

**EFFECT OF MICRO FINANCE INSTITUTIONS ACTIVITIES ON THE
PERFORMANCE OF SMALL AND MEDIUM SCALE ENTERPRISES OWNED BY
WOMEN IN MOGOTIO DISTRICT**

CHARLES KIMARU

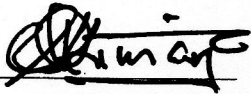
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PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF
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OCTOBER, 2014

DECLARATION BY THE CANDIDATE

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CHARLES KIMARU

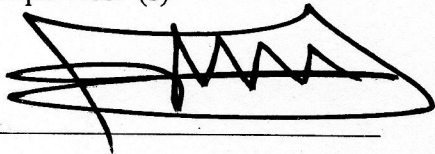
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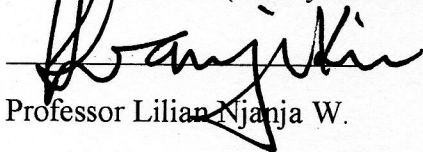
DECLARATION BY THE SUPERVISOR (S)

This research report for oral defense has been submitted with our approval as the university supervisor (s)



Professor Peter Kibas

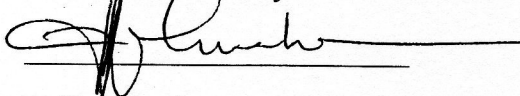
Vice Chancellor (Presbyterian University of Eastern Africa)



Professor Lilian Njanja W.

Lecturer school of business

St. Paul's University



Philip Eliveha Ragama

Senior Lecturer Kabarak University

27/10/14

Date

25th Oct. 2014

Date

21/10/14

Date

DEDICATION

This report is dedicated to my parents, my father Nelson Kiplagat and my mother Elizabeth Targok, my beloved wife Evelyn, my children Emmanuel, Tony , Charlotte and Andy. May God bless them for their unlimited support in my studies.

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ABSTRACT

Despite the fact that recent statistics confirm that women's economic activities play a crucial role in the growth of many world economies in the recent year, empirical studies have not looked at the specific effects of micro finances on small and medium scale enterprise owned by women. Hence the purpose of this study was to assess the effects that MFIs activities have on the enterprises that are owned by women. More particularly was to find out the various financial strategic practices that MFIs used to influence the performance of women owned enterprises in mogotio district. The general objective of this study was to examine the effects of some MFIs operating within Mogotio district in promoting, sustaining and improving women owned enterprises. However the specific objectives were: to assess the effects of micro finance institutions activities on the enterprises owned by women; to investigate the business challenges facing MFIs in service delivery to SMEs owned by women; and to examine the various financial strategic practices that micro finance institutions use to influence performance of women owned enterprises in Mogotio district. The study would provide information to all MFIs in designing and implementing effective and efficient activities directed towards women owned enterprises. The study was limited to women owned enterprises in Mogotio district. The target population was 626 WOS in Mogotio district by May 2013. Stratified random sampling was used to select WOS which were beneficiaries of 9 existing MFI's in the district. Simple random sampling technique was used to select representative sample from every strata. A sample size of 190 respondents, (at least 30% of the target population) was involved in the research study. Questionnaires were used to collection quantitative data. The instruments of data collection were divided as per the variables and objectives to ensure that the content would be comprehensive and representative. Data was presented using frequency tables, pie-charts and histograms. Data analysis was done using both descriptive and inferential statistics. Specifically, chi-square, ANOVA, regression and correlation analysis was used with the aid of statistical package for social sciences computer software package (SPSS) version 21.0. The ANOVA test had a significance of $P=0.000$ which was a value less than 0.05 meaning that the joint combination of the Loan size, Repayment period, Premium and Interest rate had a significant effect on profits at 5% level of significance. The findings also indicate that MFIs face challenges in service delivery such: banks relying on personal profiles and track records in reviewing application the response; a $\chi^2(4) = 135.52$ that was significantly different ($p < 0.001$) indicates that 78(41.27%) strongly disagreed and 75(39.68%) agreed. On financial strategic practices such training the trainers on specific areas of entrepreneurship a $\chi^2(4) = 179.19$ that was significantly different ($p < 0.001$) indicating a positive impact. The study recommends that women should be trained on business education and equipped with entrepreneurial skills if they were to realize any profits and business growth.

Key words: Micro Finance Institutions, performance, Financial intermediaries, enterprises, Women owned enterprises, growth.

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OPERATIONAL DEFINITION OF TERMS

Micro finance institutions	Deal with risks and returns, with funds attracted and loaned, with Products and services that are similar to the ones offered by mainstream banking (www.microfinancefocus.com) these institutions exist in Mogotio district among them Kenya Women Finance Trust and Baringo Teachers Sacco
Financial Intermediation	The process of giving out financial support by micro finance institutions as capital to be repaid later with interest after qualifying to access to loans.
Growth	Increase in size, capital amount and degree of women owned enterprises as a result of acquiring loans from financial intermediaries.
Entrepreneurship	The creation of value through creation of organization process of starting and or/growing a new profit making business. The process of providing a new product or service (Bird, 1990).
Performance	Refers to the quantitative measure of economic and social economic values of women owned enterprises as indicated by the assets level, the income from sales, the number of employees and the return of investment.
Strategy	An established pattern of decision aimed at achieving goals and aims sets.
Women owned enterprises	These are business enterprises run by women after successfully acquiring loans from social intermediaries.
Competitive advantage	Anything that a firm especially well compared to a rival firm.
Sustainable competitive advantage	When a firm pursues a strategy that is not currently implemented by any competitive or when other firms are unable to duplicate a particular strategy.

LIST OF ABBREVIATIONS

BDS	Business development Services
FSD	Financial Sector Development
FGD`s	Focused Group Discussions
ILO	International Labour Organization
MFI`s	Micro Finance Institutions
MOS	Men owned Enterprises
ROSCAS	Rotating savings and Credit Associations
RVB	Resource Based View
SACCO`s	Savings and Credit Cooperative Societies
SME`s	Small and Medium Enterprises
UNECE	United States Economic Commission for Europe
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organizations
WOS	Women Owned enterprises

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CHAPTER ONE

INTRODUCTION

1.1 Background of Study

Rapid growth of women's self-employment and entrepreneurs confirm that women owned enterprises were an important avenue to improve women's employability and economic growth, thus poverty alleviation. Fostering women's self-employment and entrepreneurship was acknowledged as a policy priority by the regional briefing meeting in Geneva, 2000. Women being an emerging economic force, policy makers could not afford to ignore. This leads to two salient questions: What were the implications of this for business women throughout the world? How could women's business associations' best tap this potential and maximize it to improve the status of women in the world economy? (Jalbert, 2000).

Women's economic activities, particularly in self-employment, empower them economically and enabled them overly to contribute more to the development of their countries (Sarri and Trihopoulou, 2004). Recent statistics confirm that women's economic activities play a crucial role in the growth of many of the world economies (Minnittiet al, 2005). Recognizing this value and its importance, many governments in the world were paying at least some attention in order to create an environment conducive for the establishment of women-owned enterprises. According to one of the studies conducted by UK small business service (Carter *et al* 2001) women business owners contribute \$50-70 billion in gross value added to the economy each year.

Low income women in the developing countries relied heavily on the commercial small scale farm and home based micro enterprises for their family household (Jones, 2004). Long term trends indicated that the gap between men and women enterprise activities widened in transition economic trends contrast with trends in developed countries especially in United States but also the United Kingdom, France and others where women companies were the driving force of the economy (Schngonrova, 2003).

Women experienced more difficulties than men in getting decent jobs as employees in most countries especially in Eastern Europe Asia and Africa. Although women constituted a little over

one half of Nepal's population, they ranked lower than men in almost every social indicator. Within the increasing tides of poverty in Nepal women were the poorest of the poor, relatively more deprived and segmented even from among the poor (World Bank 1991). This was due to discriminatory practices, especially in the private sectors gender barriers embodied in social norms and existing labor market institutions, many women were turning to self-employment and small businesses as a means of economic survival.

Women in Africa constituted 52% of the total population and contribute 75% of the agricultural work and produce and market 60-80% of the food. According to the United Nations Program (UNDP, 2007) Human Development Report, the female labor force in sub Saharan Africa in 1993 was about 73 million, representing 34% of those employed in the formal sector earning only 10% of the income while owning 1% of the assets. These figures clearly indicated the need for the increasing women access to both formal and informal resources.

In Kenya, women entrepreneurs saw the establishment of a productive business as a means to improve their status in society as well as their family's standard of living and to serve their community by creating employment opportunities. However, due to a lack of, finance, technical skills, confidence, strong individual involvement and the willingness to take risks, women were often unable to establish and sustain successful businesses. UNDP (2007) estimated that 52% of the rural women and 63% of the urban women lived below poverty line. It is also estimated that 85% of businesses in the informal sector and 48% of small and micro enterprises were owned by women who face the twin challenge of business skills and financing.

