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
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<td>0.67</td>
<td>1.15</td>
<td>-1.80</td>
<td>0.21</td>
</tr>
<tr>
<td>BANKSAV</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>208</td>
<td>2.04</td>
<td>1.13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>21</td>
<td>1.81</td>
<td>1.21</td>
<td>0.88</td>
<td>0.37</td>
</tr>
<tr>
<td>SEMILOAN</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>217</td>
<td>2.02</td>
<td>1.13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>12</td>
<td>2.00</td>
<td>1.12</td>
<td>0.05</td>
<td>0.95</td>
</tr>
</tbody>
</table>

* Significant at the p<.05 level

Table 6.11  Decision-Making by Microfinance, Men Only Sample
6.5 The Effects of Microfinance and Socioeconomic Factors on Women’s and Men’s Empowerment: Logistic Regression Analysis

The simple correlations reviewed in the previous sections pointed to only two consistently strong effects of -- informal financial groups, and informal savings, on empowerment from the seven original indicators although, bank savings also emerged for women and men in one case. It was thus felt imperative to examine further why most microfinancial variables did not have a positive significant effect on empowerment as literature suggests they should. Moreover, while traditional forms of bivariate analysis are helpful, real social systems are complex and replete with examples of false conclusions about cause and effect drawn from simple correlations or from apparent lack of correlation. Given that there are many complex socioeconomic factors surrounding peoples’ lives, it was felt that empowerment or lack thereof must be the result of a multiplicity of causal factors. For instance, Lobao (1996) succinctly notes that “social relations are inextricably tied to a spatial context…the characteristics of a local setting, especially the economic organization of society and its local and political stratification systems” (p. 12). Moreover, the “internal economy of the household” also varies greatly by geographic region, class and household structure (Blumberg 1991:21). This study therefore considered the socioeconomic milieu in which rural Ugandans are embedded as being the key factor accounting for the apparently limited effects of microfinancial resources observed in the bivariate analysis, and therefore, the necessity for using multiple logistic regression (MLR).
Multiple logistic regression is a statistical technique that can deal at least partially with the simultaneous interaction of a large number of variables that may be hypothesized to influence observable outcomes. It was used in this study to explore causal relationships between multiple independent variables with binary values, and the dependent variable of decision-making (the two indices) each of which is constructed from a number of questionnaire items and coded in a dichotomous fashion as we have seen in chapter 5. Of the thirty-seven independent variables originally considered, eighteen, based on theoretical underpinnings, were entered into the model at once and regressed against each of the two decision-making indices while simultaneously applying a backward elimination technique to statistically control for multicollinearity (McCracken 1991). By doing so, it was possible to isolate to some degree the unique influence of each independent variable on the dependent variable while controlling for the effects of other factors at the 95% confidence level (i.e., holding other independent variables constant). See the data analysis section in chapter 5 for detailed discussion of this method.

Odds ratios are used to report the strength of the effects of independent variables on a group’s ability to make more decisions in the home. For instance, an odds ratio score of 3.01 means that the group with a certain characteristic is 3 times as likely to make more decisions of a certain type than the group without the characteristic. An odds ratio of less than 1 (for example, 0.5) means that the odds are negative, and that the independent variable in question actually reduces the likelihood of the predicted from effect occurring. On the other hand, an Odds ratio of 1 means that there is no difference
in decision-making between groups who have a selected characteristic and those who
don’t have it.

The results are reported as follows based on how they were analyzed: First, in **Case 1** which is the **Full sample model**, we examine the effects of the independent variables on each of the decision-making indices for the entire sample. Second, in **Case 2 and 3**, we control for gender to see if the model improves to reveal certain associations that could have been confounded by gender in the full model.

### 6.5.1 Case 1: The Full Sample

*Hypothesis 4:* Rural farmers will make more decisions in their homes if they use microfinancial resources and/or, when they have the selected socioeconomic characteristics. More specifically, we expect to find positive significant relationships between using BANKSAV, BANKLOAN, SEMISAV, SEMILOAN, INFSAV, INFLOAN, and INFGROUP and, making more decisions related to agricultural production (AGDECIS) as well as income use (INCDECIS). Also, we expect positive significant relationships between the selected 11 socioeconomic variables and AGDECIS as well as INCDECIS when the entire sample is investigated. For a full description of the coding of independent variables see chapter 5.

In the Tables 6.11, 6.12 and 6.13, all independent variables depicted in the models have significant relationships with the dependent variables and they are marked with an asterisk. However, variables reported in **bold and with asterisks** are positively significantly associated with the dependent variables. Numbers with an asterisk but *not*
in bold are those variables that had significant effects of reducing the likelihood of making more decisions on a certain index.
<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Agricultural Production Decisions</th>
<th>Income Use Decisions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B  Odds</td>
<td>B  Odds</td>
</tr>
<tr>
<td>BANKLOAN</td>
<td>-  -</td>
<td>-  -</td>
</tr>
<tr>
<td>BANKSAV</td>
<td>-  0.779 2.22**</td>
<td>-  -</td>
</tr>
<tr>
<td>SEMILOAN</td>
<td>-  -</td>
<td>-  -</td>
</tr>
<tr>
<td>SEMISAV</td>
<td>- -3.065 0.051*</td>
<td>-  -</td>
</tr>
<tr>
<td>INFGROUP</td>
<td>-1.494 0.23*</td>
<td>-  -</td>
</tr>
<tr>
<td>INFLOAN</td>
<td>-  -</td>
<td>-  -</td>
</tr>
<tr>
<td>INFSAV</td>
<td>2.058 10.0***</td>
<td>0.529 1.70*</td>
</tr>
<tr>
<td>AGE</td>
<td>-  -1.373 .25*</td>
<td>-  -</td>
</tr>
<tr>
<td>EDUCATION</td>
<td>-  -0.169 .84*</td>
<td>-  -</td>
</tr>
<tr>
<td>MALE GENDER</td>
<td>-  -1.373 .25*</td>
<td>-  -</td>
</tr>
<tr>
<td>FARMER</td>
<td>0.990 2.5**</td>
<td>0.985 2.52**</td>
</tr>
<tr>
<td>TRADER</td>
<td>-  -</td>
<td>-  -</td>
</tr>
<tr>
<td>EMPLOYEE</td>
<td>-  -</td>
<td>-  -</td>
</tr>
<tr>
<td>FAMSIZE</td>
<td>-0.081 0.91*</td>
<td>-  -</td>
</tr>
<tr>
<td>HHHEAD</td>
<td>-  -</td>
<td>0.997 2.51*</td>
</tr>
<tr>
<td>HHINCOME</td>
<td>-  -</td>
<td>-  -</td>
</tr>
<tr>
<td>MARRIED</td>
<td>-2.308 0.01***</td>
<td>-2.793 .06*</td>
</tr>
<tr>
<td>HHFSITN</td>
<td>-  -</td>
<td>-  -</td>
</tr>
<tr>
<td>-2 log likelihood</td>
<td>1297.339 876.721</td>
<td></td>
</tr>
</tbody>
</table>