However, micro finance institutions started to eliminate poverty. once such institutions is Kenya rural enterprise program KREP a non-governmental organization that was started in 1984 under the funding of USAID the mission and goal of KREP at that time was to channel financial and technical as well as training to local and non-governmental organizations wishing to start or expand credit programmes for SMES development.

In 1993, K-REP was registered under the NGO act of 1992 (KREP 2003). Today K-REP is fully licensed as a bank and offers a wide range of services in addition to micro finance specialty

(Dondo 1991). According to Rosengard, Rai, Dondo and Oketch (2000), K-REP had expanded its services to a development agency with microfinance research innovation and capacity building in SME sector. In general tremendous challenges remained especially for poor women. Women organizations continued to bring attentions to economic justice for women to end poverty and enabled sustainable livelihoods (Muteshi 2006).

In Kenya, women and women organizations that had been at the forefront of setting up institutions to advance credit finance to women. A key example was Kenya Women Finance Trust which was founded in 1981 to enable and support the entrepreneurial activities of women given the failure of banking systems in meeting the financial needs of women especially low income, poor and vulnerable women. Currently KWFT works with 100 thousand women in over 64 centers countrywide. In Mogotio district there were two groups of women owned enterprises; those who were beneficiaries of MFIs' and those who get their funding from other financial institutions. The researcher was interested in registered women owned enterprises who were beneficiaries.

1.2 Statement of Problem

Over the last ten years, it had been recognized that small and medium enterprises had been the major force in job creation, innovation and economic development (Gordon, 2000). It may be good to emphasize that out of these SMEs, a good proportion of them were women-owned or operated and women do not only form majority of the work force in certain sectors of the economy, but their businesses had also influenced in one way or another the structure of all economies. Hence it can be said that women entrepreneurship is a growing phenomenon and had had a significant economic impact in all economies. However, women-owned enterprises had their fair share of challenges and constraints that need to be addressed. However, empirical studies have clearly avoided looking at specific aspects that of MFIs particularly their effects on financial performance on women owned enterprises. This study therefore, sought to establish the effects of MFIs activities on SMEs performance owned by women in Mogotio District. Specific needs to be identified to assist them perform at par, if not better, than their male counterparts. In addition, stakeholders are bound to loose in case any MFIs extorts WOS through high interest rates. There was need to strengthen the resource base for women economic activities.

Despite the efforts deployed towards economic empowerment of the women, the majority of the active population continued to be confined in the micro and small scale enterprises and the informal sector. However, their integration in the formal mainstream financial sector was still constrained by limited access to credit, property technology and technical skills. Kilemi (1997) in a study of Kenya rural program (K-REP) loaners observed that 5% of female clients interviewed responded that their businesses had not grown at all nor have negative growth rate as a source of acquiring loans. This study critically examined the effect of the services provided especially funding by MFIs towards the growth of enterprises owned by women.

1.3 General Objective of the study

The general objective of this study was to examine the effects of some MFIs operating within Mogotio district in promoting, sustaining and improving women owned enterprises.

1.3.1 Specific objectives

The specific objectives that guided this study were;

- a) To assess the effects of micro finance institutions activities on the enterprises owned by women in Mogotio District
- b) To investigate the business challenges facing MFIs in service delivery to SMEs owned by women in Mogotio District.
- c) To examine the various financial strategic practices that micro finance institutions use to influence performance of women owned enterprises Mogotio district.

1.3.2 Research Questions

The following research questions guided this research study:

- a) What effects does MFI's have on the women owned enterprises in Mogotio district?
- b) What were the business challenges facing MFIs in service delivery to SMEs owned by women in Mogotio District?
- c) What were the financial strategic practices used by the micro finance institutions to influence performance of women owned enterprises?

1.4 Research Hypotheses

HO₁: There is no significant relationship between MFIs activities and the performance of women owned enterprises.

HO₂: There are no significant challenges that MFIs face in service delivery to women owned enterprises.

HO₃: Financial strategic practices provided by MFIs has no significant influence on performance of women owned enterprises.

1.5 Scope of the Study

The study focuses on the effects of microfinance institutions on the performance of women owned enterprises in Mogotio district. The study's geographical setting was Mogotio district, Baringo County. The district had four big divisions namely: Emining, Sirwa/Kipng'orom, Kisanana and Mogotio. They have big markets that would make it possible to locate the correspondence drawn from the trade manufacturing and service sector. In addition, the study is confined to the women owned enterprises who are beneficiaries of microfinance institutions. This study emphasized more on the micro financial service industry. This was guided by the high growth potential of the towns which had a significant increase in the number of financial institutions over the last few years and a high number of entrepreneurs.

1.6 Significance of the Study

This study is likely to provide information for all the micro financial institutions (MFIs). This will help in designing and implementing effective and efficient services activities directed towards women owned enterprises so that the benefits of MFIs can be realized. This current research adds to the current growing literature on women entrepreneurship, women and business growth and entrepreneurship education.

The research findings would have some impact on policies regarding enterprise support for female entrepreneurs, enterprise education in general and specifically enterprise education for female entrepreneurs and business owners. This research will also have impact on the way academicians will strategically view, design and deliver entrepreneurship programmes to female

entrepreneurs and business owners for better performance, having looked at the challenges that face SMEs.

The study is useful to the various financial intermediaries like the banking institutions in developing new financial products that is relevant to small and medium women enterprises and low income households. With the increase in banks this addresses the relevant bank products which suit women owned enterprises. The study is also relevant to the insurance sector as it addressed on the issues of investment patterns and products that were relevant for women owned enterprises. It is also relevant to the Micro Finance Institutions since they were crucial in financial services of any country

1.7 Limitations of the Study

This study conducted involved nine MFIs in Mogotio District. The data was collected by the researcher and other five assistants using questionnaires. However, the limitation was taken care of by using appropriate sample techniques. The respondents approached were reluctant in giving information fearing that the information sought might be used for other purposes and probably to intimidate them. The researcher handled this problem by introducing himself and with an authority through a letter from the University and assured them that the information they give was going to be treated confidentially and it was to be used purely for academic purposes.

Study findings are likely to be limited to the women owned enterprises and therefore may not be applicable to the men owned enterprises because they operate under different environmental settings. The findings of this study may be applicable to all women owned enterprises and may be potent only for the women owned enterprises. This may be applicable only to some particular set of the organizations as it only considered the small and medium scale entrepreneurs excluding the large enterprises.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In this chapter, the researcher reviewed literature related to the effects of micro financial institutions activities on the performance of small and medium women owned enterprises in Mogotio district. It also considered areas of strategic importance related to enterprises owned by women. This chapter also considered ethical considerations in research. The literature review gave some exploration of previous and related studies. It gave the researcher insight to the concept, forms and theories of micro finance institutions, financial intermediation and the effects on the women owned enterprises. It also provided the existing knowledge gap in the area of study.

2.2. Entrepreneurship

Recently researchers had suggested multidimensional definitions of entrepreneurship with specific emphasis on the process and outcomes. Bird (1990) defined 'entrepreneurship as the creation of value through creation of organization the process of starting and/or growing a new profit making business. The process of providing a new product or service is distinguished by three types of entrepreneurship that included (a) static entrepreneurship defined by self-employed and had come as result of shopkeeper effect or refugee effect (b) the dynamic entrepreneurship defined by venture creation (nascent entrepreneurs) which had a 'Schumpeterian effect' and (c) cooperate entrepreneurship defined as entrepreneurial behavior in large organizations.

Entrepreneurship is the dynamic process of creating incremental wealth. The wealth created by individuals who assumed the major risks in terms of equity, time and /or career commitment or provided value for same product or service. Entrepreneurship is the process of creating something new with value by devoting the necessary time effort, assuming the accompanying financial, psychic, and social risks and receiving the resulting reward and personal satisfaction and independence (Hisrich et al 2007).

2.3 Enterprise Strategy

Every organization regardless of size or sector of the economy has an institutional or societal role strategy (Ansoff 1997). This strategy concerned the organization's missions, purpose and role in the society. The firm's enterprise strategy also influenced its relationship with its environment, particularly its relationship with those who had an interest in what the organization does and how it conducted its business (Jones 2009).

2.4 Strategic Practices

These are organizations self-selected best practices or lessons learned utilizing criteria that could be positively be shown to promote and sustain good practices in advancing women empowerment (Muteshi 2009). These include practices that contributed gender equality and equity, practices breaking new ground or provided new examples that form action in women economic empowerment; a good example was supervision by the institution. Some practices made visible and measurable changes in women economic options and opportunities for instance low interest on loans, training and book keeping. Other practices created enabling environment for gender concerns by making loan accessible to all women regardless of status.

2.5. Role of Small Scale Enterprise Sector

Entrepreneurs played a key role in determining the vision of the enterprise, which ultimately influenced its orientation either on growth or mere survival. A sum of growth oriented Small and Medium enterprises (SMEs) result in economic development. Women, particularly in rural areas represent a better portion of players of SME sector in Africa (Cheruiyot *et al* 2006). The place of small and medium enterprises in the growth and development of an emerging economy cannot be overemphasized. The sector was the engine of growth especially for developing economies. However, its development was influenced by availability of support services, which was mostly financial in nature (Tarus *et al* 2006). It has been observed that the role of Small and Medium enterprises (SMEs) sector in developing economies was increasingly recognized by governments and other agencies.

They were considered pollinators of development process (Chestone, 1998). The role of small scale enterprises in catalyzing growth and development of a developing economy had been

acknowledged by numerous scholars (Kibas, *et al* 2006). The importance of microfinance activities and small enterprise sector was particularly apparent in terms of its ability to provide employment for those of working age. Using an estimate 13million Kenyans of working age in 1993, micro and small enterprises provide employment for 16% of labour force. Again, the bulk of this employment is in rural areas. (Muteshi 2006)

2.6 Role of Micro Finance Institutions Activities in Kenya

Dondo, (1999), noted in his occasional paper on the status of microfinance in Kenya that in the past six years had been a proliferation of non-government organizations programs to promote microfinance development. The organizations ranged from small charitable units operating in a limited geographical area to large institutions covering large tracts of the country and carrying out a variety of development and welfare activities.

Increasingly, organizations had emerged whose sole objective was providing financial services to micro and small enterprises; for example, K-Rep, Kenya Women Finance Trust (KWFT) and Faulu Kenya. Three welfare organizations had recently spanned off their microfinance activities for instance CARE, NCCCK and Plan International. The paper indicated that SMEs sector was a very important organ of development in Kenya but was still evident that there was gap literature for reference by policy makers on the constraints the entrepreneurs face after acquiring MFI loans.

2.7 Women Entrepreneurship

Business growth was extremely important issue in the study in entrepreneurship. Despite its significance, not much work had been done to study growth of women owned enterprises until the launch of the Diana project in 1999 (Green *et al*, 2003). Notably absent was an understanding of factors affecting growth and a lack of cumulative knowledge to adequately conceptualize and build explanatory theories of growth process on women owned enterprises (Bush *et al* 2006). Most of the work conducted was on women motivation to start business and the subsequent effect of those motivations on growth performance (Merret and Grindl, 2000) and the effect of size and sector on business development (Du Reitz and Henrekson, 2000). There is a general

consensus that growth of enterprises is a complex process, where growth is neither linear nor dependent on a limited number of factors (Muteshi, 2006).

Smallbone *et al* (1995), confirms that the complexity of the growth process by identifying a number of causal factors that trigger growth. Relevant literature mainly describes factors thought to influence business growth in to two categories. The first category comprises the entrepreneurs characteristics such as behavior, personality, attitude, then capabilities including education and training that create higher expectation in some industry sectors (sari and Trihopoulu 2005) and social capital which influences access to resources (Bush *et al* 2005). Other entrepreneurial factors identified by (Tarus *et al* 2006) are the previous management experience, family history, functional skills and relevant sector knowledge. None of these however had conclusively shown to constitute a universal success factor.

Rosa *et al* (1996) conducted one of the few large scale studies to measure the comparative performance of business by gender. They found women owned businesses had a lower sales turnover, fewer employees serving mostly the local markets and women enterprises being less ambitious to grow their businesses and less optimistic than men about the success of the business in future. (Perry and Coetzer 2009), observed that women were considered in many societies as unfit to assume the responsibilities of credit, despite the fact that they take the responsibility of the survival of their families.

Bennet *et al*, (1993) noted that the limited formal education on the part of women entrepreneurs and some cultural values limit the ability to take the advantage of formal education often find it difficult to complete loan forms which were completed even for the well-schooled. Another reason for slow growth rate of women owned enterprises is that women consider growth as a risk which may be financial or social and may come from exogenous or endogenous sources and consequently they try to be more risk averse, more careful and conservative purposely striving for controlled and manageable rate of growth (Chell and Baines 1998). Women deliberately choose a slower pace and avoid expanding their business too quickly.

Under the Diana project, Bush *et al* (2005) investigated the apparent disconnect between opportunities and resources in equity funding for high growth women owned enterprises. These studies highlighted the significant differences by gender, especially with regard to growth process and tried to investigate that despite a rise in the number of ventures created by women in the last two decades women owned enterprises' remained smaller than the male counter parts (Brush *et al* 2006).

Their initial findings confirmed that women often lacked the economic power and social and family support structure to grow their ventures .More recently, the concept of “entrepreneurship capital” had also emerged as one of the contributing factors to growth of enterprises (minitti et al 200).Entrepreneurship capital is considered to be the combination of financial and non-financial resources also known respectively as financial and non-financial capital possessed by entrepreneurs (Chell and Bianess 1998). They also argued that women lack human, social and financial capital affect their businesses more as compared to their intentions to start a business. They also pointed adequate capitalization access to a wider range of financial resources organized structure, quality control and consider planning as the differentiating factors for better performance and growth of women owned enterprises.

2.8 The Integrated Framework Supporting Women Entrepreneurs

Since developed countries had more infrastructures in place to support private sector business development, proper business premises were more readily accessible than in developing countries. Although a large number of people in countries like Canada and the US initially started their business from a home base, many options exist for them to move or graduate to rented premises or incubators, or to construct their own premises as they grow (Brush, 2008). This was not generally the case in Developing countries. Women had an even more difficult time accessing premises because many of them cannot afford high rents especially at start-up, they had difficulty negotiating with authorities for the limited number of adequate market stalls, and they tend to lack the collateral security to borrow money to build their own premises (Jalbert, 2000).

On the regulatory and legislative side, women in East Africa were more disadvantaged than in developed countries. Land and property ownership rights and matrimonial laws often deny women the possibility of taking title – a situation that prevents them from establishing proper premises and accessing financing (Muteshi, 2006). Barriers to the registration and licensing of enterprises and difficulties in meeting the regulatory standards in certain industry sectors(for example. food processing) pose particular problems for women entrepreneurs who were heavily represented in micro-enterprises and the informal economy, live in rural areas, and lack capital and proper business premises. Many well-intended regulatory and legislative actions are taken without due consideration of the implications that they had for women and men respectively, and mechanisms for assessing the specific impact on women’s enterprises rarely exist. Gender-based inequalities were perpetuated in the laws and regulations of each of the countries, and these need to be addressed if the full potential of women’s entrepreneurial activity is to be realized (Minitti, 2005).

African women entrepreneurs were playing an increasing role in diversifying production and services in Africa economies. Fostering women’s entrepreneurship development is crucial for the achievement of Africa’s broader development objectives, including economic development and growth. However, many women entrepreneurs were operating in more difficult conditions than men entrepreneurs (OECD 2004). The constraints that impede all entrepreneurs such as political instability, poor infrastructure, high production costs, and non-conducive business environment, tend to impact more on businesswomen than businessmen.

In addition, women’s entrepreneurial development was impeded by specific constraints such as limited access to key resources (including land and credit), the legal and regulatory framework, and the socio-cultural environment. Furthermore, the combined impact of globalization, changing patterns of trade, and evolving technologies call for skills that women entrepreneurs on the continent do not for a large part possess, as many more women than men lack the requisite level of education and training, including business and technical skills and entrepreneurship training.(ILO,2004). The majority of workers in the developing countries cluster in small and medium sized enterprises in private sector. They may be own account workers in the services or agriculture or employees in small and medium sized firms in manufacturing.

Entrepreneurship and investment influence the rate and pattern of growth, the types of forward and backward linkages that develop in an economy, the labor demanded and the human capital investment required to meet these labor demands (Dondo 1999). Women were significant entrepreneurial forces whose contribution to the local, national and global economies were so far reaching. Women produces and consume, manage businesses and households earn income, hire labour, borrow and save, and provide a range of services for the business and workers. Women represent an increasing proportion of the world waged labor force and their activity rates were rising. In Africa, Asia and Latin America they are over one third of the officially enumerated work force. (WISTAT, 2000).

Women run businesses can be found in emerging sectors such as production and marketing of consumer goods commercial banking financial services, insurance, information services and transport. As owners of small and medium sized enterprises (SMEs) women furnish local, national and multinational companies with idea technology supplies components and business services (Jalbert, 2000).As economies liberalize and open borders, women owned and operated SMEs were engaging in international trade enhancing the prominence and visibility of women entrepreneurs globally.