*p< .05; ** p < .001; *** p < .0001

Table 6.12  Results of the Multiple Logistic Regression: Variables that were significantly associated with Decision-Making for the Full Sample: Case 1 (N = 527)
All other variables listed without a statistic were not significant predictors of decision-making. Results in Table 6.12 indicate that 11 of the 18 independent variables were significantly associated with the respondents’ increased role in decision-making. Of the microfinancial resources, having a bank savings account, and informal savings were the strongest predictors of decision-making power among the people studied. With respect to the effects of informal savings on agricultural production, it was found that respondents who saved with informal sources such as relatives, friends and merchants, were 10 times likely to make more decisions compared to respondents who did not save with these individual groups. A puzzle appeared in the form of the apparent negative influences of informal financial groups with reduced odds ratios (OR 0.2), despite the fact that informal groups exerted a significant influence on those who participated in them when the data was examined using bivariate analyses. Overall, three microfinancial resources did not have a significant influence on decision-making power: bank loan, semi-formal loan and informal loan. The possible reasons for this will be investigated when we attempt to control further for gender. The apparent positive influence of two microfinance variables, however, is a moderate confirmation of the importance of microfinance in general, for men and women taken together--it remains to be seen what will happen when they are separated. Overall, the findings for bank savings, semi-formal savings, informal groups and informal savings support the stated hypothesis, but findings for bank loan, semi-formal loan and informal loan fail to support the hypothesis.

Demographic Variables: Surprisingly, only one demographic variable – main occupation --farmer exerted a significant influence on decision-making. Farmers were
about 3 times likely to make more decisions about agricultural production as well as income use than traders and employees. This result reflects the nature of rural people in the two districts because in practice, people are generally farmers in that they depend on agriculture for their livelihood more than any other occupation. *The results also support the stated hypothesis about agricultural production and income use decisions.* However, other persona endowments: *gender -- male, age and education* did not do as well in the significance test. These variables had reduced odds (OR .25; .84; .25) respectively. There are two main reasons that this study could propose about this observation: First, demographic variables have an indirect way of influencing decision-making power because of their possible interaction with microfinancial resources and household level factors (Fendru 1995). As Zollinger and Krannich (2002:458) note, the low odds ratios for the independent variables mean that the dependent variable is explained by some other variables in the model.

Second, the lack of significance may also be related to methodological issues of measurement. Demographic variables, like other variables in this study were measured as dichotomous variables (e.g. 1 = Yes and 2 = No), and this reduced the scope of comparison. For example, age was reduced to a dichotomous variable for the logistic regression analysis so that older = 35 years and above (35 years was chosen because it was the median age of the sample). It seems likely therefore that this coding failed to capture the continuous distribution of power based on age that comes with land tenure after the age of 20 or 25 when one is normally setting up a new family and taking on responsibilities of decision-making. Fendru’s study with this same sample
(1995:170,176), for example, shows that age had a strong effect on obtaining microfinance. His coding created 3 groups (less than 20 years, between 20 and 40 years, and over 40 years), and he found that the two younger age groups were somewhat more active in borrowing and in membership in informal credit associations than the group over 40 years. Of course, one is making the assumption here that the effect of age on obtaining microfinance is similar to the effect it would have on decision-making in the home. By breaking the age variable at 30 years, its effect on decision-making may well have been obscured. Similarly, it is worth speculating at this point that the effects of education may also have been obscured by the limited options that were examined: (educated = “some formal education”, one could have earned a few years of primary schooling). Results regarding the effects of personal endowments on decision-making thus, fail to support the stated hypothesis when the entire sample is considered.

Household–Level Variables: Three of the five selected household related variables exerted a statistically significant effect on the respondents’ decision-making power: Married Household Head and Family size. Household head has the strongest effects and it is with regard to income use decisions. Apparently, a person who is head of the household is about three times as likely to have decision-making autonomy on income matters. This finding partially supports the stated hypothesis about income use decisions but it fails to support the agricultural production decisions. It is also in line with reports of previous studies, namely, that traditional norms of behavior still prevail in rural households of Uganda, and heads of households are viewed as the people to take lead in all matters of the home (Obbo 1989, Fendru 1995). This is because established
social institutions such as clans, kinships, and the family consider the head to be trustworthy, since s/he is supposed to be in control of the household resources including income and agricultural activities. A study of households in Rwanda found that household heads tend to have more holdings, control family labor, and may even hire wage labor. This allows their households to increase the totals farm acreage under cultivation, average input and thus, mean income. However, the authors noted that male heads of households tend to take advantage of their leverage position to gain access to more financial resources for their own benefits Clay and McAllister (1991). Do we find a similar incidence in Uganda? Does household headship promote empowerment for men as well as women in our study? These questions were examined later as we shall see in the results from the women only, and men only samples.

Other household variables: married and family size exerted a negative influence on decision-making power, while household income and household financial situation did not have a significant effect at all. There are no differences in decision-making power for a person who comes from a larger family of 7 people or more, and one who comes from a smaller size family (OR 1). But, being a married person shows up as having one of the least important effects on both indices of decision-making. It is lowest for agricultural production decisions (O.R. = .01) as well as income use decisions (OR = .06). These low scores need further explanation, but explanations can only be speculative at this point until we control for gender.