Women in Africa constitute 52% of the total population and contributed 75% of agricultural work and produce and market 60-80% of food. According to United Nations Development Programme (UNDP, 2009) Human Development Report, the female labor force in Sub Saharan in 1993 was about 73million, representing 34% of those employed in formal sector, and earning 10% of the income while owning 1% of the assets (Ronoh, 2009).

Despite efforts deployed towards economic empowerment of women, the majority of active female population continues to be confined in micro and small enterprises and the informal sector. Women were organizing themselves into associations of entrepreneur's in order to enhance economic policies. However their integration into the formal sectors still constrained by limited access to credit, property, technology and technical skills (Ronoh, 2009).

Low income women in developing countries relied heavily on commercial, small scale farm and house based micro enterprise for their family livelihood. The field of business development services(BDS) attempts to help micro entrepreneurs stabilize and grow the business by providing them with access to arrange of critical services from training to technology market access and infrastructure (Jalbert 2000).

Women generally face not only barriers to SMEs (weak institutional support to SMES, lack of access to credit) but also lack of specific business such as lack of collateral due to uneven sharing of privatizing gains lack of network and traditional views in women roles. They had greater difficulty in obtaining credit, finding businesses partners, getting information on opportunities. A major conclusion that needs to be noted in the area of the economy relates to increasing employment opportunities through fostering women access to self-employment and entrepreneurship (Tarus et al 2006).

According to research conducted by the center for Women Business Research in United States Economic Commissions for Europe (2004) over half a dozen countries found out that women share concerns about the following challenges. Firstly, access to information. Women wanted better access's to education, training and counseling, access to capital was very important issue for any business who often lacked formal education in financial matters and who may face gender based barriers to accessing financing moreover women wanted access to existing ways of sharing information about programmes and services that were available to all business such as government procurement and corporate purchasing opportunities in international trade. In addition, access to networks such as industry specific and general business associations. Lastly women wanted to be treated seriously as business owners.

According to UNECE (2004) if the five areas were addressed by those involved in business development issues their business ownership was not only continue to grow, but was thrive even more strongly. Women entrepreneurship could provide the fuel for economic growth and opportunity for communities around the world. According to UNECE (2004) in the financing women enterprises, a global challenge, there were several challenges that women faced in accessing finance. This challenges included women often having smaller amounts of personal

capital available for startup, women had a greater need for external funding, yet difficulty obtaining such difficulty, they also lack knowledge about available options and the costs of getting this information that were high due to family responsibilities banks and financial intermediaries may had inaccurate perceptions of women borrowings and entrepreneurial behavior, women may be asked to pay higher interest rates or provide higher guarantees.

A comparison of women entrepreneurship across various groups of countries highlighted the diverse ways in which women experienced common challenges. In the UK and the US women had difficulties accessing finance because they were not taken seriously in male dominated banking world. Many problems of women entrepreneurs in South Eastern Europe and the US countries were related to the weaknesses of financial institutions and many countries traditional views about property rights (Rosa et al 1996).

2.9 Business Challenges Facing Micro and Small Enterprises in Kenya

The SME sector in Kenya plays an important role in the socio-economic development of the country. Its significance can be seen in terms of contribution towards economic growth, employment creation; poverty reduction and development of an industrial base. However, despite the critical role played by the sector, it was faced with many challenges and constraints that include unfavorable policy environment and inhibitive legal and regulatory frame work; limited access to financial services and markets; inadequate access to skills and technology; insecurity of land tenure; poor infrastructure; inadequate business know-how and limited access to information (Dondo, 1999).

The major shortcomings in the SME sector development had been inappropriate policy design, weak implementation framework and failure to institute and effectively monitor policy implementation. In the past, the policy formulation process and design, had not been consultative and had mainly been driven by the government. As a result, the policies failed to address the specific needs of the target groups, and lacked ownership by entrepreneurs; (Republic of Kenya, 2005).

An enabling legal and regulatory environment is imperative for the SME sector to play an effective role as an engine for economic growth, poverty eradication and employment creation.

Despite significant achievements in reforming the legal and regulatory framework, a number of existing laws and regulations still remain cumbersome, out of step with current realities and hostile to the growth of SME sector. The bureaucratic and lengthy process of transacting business with government agencies adversely impacts on the operations of the MSEs by diverting the scarce resources from production to sheer housekeeping. Access to markets and marketing information was a severe constraint to SME development in Kenya. Overall, aggregate demand was low, markets were saturated due to dumping and overproduction, and in many cases markets do not function well due to lack of information and high transaction costs. While the Government had made efforts to liberalize financial and product markets over the past decade, significant barriers to entry into certain markets still exist (Tarus et al 2006).

Lack of access to credit was another constraint inhibiting the growth of SMEs and more so for women entrepreneurs. This was due to lack of tangible security and limited access to formal finance due to poor and insufficient capacity to deliver financial services to SMEs. Inadequate access to skills and technology was an impediment to the growth of MSEs sector. There exist poor links between MSEs and the institutions of technology training. There was also no information networks between SMEs operators and in technology experts and therefore the vast amount available is of little use to SMEs (Tarus et al 2006).

The Economic Recovery Strategy Paper (2003) had identified poor infrastructure as a critical factor that constraints profitable business in Kenya. The poor state of the country's road network adds to the cost of production and marketing of products, thereby rendering them less competitive than imported substitutes. Access to water, electricity and other utilities was a problem in rural areas where most SMEs were located. The integration of entrepreneurial training into the county's education system, exposure of potential SME entrepreneurs to modern business management skills and the creation of an environment that permits SME businesses to emerge and flourish had been a major challenge. The traditional approach to vocational and technical training had not addressed this need. Most of the institutions providing entrepreneurship and business development training suffer from inadequate capacity. Hence potential entrepreneurs enter the sector ill-prepared to effectively contribute to its success, while the existing ones remain latent in their operations.

2.10 Theoretical Framework

2.10.1 Resource Based View Theory

In this sub title the guiding theory was strategic management model the resource based view RBV together with entrepreneurship theories to further show the relationship services offered by micro finance institutions and its strategic practices on the performance of enterprises owned by women.

In a world where a customer preference is volatile, the identity of customer was changing, and technology for serving customers requirements were continuously evolving, an external focused orientation does not provide a secure condition for formulating long term strategy. When the external strategy is in a state of flux the firms on resources and capabilities may be a much more basis on which it defends its identity. Hence, a definition of a business in terms of what it is capable of doing may offer a durable basis for strategy than a definition based upon the need which the business seeks to satisfy.

RBV approach to competitive advantage contends that internal resources were more important for a firm than external factors in achieving and sustaining competitive advantage. The proponents The of RBV contends that organization performance was primary be determined by internal resources that can be re grouped in three all-encompassing categories: physical plant and equipment, location, technology, raw materials, machines, human resource including all employees training experience intelligence, knowledge, skills, abilities and organizational resources among others (David 2011).

Recent entrepreneurial theoretical studies had tried to establish precise mechanism through which financial systems influence economic development. For example, (Greenwood and Jovanovic 1990) developed a model in which both financial development and growth were endogenously determined. With respect to the growth effects of financial development, they demonstrated that by pooling idiosyncratic investment risks and eliminating *ex ante* uncertainty about rates of returns, financial development can lead to faster growth. In the model proposed by Bencivenga and Smith (1991), it was shown that the development of banks increases economic growth by channeling savings to the activity with high productivity but offering risky and liquid

assets, while allowing individuals to reduce the risk associated with their liquidity needs. In their model, Roubini and Sala-i-Martin (1992) showed that financial repression reduces the productivity of capital and lowers savings, thus hampering growth. The upshot of these theoretical studies was that financial development leads to stronger economic growth.

RBV theory asserts that resources were actually helps a firm exploit opportunities and neutralize threats. The basic premise of RVB was that the mix, type and nature of the firm internal resources should be considered first and foremost in devising strategies that can lead to sustainable competitive advantage. Managing strategically according to RVB involves developing and exploiting the firms unique resources and capabilities and continually maintaining the strengthening the resources.

The theory asserts that it was an advantage for a firm to pursue a strategy that was not currently being implemented by any competitive firm. When other firms were unable to duplicate a particular strategy, the focal firm had sustainable competitive advantage according to RVB theories (David 2011). The RVB had continuously grown popularity and continues to seek a better understanding of the relationship between resources a sustainable competitive advantage in strategic management. There was need to understand internal and external factors and more so the relationship among them was a key to effective strategic formulations.

2.10.2 Schumpeterian Theory

Schumpeter (1934), in 1911 was among the first to point out that banks facilitate technological innovation in their role as financial intermediaries. His argument focuses on the ability of banks to allocate savings more effectively. On the other hand, earlier authors like Goldsmith (1969), McKinnon and Shaw (1973), emphasize the role of financial intermediation in supplying the capital accumulation required in economic growth. By lowering financial market frictions, domestic savings were increased and foreign capital was attracted.

2.11 A Comparison Between Women Owned Enterprises and Men Owned Enterprises

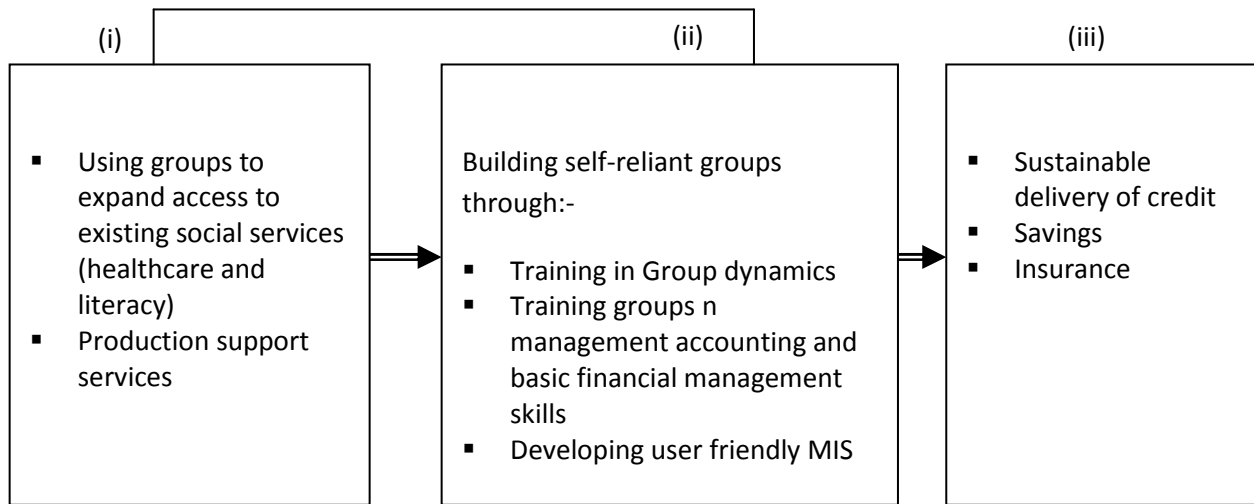
Although there was no consensus on the differences between the SMEs owned by women and men, a number of studies show that WOS face more challenges when starting and running their

companies. One of the main issues in reporting in the earlier studies was the differences in financing patterns of WOS and MOS (Brush 1992, Brush *et al* 2001, Coleman 2000). Prior studies argue that acquiring capital and dealing with financial institutions is particularly difficult for WOS. The reasons given were institutions in particularly difficult for the WOS. The reasons given were multifold, but can be divided in three categories (Cater *et al* 2007), the first category includes structural dissimilarities between WOS and MOS, the second focuses on demand for funding, and, in particular, debt aversion among WOS and the third address gender discrimination concerning the supply of funding.

In terms of the structural issues WOS typically operate in mature and highly competitive industries such as small scale retail personal service and care which offer limited potential for profit and growth. In these industries there were limited or no assets that can be used as collateral. In addition, many WOS start with few resources (, Boden and Nucci 2000) and lower levels of funding compared to MOS. Because of their small size, WOS were perceived to be less attractive to banks and other potential creditors. As a result it had been argued that WOS struggle to get funding for their ventures in the form of loans. On the demand side, WOS do not use formal sources of capital (e.g. bank loans) as often as often as MOS (WASTAT 2002) but rather learn more on their personal financial resources and other informal sources of financing.

2.12 Integrated Social Intermediation

Providing financial services to marginalized society often requires more than traditional style of financial intermediation. Financing the poor entails some measures of upfront investment to nurture human capacity (e.g. knowledge, skills, and confidence) and to build local institutions as a bridge to reduce gaps created by poverty, illiteracy, gender and remoteness (George 2008). This process of building capacity among the marginalized society was known in microfinance as social intermediation. Thus, social intermediation is defined as a “process in which investment was made in the development of both human resources and institutional capital with the aim of increasing self-reliance of marginalized groups, preparing them to engage in formal financial intermediation (Bennet *et al* 1993).



Source : (Bennet *et al* 1996)

Figure 2.1. The Process of Social Intermediation

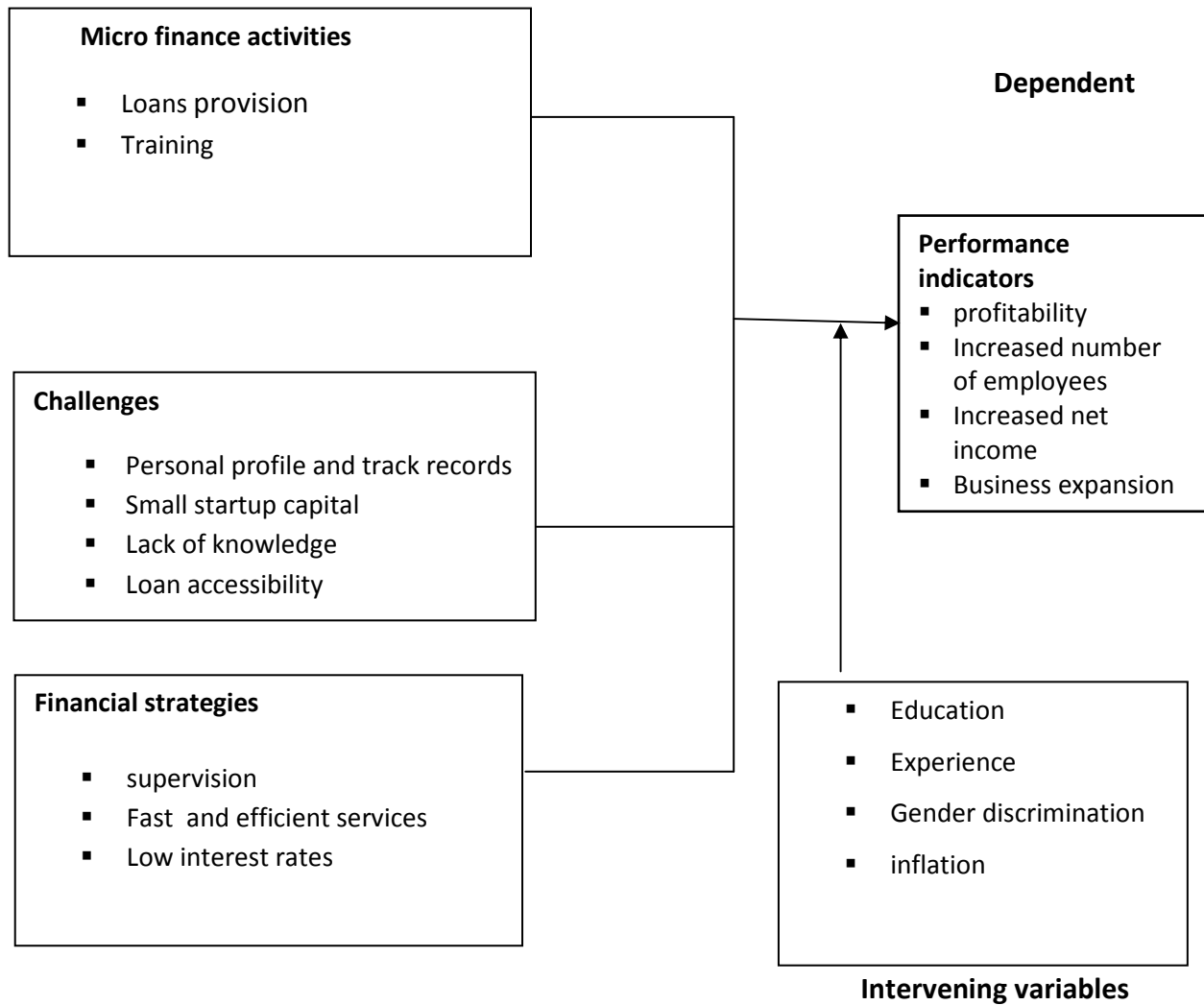
In reference to figure (2.1), Social intermediation was different from other common types of social welfare services because it offers mechanisms enabling beneficiaries to become clients who should be ready to enter into a contract involving reciprocal obligation. This aspect of social intermediation should eventually prepare individuals to enter into solid business relationship with formal financial institutions. The process normally involves training members in basic accounting and financial management as well as business strategy to ensure viability and sustainability of financial services offered (Hisrich et al 2007).

By playing the role of social intermediation, bank was not only building self-reliant groups of poor people in the rural areas with related skills that could foster long-term business relationship, but also exploit the cost advantage of the informal monitoring and enforcement systems in the long run which inevitably important to a more efficient and effective role of financial intermediation.

2.13 Conceptual Framework

The study sought to establish the effects of micro financial institution activities on small and medium women owned enterprises in Mogotio district. The main variables were conceptualized in the following figure 2.2.