In the first place, in the full sample of 527, 74% were married while 26 % were single, divorced or widowed. In Uganda, particularly in rural areas being married is a
status symbol strongly rooted in established social networks that also control the production and distribution of resources. Thus, there are possible interactive effects of marriage with age, income, gender and various aspects of social status that may have significance for explaining its lack of strength. Moreover, married couples share responsibilities and make joint decisions especially when it comes to agricultural production which involves matters concerning land use (see Table 6.2). As such, land ownership enters into the “break-down positions” for married couples as Sen (1990) would put it. A person who has land ownership rights would have stronger bargaining power in the decision-making process than a person who only has use rights (a weak break-down position). However, since gender is not examined for its effects at this point, it is worth concluding that the results of married support the stated hypothesis in that, a married woman has less decision-making power in the home compared to a single woman.

With regard to household income and perceptions of household financial situation, the study finds that these variables cannot be used as sufficient predictors of decision-making power in rural households. A respondent for predicting no significant who came from a household that earns at least Shs. 300,000 ($250) and one who saw some improvements in their household financial situation were just as likely to have not increase in decision-making power as their counterparts who came from poor families. These results confirm that rural people in Uganda operating in low-income households do not have sufficiently income levels to differentiate them into decision-making power groups in their homes. In other words, income levels tend to be fairly homogeneous (see
Table 7.1). Thus, for the full sample, results regarding the effects of household-level variables partially support the stated hypothesis with two predictors – household head and marital status.

6.6 The Effects of Socioeconomic Background Factors and Microfinancial Resources on Women’s Decision-Making Power

6.6.1 Case 2: Sub-Sample for Women

*Hypothesis 5:* Women’s decision-making power will be significantly increased by their use of microfinancial resources and also, by their social economic status as measured by personal endowments and the characteristics of the households in which they operate. With regard to microfinance variables, results in Table 6.12 suggest that participation in informal groups is the most significant factor affecting women’s role in decision-making, particularly in issues concerning income use. Women who were members of informal financial groups such as ROSCAs were about 6 times likely to make more decisions about money issues compared to women who did not participate in financial group organizing. These findings reveal the power of gender in confounding the effects of informal groups on decision-making as depicted in the increased odds (OR 6.5 from (OR 0.2) in the full sample).
### Table 6.13 Results of the Multiple Logistic Regression: Variables Significantly Associated with Decision-Making, Women Only: Case 2 (N = 247)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Agricultural Production Decisions</th>
<th>Income Use Decisions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Odds</td>
</tr>
<tr>
<td>INFGROUP</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SEMILOAN</td>
<td>.061</td>
<td>.44</td>
</tr>
<tr>
<td>AGE</td>
<td>.038</td>
<td>1.04*</td>
</tr>
<tr>
<td>EDUCATION</td>
<td>.209</td>
<td>1.23*</td>
</tr>
<tr>
<td>FARMER</td>
<td>1.303</td>
<td>3.68**</td>
</tr>
<tr>
<td>TRADER</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>FAMSIZE</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>HHHEAD</td>
<td>1.643</td>
<td>5.18**</td>
</tr>
<tr>
<td>MARRIED</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>PHHFSTN</td>
<td></td>
<td>.571</td>
</tr>
</tbody>
</table>

-2 log likelihood: 500.668 343.916

* p<.05; ** p < .001

Demographic variables: Generally, all the personal characteristics—age, education and, main occupation—farming and trading exerted significant influences on women’s decisions (Table 6.13). The variables of main occupation predict well women’s empowerment. For instance, women farmers were likely to make more decisions regarding what to plant on the farm, when to plant, when to harvest and whether to use farm innovations compared to women traders or employees. Women farmers had increased odds (OR 3.68) of making more decisions regarding farming compared to non-farmers who were predominantly traders. For women traders, their decision-making power was in the areas of income use where they had increased odds of
Generally, farmers and traders were about three times likely to make more decisions in farming and income related matters respectively. The findings support the stated hypothesis. The findings support much of the existing literature about the necessity for women to have access to critical resources in order for them to increase their role in food production, pay school fees for their children and better the nutritional standards of their families (Blumberg 1991; Gordon 1996; Mayoux 2000). In fact, the findings of this study contradict some literature that assumes that rural women have little power over their income that they derive from marketing. However, the study finds that the influence for age and education is negligible and this is demonstrated by the low Odds ratios of approximately 1 (OR 1.04 and 1.2) for age and education respectively.

**Household-level variables:** The variable household head was the strongest predictor and for income use decisions. With respect to household headship, the study found that women who head their own households also make more decisions about agricultural production (OR 5.18), compared to women who are not heads of households. This result was expected because as we saw in (Table 6.1) and in the earlier study of Mukono farmers by Owusu-Ansah (1996), most decisions in Ugandan marital families are made jointly by wives and husbands. However, women usually provide more input in agricultural decisions while men almost exclusively dominate in decisions concerning financial matters. It is also not rare to find male relatives making most of the major decisions for single women especially when the decisions concern scarce resources such as land, credit, marketing and employment. With is in mind, the inconsistency shown in the increased odds in agricultural decisions for female heads of households on the one
hand, and the lack of significant relationships between household headship and income decisions on the other, may be suggestive of some underlying factors that were not revealed in the analysis.

For instance, (1) farming is traditionally a woman’s domain (2) single rural women are primarily devoted to meeting the immediate survival needs of their households –“practical gender needs” as opposed to meeting personal “strategic gender interests” (Moser 1996). This responsibility on rural women has even become more important now that the country is experiencing an increasing number of children orphaned by AIDS and the typical traumas of war felt in the post-conflict period (3) most of the single women in rural areas are widows (Fendru 1995). Although changes are now being made to modify the inheritance law to include the interests of widows and their children, widows in Uganda account for the largest group in the entire framework of feminization of poverty.