Independent Variables



Source: Researcher, 2013

Figure 2.2: Relationship Between MFT's and WOS Performance

Explanation of Variables

MFIs Services- The variable will be measured by looking at loan size, monthly payment (premium) and interest rate TRAINING will be through ordinal responses whether the respondent strongly agree or disagree.

Challenges - Be measured in terms of the personal profile and track records in application of loans, small startup capital, lack of appropriate knowledge and difficulty in accessing loan.

Financial strategies- This are strategies that are used to cut an edge over other MFIS. This will be measured in terms of supervision, fast and efficient and low interest rate.

Relating to theoretical framework above, resources and capabilities offered by MFIs (funds) together with the “internal environment” that is, education levels, political instability, experience, technology, training, experience, skills and abilities the resources available makes the firm exploit opportunities. The internal resources were more important are than the external resources in achieving and sustaining competitive advantage thus performance. The performance of SMEs owned by women was characterized by increased number of employees, income, business expansion and increased working capital.

2.14. Critical Review

Entrepreneur play a key role in determining the economic performance of any country thus resulting to economic development, the place of small and medium enterprises in the group and development of emerging economics cannot be over emphasized in that this

Sector was the engine of growth especially for the developing economics and in some cases referred to as the pollinators of the development process .Although the role of small and medium enterprises in cartelizing growth and development of a developing economy had not been acknowledged by numerous scholars and put across by (Kibas, *et al* 2006)

Despite the importance of business growth, entrepreneurship not much work had been done to study the growth of women entrepreneurs until the launch of Diana project in 1999 (Green *et al* ,2003) thus understanding some of the factors affecting the growth of women entrepreneurs still

remain an attended to. Not much of the theories had been built on the growth process of the women entrepreneurs. Although various literatures described factors influencing business growth such as behavior, education, training and social capital, not much had been done on the financial intermediation activities towards the performance of women on the enterprise and none of the above mentioned factors had conclusively constituted a success factor to the growth of women entrepreneurs. According to Brush et al (2008), there is disconnect between opportunities and resources in equity funding for women entrepreneurs. The women lack economic power to support their ventures to grow and these affects their business more as compared to intensions to start a business. On the other hand Boden (2000), also argues that lack of human, social and financial capital affects their business.

According to Bencivenga et al (1991), argues that apart from financial resources women also face difficulties in accessing the premises to put up business because of high rent rates and further to that lack collateral to access money in most of the financial intermediaries . Other constrains that impede on the entrepreneur especially in the developing countries include political insatiability, poor infrastructure, high production cost, non-conducive business environment and majorly the access to key economic recourses.

To some extent entrepreneurship influences the pattern and growth rate in a developing economic despite the efforts employed by financial intermediaries to empower women entrepreneurs ,majors of active population were still confined into small and micro enterprise. This was constrained by limited access to; credit, property, technology, and technical skills .there were several challenges that women face in accessing finance.

This challenge includes women having smaller amount of personal capital, greater need for external funding, lack of knowledge of available options and financial intermediaries in accurate perception on women on enterprises. This challenges in the south east Europe and the US countries were related to weakness of financial institution (Pery et al 2009). In most countries financial intermediaries contributes to the growth of women entrepreneurs by facilitating capital accumulation and accelerating the rate of technological programs by mobilizing savings and optimizing the allocation of capital between the competing users.

It was therefore be critical to relate the micro financial intermediation and the performance of women on the enterprises as this directly brings about change in their growth. This was based on the resources allocation and liquidity of the enterprise. Most of the researchers had proposed explanation for empirically proven correlation between financial intermediaries and economic growth. There was sufficient evidence that financial sector development and economic growth were endogenous. The relevant theories thus state that there was a shared view that financial sector development and growth were positively related. Other authors' argues that some aspects of a financial development can hurt growth. Financial intermediaries help in the allocation of recourses to women owned enterprises thus improving on their performance, alternative views link financial access and economic performance as the key function of a financial system in the savings and investments (Bencivenga 1991).

Schumpeter (1934) was one of the first to point out that; bank facilitates technological innovation in the role as financial intermediaries. His augments focuses on the banks to allocating saving more effectively. It was thus established in finance theory that credit markets characterized by high asymmetric information notably the existing of moral hazard and advised selection problems led to savior destination and sometimes collapse of formal credit. It was therefore important to provide financial services to women owned enterprises so as to improve on their performance and thus the need of this study to find out the impact that micro finance institutions had on the small and micro women owned enterprises.

2.15. Summary and Research Gap

The financial intermediaries should be seen as agencies of change in assuring that women entrepreneurs get access to credit and other financial intermediation activities. The pivotal role of financial institutions was supposed to bring in radical changes by combination of different activities. The past studies do not capture this spirit because it embeds the entire debate in the wholesome growth of financial intermediation which does not look into the socio cultural and social economic aspects of the women entrepreneurs especially in the developing countries. The study wasfind out if the growth of financial intermediaries goes hand in hand with the performance of women owned enterprises.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter presents the methodology used in the study. It encompasses; research design, target population, sampling, research instrumentations, reliability and validity of research instruments, administration of research instruments, data analysis and ethical considerations in the research process.

3.1 Research Design

Research design refers to the way a study was planned and conducted, the procedures and techniques employed to answer the research problem or question (Saunders 2003). It constitutes all the arrangements of conditions for data collection and analysis of data so as to systematically solve the research problem (Kothari, 2004). The research design explains the pattern the research intends to follow. This study was adopted a descriptive research design approach, where effects of MFIs' on women owned enterprises was described as phenomenon in the real-life context.

3.2 Target Population

The study target population was all the 626 registered Women owned enterprises in Mogotio district as by May 2011. The registered WOS were located in six big markets distributed all over Mogotio district, namely; Emining, Radat, Cheberen, Muserechi, Kisanana and Olkokwe. The target population had been selected for the research study because of its accessibility by the researcher.

3.3 Sampling Strategy

Stratified random sampling with allocation of sample proportional to size was used. The researcher chose this technique because it enabled him to cover the entire population in fair and uniform manner. A random sample was then drawn from each of the strata (de vaus 2000) the researcher selected WOS who were beneficiaries of the nine MFIs' who were operating in Mogotio district.

3.3.1 Sample Size

The scope of this study was limited to 190 women owned enterprises drawn from nine strata (MFI) who engage in trade, production and service sector at least 30% of the respondent was selected from each strata. These was enabled the researcher to select a representative sample from every strata; Kenya Women's Finance Trust 33, Rahisi SACCO 23, K-Rep 6, KIE 2, Pride Kenya 8, KADET 9, Faulu Kenya 12, Farmers SACCO 18, Baringo Teachers SACCO 18. The 190 respondents was at least 10% Of the target population as advanced by Gray (1997).

3.3.2 Sample Frame

Table 1: Indicates the total registered WOS and also those who were beneficiaries of MFI's in Mogotio district.

Table 3.1: Number of WOS in Mogotio District

Categories	Totals
Total registered WOS	702
Registered WOS beneficiaries of MFI's	626

There were a total of 702 registered WOS in the district and out of which 626 were beneficiaries of MFI funding as indicated in the table 1 above.

Table 3.2: Nine Strata of MFI's Operating in Mogotio District

Index	MFI	No. of WOS Reg.	Representative Sample (30%)
1	Baringo teachers Sacco	110	33
2	Farmers Sacco	60	18
3	Faulu Kenya	38	12
4	KADET	30	9
5	KIE	20	6
6	K-REP	18	6
7	KWFT	250	75
8	Rahisi Sacco ltd	76	23
9	Pride Kenya	24	8
TOTALS		626	190

Each of the strata shows the actual number of women owned enterprises supported by the respective major MFIS' operating in Mogotio District and the representative sample from each strata respectively.

3.4 Data Collection and Research Instruments

Both primary and secondary data was used in this study. Questionnaire was used as the instrument of data collection and was designed to collect data addressing all research questions. In developing the questionnaire items, the fixed choice and open-ended formats of the item was considered. WOS questionnaires were used to obtain both quantitative and qualitative data from the respondents. Questions covered entrepreneurs and business characteristics, challenges they encounter, MFIs strategies and policies.

The 'drop' and 'pick' method was used. In case of illiterate respondents, the researcher orally administered questionnaires where he was tick them as the respondent give responses. The researcher administered the questionnaire after obtaining a permit from the registry of higher authorities. The researcher also ensured appointments were booked with the relevant respondent before visiting them for questionnaire administration.

3.5 Validity of Research Instruments

Validity of an instrument is the success of the scale in measuring what it sets out to measure so that, the differences in individual scores can be taken as representing true differences in the characteristic under study (Kothari 2004). The instruments for data collection were sub-divided as per the variables and objectives to ascertain whether the content was comprehensive and representative of the behavior domains that were measured. Content validity of the instrument was determined through examining how other researchers had coped with a similar secondary data set in a similar context. Other suggestions for change were incorporated in the final instruments that were used in the study.