The results about perceptions -- whether or not women perceived their household financial situation as getting better than the previous year versus getting worse, women who had positive perceptions about their household financial situation were almost as twice as likely (OR 1.8) to make more decisions about income use as women who felt that the situation was getting worse. However, perceptions about the household economic situation were not significantly associated with women’s decision-making role in agricultural activities. This means that for rural women, the SES of their households and their decision-making power over agricultural activities are independent of each other.
Contrasting the two models: When the results for the women’s sample are compared with the results of the full sample, some general patterns emerge. For example, two of the six factors that were significant and positive in the full sample yielded similar results in the women’s sample, although there were some variations in the strength of their relationship, and the type of decisions that they influenced. These are, farmer and household head. Variable education maintained a consistently low influence. However, bank savings and informal savings disappeared from the Case 2 Model, and informal group emerged as the strongest statistically significant microfinance variable for women’s empowerment. Overall, when we examine the Bs for Models in Case 2, it becomes clear that the direction of the statistically significant variables is the same as that observed in the Models in Case 1: (-2 log likelihood 1297.339 - 876.721) and (-2 log likelihood 500.668 – 343.916). This implies that the independent variable’s ability to predict the dependent variable -- decision-making power improves when the effects of gender are controlled at the 95 percent confidence level (Zollinger and Krannich 2002:458).

Table 6.13 further reveals that 2 microfinance variables that had a statistically significant influence in the full sample do not exert a significant influence on women: bank savings and informal savings. These results are not surprising because in practice, informal savings may be kept with the same members of informal financial groups since they usually comprise relatives, friends and neighbors. As for bank savings, it is not clear from this study as how much money respondents had in savings but one can speculate from the literature, that women’s savings were small and therefore, not
sufficient enough to exert a significant influence on decision-making. As such, because informal groups go beyond monetary gains to include social support from group members to get tasks accomplished, it is therefore not surprising that women’s autonomy is linked to informal financial groups.

6.6.2 Case 3: Sub-Sample for Men

_Hypothesis 5:_ as in hypothesis 3, our expectation is that men’s decision-making power will be significantly enhanced by using microfinancial resources, and also by the selected background factors. The relationships between background socioeconomic factors and microfinancial resources as independent variables, and decision-making, the dependent variable, in the men-only sub-sample were also tested using multiple logistic regression. Results in Table 6.14 indicate that only informal savings exerted the most statistically significant influence on the men’s decisions. Men who had money in savings with informal sources were about 15 times as likely to make more decisions in agricultural production as men who did not have informal savings.

However, the same resources did not exert any significant impact on income use decisions. This finding partially supports the stated hypothesis and it reflects the principles of informal finance conducted under rotating savings and credit associations (ROSCAS), in which more men in the study were involved than women. It is possible that informal groups had reduced odds (OR .011) for agricultural decisions, and not significant at all for income decisions because in practice, people who participate in informal groups also tend to use informal savings opportunities.
Table 6.14 Results of the Multiple Logistic Regression: Variables significantly associated with Decision-Making, Men Only: Case 3 (N=280)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Agricultural Production Decisions B</th>
<th>Odds Ratios</th>
<th>Income Use Decisions B</th>
<th>Odds Ratios</th>
</tr>
</thead>
<tbody>
<tr>
<td>INFGROUP</td>
<td>-2.138</td>
<td>.11**</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>INFSAV</td>
<td>2.697</td>
<td><strong>14.93</strong>*</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>EDUCATION</td>
<td>-1.165</td>
<td>.61**</td>
<td>-</td>
<td>.242</td>
</tr>
<tr>
<td>MARRIED</td>
<td>-2.252</td>
<td><strong>1.1</strong>*</td>
<td>-</td>
<td><strong>.77</strong></td>
</tr>
</tbody>
</table>

-2 log likelihood 712.686 502.132

* p<.05; ** p < .001; *** p < .0001

Nonetheless, Models in Case 3 improve when compared with Model in Case 1: (-2 log likelihood 1297.339 - 876.721) and (-2 log likelihood 712.686 – 502.132). This implies that the male sample shows a slight improvement in the independent variable’s ability to predict the dependent variable – decision-making power. In examining the Bs for Model Case 3, it is apparent that the direction of the statistically significant microfinancial resource -- informal groups is the same as that observed in the Model Case 1, and the bivariate analyses (see Tables 6.10 and 6.11).

The only demographic variable that had a significant influence is education, but the influence is negligible (almost 1 or, OR = .8). Also, marital status was the only household level variable that had a significant influence on men’s decisions but the influence was negative. This finding contradicts with the commonly held assumptions.
that African men have a dominant role in decision-making and in other resources in their homes. In fact, the results are consistent with the bivariate findings that depicted shared roles in decision-making although there are varying degrees in the amount of input that women contribute to certain types of decisions compared to men (see Table 6.1).
As women’s status risks to decline in rural households of Uganda, the impact of microfinancial resources on women’s role in agricultural production and in household decision-making has become a particularly important area of concern. In this study, we have explored the question of whether microfinancial resources can increase women’s role in household decision-making and hence contribute to their empowerment. And although we cannot say that microfinance has brought dramatic improvements in women’s lives in Uganda, some tentative conclusions can be drawn and recommendations made.

This chapter presents an overall summary of the project, a description of hypotheses confirmed and unconfirmed, and a discussion of major findings, limitations, and recommendations. It is organized into four sections. Section one presents an overview of the research problem, the basic theoretical framework of the study, the variables and hypotheses. Section two describes the methodology and the sample characteristics. Section three presents a summary of analytical findings based on bivariate and multivariate correlations regarding the extent to which microfinance empowers women in two key areas--agricultural production and income use. Finally,
section four comments on the limitations and advantages of the research methods and the study as a whole, followed by recommendations for policy and for future research.

7.1 The Research Problem, Theoretical Framework, Variables and Hypotheses

Our hypotheses were largely developed from the literature on microfinance that has shown it to have great potential for improving women’s lives in developing countries. It was noted early on, however, that while credit/savings can provide some increase in income and can enhance women’s well-being and economic security, the increase is often too little to deeply affect social relations entrenched in male-dominated households, cultures and regions (cf. Lobao 1995). Deficits in human capital and individual endowments must be seen in the contexts of socially stratified structures in which biological differences are often elaborated to explain or mystify social differences, and in turn, used as bases for allocating valued resources (Robertson and Berger 1986; Johnson 1996; Mayoux 1997, 1999a). This study focused on constraints linked to the household economy, notably, marital status, household headship, household income and family size, and factors associated with personal endowments, particularly, gender, age, education, major occupation, and individual perceptions about household financial situation.

Building on theories of gender stratification and human capital, and on the literature of women in development, the study related a number of socioeconomic and microfinancial variables to the dependent variables of two types of household decision-making -- decisions concerning agricultural production and income management. Agricultural production decisions centered on questions concerning “what crops to plant,
when to plant crops on the fields, whether to try a new farm practice and when to harvest crops;” income use decisions included questions about “when to sell farm produce, how to use income from farm activities and whether to save money.”

The study was thus based upon the general hypothesis that due to gender stratification entrenched within the household economy in Uganda, and due to the difficulties women face in advancing their human capital, women who are likely to make more decisions in their homes and thus, to be empowered will be those who 1) have access to microfinancial resources and who have the social and economic characteristics as follows: 2) are members of informal financial groups and have control over their savings, 3) those who are not married, 4) no older than 35 years of age, 5) are relatively more educated, 6) are heads of households, 7) come from households of less than 7 people, and 8) had annual household income of at least Sh. 300,00 ($250).

These independent variables emphasized a differentiation among women who have been treated in some studies as a homogeneous group. The operationalization of these variables was guided by literature that has critiqued those studies which fail to disaggregate data on women, and which tend to conceptualize rural women as homogeneous groups such as “the rural poor” or “poor women.” This has in part been responsible for the problem of policy makers ignoring women entirely, what Sachs (1993, 1996) sees as the perception of rural women as “invisible farmers. This also promotes an attitude of treating microfinance as a “magic ingredient” for women’s problems (Mayoux 1997). Our study further notes that the concept of empowerment is a multi-dimensional indicator of change in women’s status and cannot be adequately defined as a single
dimension nor predicted by a single causal factor (Mayoux 1998a; Hulme 1998). However, many studies have made simplistic unilinear analyses that limit understanding of the many significant factors through which small-scale credit/savings can translate into positive impacts (Kabeer 1998). This study made an effort to remain open to the complex experiences of rural women in Uganda by taking into account numerous socioeconomic factors that relate to their empowerment: occupational variation (farming, trading, or wage employment), status position in terms of age, marital status, education, household head, annual household income, and family size. Gender itself, of course, was included in the analysis, assuming a strong effect of cultural biases in favor of males, particularly as a basis for allocating valued resources. Marital status as a variable also reflects this, since, though it may be associated with sharing of responsibilities and power, more often it leads to a loss of autonomy for married women.

The dependent variables were generated through factor analysis. Initially their conceptualization was based on the suggestion that women have at least two separate spheres of gendered action and needs defined by the gender division of labor and the overall problems of social inequality. They are “practical gender needs” associated with a woman’s ability to meet day-to-day responsibilities as a member of a given community or household, and “strategic gender needs” that relate to her status and power relative to those of men (Molyneux 1985; Moser 1989). However, as the investigation proceeded with the factor analysis of decisions made in the home, it became evident that needs cannot be so neatly differentiated. Thus, from the empirical measures of empowerment delineated through factor analysis, this study focused on two major types of decisions
which emerged from the set of thirteen decisions about which interviewees responded. These were agricultural production decisions (AGDECIS) and household income use decisions (INCDECIS). In fact, both decision-types have elements of the “practical” and the “strategic.” Thus, the study sought to determine the extent to which microfinance satisfies women’s multiple needs within the context of numerous socioeconomic constraints.

7.2 Methodology and Characteristics of the Sample

The data for the dissertation were collected using a survey questionnaire completed by 527 informants. Descriptive and correlational results were based on a variety of statistics – means, chi-squares and t-test analyses, but most notably on multiple logistic regression (MLR). Eighteen independent variables including seven based on microfinancial resources were regressed against the two dependent variables -- indices of decision-making power.

To determine the socioeconomic characteristics associated with the farmers’ access to microfinancial resources and increased role in decision-making, this study used a detailed survey instrument with over 100 questions – both closed-ended and open-ended. Tables 5.2, 5.3 and 5.4 show that data were generated from a survey of 527 people drawn from two districts: Arua district, more rural because of its location of 496 kilometers (about 300 miles) from Kampala (the national capital which is also the commercial center of the country); and Mukono district which is peri-urban because at its closest point it lies only about 25 kilometers (15 miles) from Kampala city.
Of the 527 respondents, 247 were women and 280 were men. The sample was evenly divided by region with 264 people selected from Arua and 263 from Mukono. The sample was also about evenly distributed by gender and region. In Arua, slightly more men (152) than women (112) participated in the study while in Mukono, a slightly larger proportion of women (135) compared to men (128) took part. About half of the respondents were between the age of fourteen and thirty-five, and one-fourth of the sample was between age thirty-six and fifty-five (Table 5.2). Overall, women respondents tended to be younger, averaging 36 years, while their male counterparts averaged 39 years. Gender differences in age were statistically significant (Table 7.1), suggesting that while all respondents were economically active members of their households, male respondents being slightly older may have had certain advantages. As we have seen, age difference is one of the advantages men have over women when it comes to control of decision-making in the household.

Most informants (466) had received some formal education (at least primary level), but women with no formal education (34%) outnumbered men by a ratio of 2 to 1. In fact the majority of the women in our sample had dropped out of school before completing primary education (97%). Given this marginal position of women in education and the type of education that they had received – a few years of primary level education – it is not surprising that formal education is not a major factor promoting empowerment for women living in rural areas. Another socioeconomic factor of significance was marital status. Whereas 82% of men were married, only 64% of women were. (The others included never married, widowed and divorced).
Table 7.1  Summary Socioeconomic Characteristics of the Sample by Gender

This probably reflects the fact that, as in many countries, marriage is more advantageous to men than to women in many respects. The superior status of men was reflected also in a number of the human capital indicators in our study summarized in Table 7.1 above.
7.3 **Descriptive Results: Women’s Relative Role in Household Decision-Making**

The study proposed that both women and men make important decisions in the home but because of the sex/gender system, women are likely to be more involved in decisions related to farming and household provisioning, while men will play a dominant role in decisions involving extra-domestic activities and those which concern money.