3.6 Reliability of Research Instruments

An instrument was considered reliable when it was able to elicit the same responses each time it was administered. By definition, in quantitative research, reliability was a synonym for

consistency and reliability over time, over instruments and over groups of respondents (Cohen et al 2000). Any random influence that tended to make the measurement different from occasions to occasion was a source of error unless the differences were such that they maximized systematic variance. Reliability was concerned with precision and accuracy.

For research to be reliable it must demonstrate that if it were to be carried out on a similar group of respondents in a similar context (however defined), then similar results would be found. Poor reliability degrades the precision of a single measurement and reduces ability to track (Mislevy, 2004). A pilot study was conducted on at least 10% owned SMEs in Mogotio District. After which Cronbach's alpha was used to assess the reliability coefficient of the research instruments. Mugenda and Mugenda, (2003) says that any value above 0.5 was considered appropriate threshold.

3.7 Data Analysis

Data analysis was both qualitative and quantitative in nature through using descriptive statistics. This was in terms of percentages and frequency distribution where necessary, a chi-square test was used to test the hypothesis of agreement among groups. Test on the agreement among respondents were tested using chi-square test as follows:

$$\text{Chi-Square} = \sum_{i=1} \frac{(O_i - E_i)^2}{E_i}$$

where O_i = frequency of the observed per category

E_i = the expected value for the categories

Pie charts and bar graphs were used to summarize the outputs. Inferential statistics like Pearson's correlation coefficient was used to compare linear association among variables while multiple linear regressions was used to fit a linear line and estimate the relationship on financial variables using the model given below was on Statistical Package for Social Sciences (SPSS) version 20.0.

$$\text{Performance} = \beta_0 + \beta_1 \text{Loan_amount} + \beta_2 \text{Re payment_period} + \beta_3 \text{Premium} + \beta_4 \text{interest_rate} + e$$

Where performance was measured in terms of profit;

$\beta_0, \beta_1, \dots, \beta_4$ intercepts, and other linear parameters to be estimated

Loan amount=total disbursed loans to groups

Repayment period= time taken to pay back the loaned amount that ranged from 3-36 months

Premium= amount paid per month

Interest rate=monthly interest rates

e = is the random error that is assumed to normally distributed with constant variance

3.8 Ethical Measures

The context of research ethics refers to the appropriateness of behavior in relation to the rights of those who become the subjects of my work (Robinson, 2002; Zikmund, 2000). The researcher sought permission from Mogotio County Council for data collection before engaging in the data collection process. This was facilitated through a letter of introduction from Kabarak University, introducing the researcher as a Masters student at the institution. The letter also confirmed that the research was solely used for academic purposes. The researcher also took a declaration that the data collected was not be revealed to any unauthorized persons, otherwise it would lead to breach of confidence. The researcher also declared that the identity of the respondents were not be revealed in any way. Information on the nature and purpose of the study was be expounded to the respondents as a means of providing sufficient information before they decided to participate. The research accepted any errors due to omission or commission while compiling the report of the study.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATIONS AND DISCUSSIONS OF FINDINGS

4.1 Introduction

This chapter presents the results and discussions of the study as analyzed in the study objectives. The study had three objectives namely: To assess the effects of micro finance institutions activities on the enterprises owned by women, to find out the business challenges facing MFIs in service delivery to SMEs owned by women and to examine the various financial strategic practices that micro finance institutions use to influence performance of women owned enterprises in Mogotio district.

4.2 Questionnaire Response Rate

This section presents the response rate of the study respondents. Table 4.1 below shows the respondents who were targeted, the number who were obtained and the response rate of the study

Table 4.1: Study Response Rate

Respondents	Targeted	Obtained	Response rate
Women enterprises	190	189	99.47%

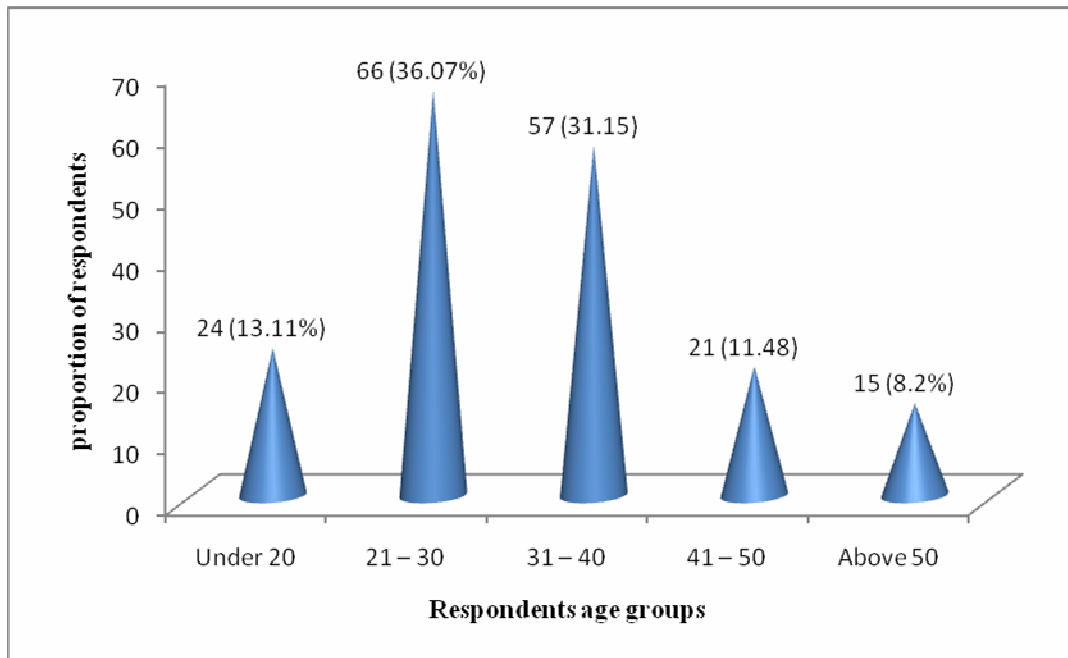
Researcher: 2014

The study targeted a total of 190 female respondents who were owned business enterprises in Mogotio district. The study successfully got a 99.47% response rate. This was accredited to the proper field preparation done by the researcher and the ease of identifying and getting enterprises owned by women in the area.

4.3 Demographic Characteristics of the Respondents

The study investigated the age, marital status their highest level of education as the demographic characteristics of the respondents as the demographic characteristics of the respondents. This was important for the study to have proper background information of the respondents. The first

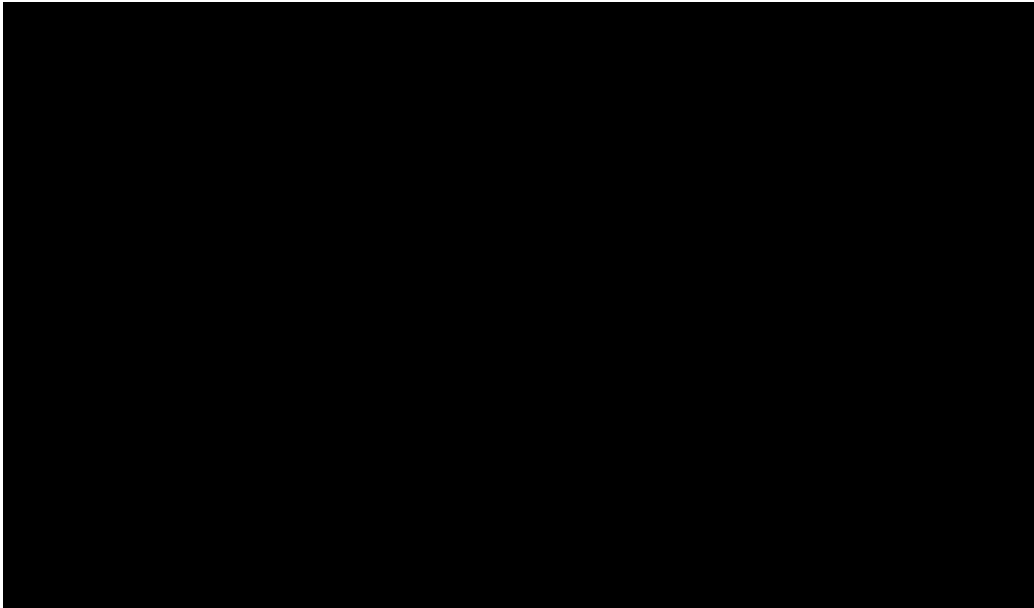
demographic characteristic that the study explored was age. The study did an analysis of respondents' age and presented the findings in the graph below.