The study found significant gender differences in household decision-making. As expected, men were more likely than women to say that they make decisions related to income issues: whether to buy farm inputs, whether to buy household goods, and whether to get non-farm jobs as well as whether to get a loan and how to use income from farm activities (Table 6.1). Women on the other hand controlled decisions related to household provisioning: when to harvest and what family members will eat. Nonetheless, the study found that women and men jointly make some decisions. Even then, gender differences exist in the amount of input that each group contributes. Women tend to provide more input on decisions related to agricultural production: when to plant and whether to try a new farm practice, and, men provide more input on issues concerning income management: whether to save and how to use income from non-farm employment.

7.4 **Descriptive Results: Women’s Relative Role in Microfinancial Resources**

The study was conducted in two rural areas of Arua and Mukono districts where various types of microfinancial resources operated. Both women and men alike made effort, although in varying degrees, to use existing microfinancial resources which included: formal financial resources from rural commercial banks and semi-formal
financial resources from cooperative unions and local societies. Some farmers also obtained credit/savings from informal financial sources such as, relatives; friends and merchants. Others participated in informal groups particularly, rotating savings and credit associations (ROSCAs), which provided various forms of social support in addition to credit and savings opportunities.

The study found that Ugandan farmers use informal resources more than any other financial resource. As expected, financial use varies significantly between women and men. For instance, 289 (55%) of the respondents borrowed from informal sources in the year preceding the interviews and only 6.8% and 4.3% borrowed from cooperatives and banks respectively. Only male respondents received a loan from the bank, and a total of 19 men in contrast to 2 women received loans from semi-formal financial institutions (cooperative unions). With regard to savings, the study found that farmers save with informal sources more than another source. Women differ significantly from men in terms of their participation in informal groups and use of informal savings. For instance, a slightly higher proportion of men (57%) than women (52%) saved with informal sources.

With regard to membership to informal financial groups, the household survey revealed that 105 (41%) of the total number of 527 respondents were members of informal financial groups. Of these, male respondents (67) were about twice as likely as female respondents (38) to participate in these groups and gender differences were statistically significant. These results confirm the stated hypothesis that women differ significantly from men in their use of microfinancial resources. However, the result
contrast with empirical findings which suggests that women are more involved in informal financial groups than men even though both groups tend to form around similar common bonds such occupation, community and ethnicity (Slover 1991; Tripp 1994).

7.5 The Extent to Which Microfinance Promotes Women’s Empowerment

7.5.1 Results of the Bivariate Analyses

Results concerning the relationship between microfinance and women’s empowerment were performed in two parts -- bivariate and multivariate analyses. Bivariate (T-test statistics) were used to determine if a significant difference exists between the mean number of people who use credit/savings and make more decisions in their homes, and, the mean number of people who use credit/savings but don’t make more decisions in their homes. Overall, informal financial resources exerted the most statistically significant influence on the users’ decision-making process. Banks savings was also significant for the women’s role in both decisions. However, to the men, bank savings were only important for their role in agricultural production. Semi-formal financial resources apparently did not make a significant impact on rural farmers. A summary of these relationships is described in Table 7.2.

In part, these findings confirm the stated hypotheses that microfinancial resources have a positive significant influence on the empowerment of users compared to non users. However, the results concerning the effects of semi-formal credit/savings failed to support the hypothesis.
### Table 7.2 Summary of the Findings based on Bivariate Analysis

<table>
<thead>
<tr>
<th>Sample</th>
<th>Decisions</th>
<th>Significant relationships between microfinance and Decision-Making for users of MFRs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Full Sample</strong></td>
<td>Agricultural</td>
<td>+ informal savings</td>
</tr>
<tr>
<td></td>
<td>Production</td>
<td>+ informal groups</td>
</tr>
<tr>
<td></td>
<td>Income Use</td>
<td>+ informal savings</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+ informal groups</td>
</tr>
<tr>
<td><strong>Women</strong></td>
<td>Agricultural</td>
<td>+ informal groups</td>
</tr>
<tr>
<td><strong>Sub-Sample</strong></td>
<td>Production</td>
<td>+ bank savings</td>
</tr>
<tr>
<td></td>
<td>Income Use</td>
<td>+ informal savings</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+ informal groups</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+ bank savings</td>
</tr>
<tr>
<td><strong>Men</strong></td>
<td>Agricultural</td>
<td>+ bank savings</td>
</tr>
<tr>
<td><strong>Sub-Sample</strong></td>
<td>Production</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Income Use</td>
<td>ns</td>
</tr>
</tbody>
</table>

*ns = Not significant

+ Variable exerts a positive significant effect on the dependent variable

- Variable exerts a negative effect on the dependent variable
Given the theoretical understanding that there are many factors in a woman’s life that could hinder the benefits of microfinance, it was deemed hasty to draw conclusions based on such linear and deterministic linkages.

But, when multiple logistic regression (MLR) analysis was performed and the effects of other factors controlled at 95 percent confidence level, semi-formal financial resources remained consistently insignificant. The persistent failure of semi-formal financial programs to improve the lives of rural farmers has been a perennial problem in Uganda (Nabudere 1980, World bank 1991, Huber and Fisher 1992 and Fendru 1995). According to Nabudere (1980) cooperatives operate as agents of the government-controlled commercial banks. Their primary objective has been to collect member’s savings at low interest rates, which is then deposited with banks or invested in cooperative businesses for higher profits. The author maintains that this problem dates back to the historical practices of cooperatives in which they extracted considerable amount of surplus from members by taxing them on marketing and processing service. For instance, in the 1980s through 1990s, members of the cooperative unions were charged interest rates amounting to 50 percent of bank lending rates or even as much as 70-100 percent of the deposit rate offered to members by the cooperatives themselves (cited in Fendru 1995:25). Despite these difficulties, farmers in Arua and Mukono still rely on cooperative affiliates – local societies for marketing of cotton and coffee.
7.5.2 Results of the Multivariate Analysis

When the full sample was considered using multiple logistic regression, informal savings was the strongest microfinancial predictor of empowerment. Farmers who saved with informal institutions were about 8 times as likely to make more decisions in agricultural production, and twice as likely to control income decisions compared to farmers that did not use these resources. These results compared well with the bivariate findings in which informal savings also demonstrated a significantly impact on users (Tables 7.1 and 7.2). Analytical findings also seem to suggest what other empirical studies have found that informal savings per se is not a “magic ingredient” in the lives of rural people Mayoux 1998a). Rather, the extent to which people can make more decisions is also dependent upon their personal endowments such as being: single, educated, farmer and household head. The findings supported the stated hypotheses, which stated that microfinancial resources and selected social economic factors have a statistically positive significant influence on the respondents’ decision-making power. The findings are also in line with a growing body of literature that has demonstrated that rural farmers in Sub-Saharan Africa rely heavily on informal sources of finance for their financial needs. This is because of a number of reasons arising from the underlying principles of informal finance and those of formal financial institutions (Tripp1994; Morris and Meyer 1993; Fendru 1995). On the one hand, informal financial institutions have pull factors which make it possible for the poor to use the. They operate through existing stocks of social capital – they are made up of individuals who know each other so well, and these individuals exchange ideas, gifts, and share various forms of support
through mutual trust. In most cases, they tend to be related through kinship ties or, they are just friends or neighbors who operate in the same locality and share common social norms. The processes of exchange strengthen existing social relations, institutions and shared values and in the process create an environment supportive for the emergence of fresh social capital (Mayoux 1999a; Bastelaer 1999). Perhaps among the most attractive elements to the farmers are the principles of self-help, flexibility, easy to approach, minimal or no interest rates and the fact that informal institutions tend to be located in the local environments in which ordinary people operate.

On the other hand, formal financial institutions especially commercial banks discourage smallholder farmers with their formalities in policy plans and distributive structures. For instance, there is a pervasive lack of formal financial services in the rural sector and this has led the informal sector to continue its traditional role of catering for the financial needs of the poor. Fendru (1995:179-180) recounts that the banking system in Ugandan has critical problems including “location of financial institutions in distant urban centers, high borrowing and lending transactions costs, prohibitive collateral requirements, the preference of banks to put their funds in more secure investments that yield profitable and dependable returns, risks associated with carrying out financial transactions with a large number of poor customers widely scattered over rural areas which are not easily accessibly, and the rather poor viability of the financial institutions themselves.”
<table>
<thead>
<tr>
<th>Sample</th>
<th>Decisions</th>
<th>Microfinance Variable</th>
<th>Socioeconomic Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Full Sample</strong></td>
<td>Agricultural Production</td>
<td>+INFSAV -INFGROUP</td>
<td>+ FARMER = FAMILYSIZE - MARRIED</td>
</tr>
<tr>
<td></td>
<td>Income Use</td>
<td>+INFSAV +BANKSAV +SEMILOAN</td>
<td>+ FARMER + HHHEAD = EDUCATION = MARRIED - MALE</td>
</tr>
<tr>
<td><strong>Women Sub-Sample</strong></td>
<td>Agricultural Production</td>
<td>NONE</td>
<td>+ FARMER + TRADER + HH HEAD = AGE = EDUCATION</td>
</tr>
<tr>
<td></td>
<td>Income Use</td>
<td>+ INFGROUP - SEMILOAN</td>
<td>= EDUCATION = FAMILYSIZE = MARRIED</td>
</tr>
<tr>
<td><strong>Men Sub-Sample</strong></td>
<td>Agricultural Production</td>
<td>+ INFSAV - INFGROUP</td>
<td>= EDUCATION - MARRIED</td>
</tr>
<tr>
<td></td>
<td>Income Use</td>
<td>NONE</td>
<td>= EDUCATION - MARRIED</td>
</tr>
</tbody>
</table>

+ Variable exerts a positive significant effect on the dependent variable
- Variable exerts a negative effect on the dependent variable
= Variable exerts no influence on the dependent variable (i.e. no difference is made in the decision-making power of a person who bears this characteristic).

Table 7.3 Summary of the Findings Showing Significant Relationships between Microfinancial Resources, Socioeconomic Factors and Decision-Making Power.
The question why only one microfinancial resource showed a significant association with decision-making power can also be linked to methodological issues. When the full sample is considered, the model appears to be useful, but it requires additional refinement because some factors particularly gender, has been found to be a basis of for allocating resources in many societies including Arua and Mukono. It was also interesting to know why some variables did not make a difference in the respondents’ lives such as age and family size, while others reduced the respondents’ level of decisions-making power: married. Thus, new patterns of relationships emerged when sample was separated by gender and its effects controlled at 95 percent confidence level (see Tables 6.11, 6.13 and 6.14).

7.6 Limitations and Recommendations for Future Research

As a novel approach to the study of Ugandan women’s empowerment in relation to microfinancial resources, this study attempted to use a forward-looking macro/micro integrated approach to assess microfinancial impacts in Uganda. With this theoretical framework, we were able to examine individual-level characteristics as well as household-level characteristics in shaping the level of empowerment that women can exercise when they use various sources of microfinance. However, there are a number of limitations that the study was subjected to that included: measurement error, inherent weaknesses of single surveys.

First, the measurement of the dependent variable narrowed the scope of comparison among different groups of women. This could be improved to include other indicators of empowerment that reveal aspects of subordination that women might most
seek to change, at the individual level as well as the household and community levels (Mayoux, 1998a; Hashemi et al., 1996). Our focus on decision-making was guided by academic definitions drawn on “outsiders’ perceptions”, which may capture only a narrow aspect of the Ugandan reality of women's empowerment. In fact, even though we recognized significant complex interactions of variables, there may be other multidimensional processes of change in women’s lives that can lead one to underestimate other significant and valued changes through which credit to women can translate into positive impacts (Kabeer, 1998).

Second, the study relied on data previously collected and analyzed by Fendru to answer a different question – what factors affect access to rural finance? This in itself is not limiting since the information gathered addressed both questions. But the fact that data were collected based mainly on structured surveys, with a minimum of qualitative participatory research, made interpretation of findings somewhat superficial. Even though some qualitative (open-ended) questions were included, most of the data was quantitative and basically; this allowed only a partial understanding of empowerment as a subjective process of social change. This problem is reflected in the conceptualization of empowerment using only one main indicator – decision-making. While it was possible to re-code some continuous variables in order to fit the analysis, some pertinent information was no doubt lost, particularly in the case of the variable, age, and the variable, education. It was impossible to maintain a large pool of responses as some of it got thrown out in the process.
Third, there are several inherent limitations imposed on a research study relying heavily on existing literature without notes from the field, which also need to be taken into consideration. Most of the research on microfinance in Uganda has so far focused on analyzing factors affecting the borrowers’ access to loans/savings, and the monetary benefits to the borrowers. Very few studies evaluated impact indicators and this limits the scope of comparison. There is a need for more research on microfinance impact indicators across regions and within single households. Owing to the results of this study that have shown that women differ in decision-making power based not only on their use of micro-financial resources but also on the circumstances encompassing their lives, further studies should attempt to ask (1) whether region would still matter for women who have the characteristics found significant for their empowerment (e.g., Mukono women who are married, have large families, use informal financial groups, and make agricultural decisions; similarly, Arua women who are married, use informal groups and make agricultural decisions) (2) whether informal groups create differential empowerment states for married women and married men in the same region. (3) whether the following factors which were found to be moderately or negatively significantly associated with decision-making would make a difference if their effects on empowerment when controlled for -- education, farmer, employee, and family size. This information would enable policy planners to anticipate empowerment needs for rural women. It would also enable rural research to promote evaluations of the impact of microfinance from a multi-model framework that would determine the salient socio-economic characteristics that reduce or reinforce women’s vulnerability.
Effects of microfinancial resources on individual’s empowerment are largely indirect. Position in the social structure affects the manner in which people use microfinancial resources and how they make decisions in the home (Diane Elson 1996). Women may have significant disadvantages which microfinance may not be able to overcome. Some literature suggests that very often, when women have large amounts of loans/money it is appropriated by their husbands (Staudt 2002). In our study, women had very small amounts of loans/total personal income and yet this did not affect their decision-making role in a positive way. Larger loans, more equal to those of men might make a lot of difference in their power. It is possible that women may have received recognition and respect for their role in the home even though we don’t observe a change in their decisions. Several studies have found this to be the case in many households where women have received loans (Goetz and Sen Gupta 1996; Mayoux 1997; 2002). Thus, a more sophisticated measure of empowerment might capture this. Eventually it will be possible to develop a data base large enough and sophisticated enough to analyze the possible causal pathways linking, for example, gender and marital status, first to informal group membership, to other microfinancial variables, and then to more sophisticated measures of empowerment.

The results of this study provide evidence for a number of important conclusions. First, is women has autonomy in agricultural production only when she is single. Second, is informal financial resources and particularly, informal savings and participation in informal financial groups play a more important role in rural women’s lives compared to formal and semi-formal financial institutions. Women rarely borrow
from these institutions and, compared to savings, credit did not exert a significant influence on women in Arua and Mukono. Third, the study found that though education is important, it does not make much difference in rural women’s effort to exercise decision-making autonomy in the homes. The study did not investigate other forms of education (e.g. vocational training), but one can speculate that vocational training might offer more relevant benefits to rural farmers compared to traditional formal learning. For instance, there are some existing vocational schools such as Elgon Technical College in Mbale which teach skills that are relevant to the needs of farmers such as in carpentry, masonry and auto mechanics and tractor operation. Other tertiary institutions include the Y.M.C.A and Y.W.C.A but they are mainly located in urban towns. There is a need for policy makers to expand vocational training programs to women in rural areas.

The fact that other sociocultural variables turned out to have powerful effects on decision-making indicates first, a strong need for microfinancial programs to integrate the recipients’ (both women and men’s) experiences and concerns, and, second, an understanding that microfinance is not a panacea or, magic ingredient or, “one size fit all. The study finds that both women and men in the study areas depend more on informal financial groups than on any other source of microfinance. However, the benefits they derive vary significantly according to personal endowments and household-level characteristics.

Related to what other studies have found, this study noted that existing gender differences at the household level have implications for policy and they ought to be transformed if women’s empowerment is to be realized. For instance, Owusu-Ansah
(1996) found that in Mukono, policy planners used gender differences in rural households to introduce subtle gender biases in the interventions meant to improve peoples’ lives. They designed an income generating project farmers following recommendations that stated that women were to “increase their efforts in the production of fruit for the market, but …men were to increase their efforts to the processing and selling [of the finished product]” (p.232). But, as this study has found, women may not benefit from this intervention because they have less leverage over decisions concerning the marketing of agricultural products.

7.7 Concluding Remarks

This study has generated several issues that inform theory and research. First, the findings demonstrate the potential of microfinancial resources and informal savings and groups in particular, for providing income and social support particularly in terms of empowerment for rural women. This means that if recognized and integrated into development efforts, existing informal financial institutions (e.g. ROSCAs) have a colossal potential for promoting rural development by way of empowering both women and men in varying ways but in critical areas of well-being. Second, the study brings forth empirical data that is differentiated by gender in the following areas: microfinancial services, social capital in rural areas, human capital concerns for rural people and social dynamics involving decision-making power in rural households.

Third, the study has made an important empirical contribution to research on women’s empowerment in relation to microfinance in rural Uganda and Sub-Saharan
African in general. As stated in Chapter 1, there is a paucity of data in Uganda on the nature and extent to which existing microfinancial services meet the multiple needs of rural women given the socioeconomic constraints at the individual level, household level as well as regional levels (even though the latter was not examined in this dissertation). The findings of this study therefore serve two main purposes (1) it bridges the gaps in data on women’s empowerment in Uganda, and (2) it informs government and non-government organizations to provide rural people with incentives that will promote their resilience and innovativeness. For instance, government should re-visit the notion operating formal financial institutions using minimalist approaches and permit integrationist approaches of delivering financial services to the rural people.

Finally, the study confirmed the stated hypotheses about informal savings, informal groups, and farmer as main occupation, being single and household head in relation to women’s empowerment. However, the study provided partial support and failed to support hypotheses about micro credit/loans, age, family size and household income. Despite these mixed results, the study highlights the complementary influences of multiple factors that support the basic thesis of gender stratification. The influences of multiple factors underscore the necessity for research on the multiple dimensions of empowerment that would incorporate different of empowerment notably, the personal, social, economic and political dimensions, with the personal dimension being seen as the core for promoting social transformation across the other dimensions. This way, policy makers would be informed about the dangers of gender inequalities on rural women and
existing social capital or human agency that can be tapped to enhance empowerment promoting conditions.
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