Researcher: 2014

Figure 4.1: Distribution of Age of Respondents

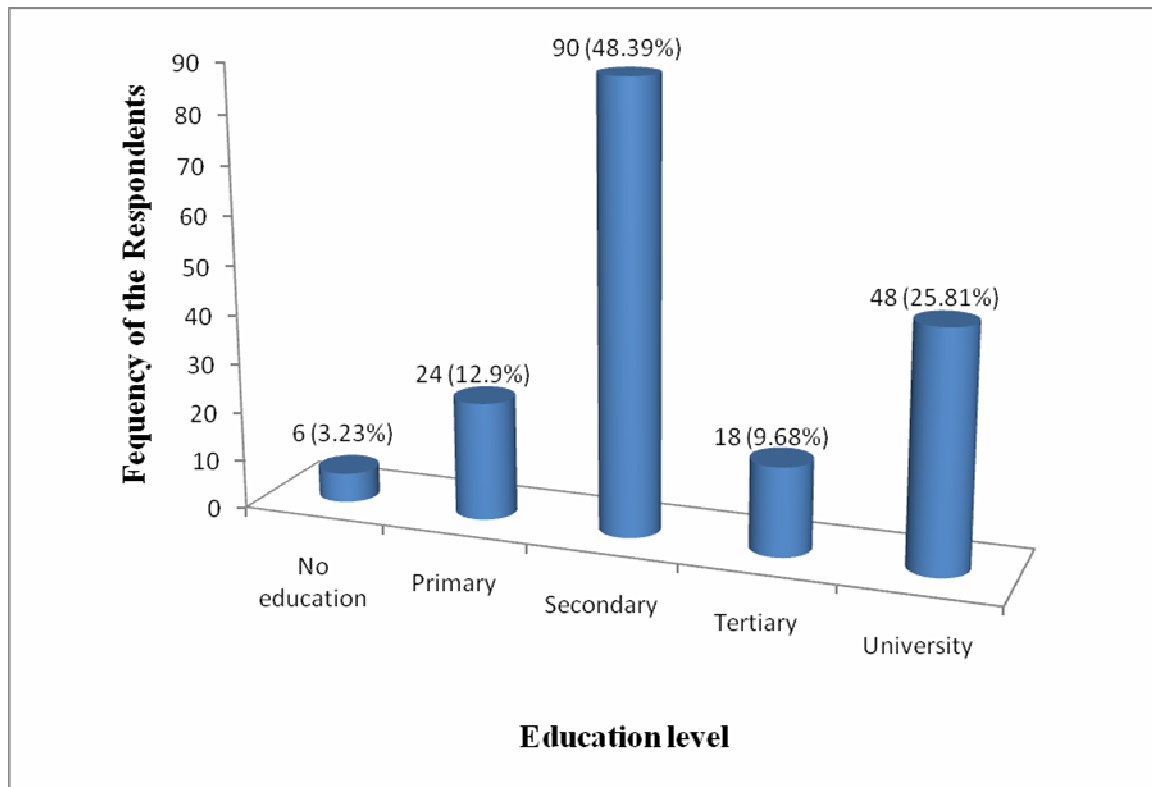
From the figure 4.1 above respondents who fell below age 20 were 24 (13.11%), those between 21 and 30 years were 66 (36.07%). A total of 57 (31.15%) respondents fell between age bracket of 31 to 40 years. 21 (11.48%) other respondents lied between 41 and 50 years and finally respondent who were above 50 years were 15 (8.2%). Majority of the respondents fell between ages 21 and 40 years. From these results it is clear that the study followed a normal distribution whereby there were fewer respondents in the low and higher ages and more respondents in the middle segments. From this it can be inferred that in deed the study was representative of the population. The study also sought out to find the marital status of the respondents. The results are shown in figure below.



Researcher: 2014

Figure 4.2: Marital Status of the Respondents

The figure above shows that of the total 189 respondents, majority of them 132 (69.84%) respondents were married. 54 (28.57%) of the respondents were single with the rest 3 (1.59%) were widows. The study then investigated the level of education of the respondents.



Researcher: 2014

Figure 4.3: Level of Education of the Respondents

Out of the total respondents studied, 6 (3.23%) had no education, 24 (12.9%) had primary education. Majority of the respondents 90 (40.38%) had attained secondary education with 18 (9.68%) respondents having tertiary education. Respondents with university level of education were 48 (25.81%). From the above findings it is evident that most respondent were in a position to read and understand the data collection tool. Besides this, majority of the respondents had some formal education to run their enterprises and understand how MFIs work.

4.4 The Effect of Microfinance Institutions Activities on the Enterprises Owned by Women in Mogotio District

The first objective of the study explored the effect of microfinance institutions on the women owned enterprises. The researcher explored the effect of the microfinance institutions by exploring the effect of the loans on the performance of the enterprises. The effect of the loans was explored using the amount of loans provided, the loan repayment period, the amount of loan paid per month and the monthly interest rate of the loans. The performance of the enterprises was

explored by looking into the profits of the enterprises, the number of employees and the asset level of the enterprises. The researcher explored the relationship using the correlation analysis and presented the findings in Table 4.1 below.

Table 4.2: Correlation between Loan and Enterprise Performance

		Profits	Number of employees	Asset level
Loan amount	Pearson Correlation	.289**	.116	.031
	Sig. (2-tailed)	.001	.179	.724
	N	135	135	129
Loan repayment period	Pearson Correlation	.241**	.325**	-.102
	Sig. (2-tailed)	.005	.000	.257
	N	132	131	125
Amount paid per month	Pearson Correlation	.043	.034	.120
	Sig. (2-tailed)	.627	.700	.181
	N	132	132	126
Monthly interest rate	Pearson Correlation	.096	-.141	.129
	Sig. (2-tailed)	.346	.177	.218
	N	99	93	93

Researcher: 2014

From Table 4.1, there was a significant positive relationship between profits and the amount of loan given. The correlation was found to be 0.289 with a significance of 0.01. Given that the significance is a value less than 0.05 it was established that at 5% level of significance, increase in the amount of loan given led to an increase in the profits of an enterprise. Increased loan repayment period also had a positive influence on profits with the higher the payment period the higher the profits observed by the business. This had a correlation of 0.241 with a significance of 0.005 which was smaller than 0.05. The same was the case with number of employees; an increase in the repayment period had a positive influence on the number of employees with a correlation of 0.352 and a significance of 0.000. The study conducted a regression analysis to explore the effect of the loan on the profits of the enterprises. The coefficients are as presented in Table 4.2.

Table 4.3: Coefficient of the Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
	(Constant)	577980.444	89084.288				-6.488
loan amount	2.093	.294	.641	7.121	.000	.187	5.359
1 repayment period in months	32718.971	4321.792	.473	7.571	.000	.387	2.581
monthly payment	-12.621	3.378	-.249	-3.737	.000	.340	2.943
interest rate	15919.247	4756.641	.131	3.347	.001	.980	1.021

a. Dependent Variable: profit

From table 4.3, the linear regression equation is: $y = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + e$

y= Profit

x₁=Loan Size.

x₂= Repayment

x₃= Premium

x₄=Interest Rate

e =error term

The term ‘‘independent’’ variables and ‘‘dependent’’ variables are derived from the mathematical expression, when X_i (i=1, 4) are generally independent variables and the dependent variable, y is said to be the function of X_i (i=1, 2,.....4) i.e. y=f (X_i). This means that the variation of y depends on X_i.

Profits =6.488 + 0641(Loan size) + 0.473 (Repayment period) - 0.249(Premium) + 0.131(Interest rates)

All variables affected profit margins significant ($P \leq 0.001$) but monthly repayment had a negative coefficient in the model implying increase in repayment leads to drop in profits. However a joint combination of all the variables namely: Loan size, Repayment period, Premium

and Interest rate had a significant effect on profits as shown in Table 4.3 using the F test in the ANOVA.

Table 4.4: ANOVA Testing the Effect of Loan Size, Repayment Period, Premium and Interest Rate

Model	ANOVA ^a				
	Sum of Squares	df	Mean Square	F	Sig.
Regression	26971439728067.060	4	6742859932016.765	131.354	.000 ^b
1 Residual	7032691964825.813	137	51333517991.429		
Total	34004131692892.870	141			

a. Dependent Variable: profit

b. Predictors: (Constant), interest rate, monthly payment, repayment period in months, loan amount

The ANOVA test had a significance of P=0.000 which was a value less than 0.05 meaning that the joint combination of the Loan size, Repayment period, Premium and Interest rate had a significant effect on profits at 5% level of significance. Having established that Loan size, Repayment period, Premium and Interest rate had an influence on profits.

Table 4.5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df 1	df 2	Sig. F Change
1	.891a	.793	.787	226569.014	.793	131.354	4	137	.000

a. Predictors: (Constant), interest rate, monthly payment, repayment period in months, loan amount

From Table 4.5, the R (determination of coefficient between profits and the joint combination of Loan size, Repayment period, Premium and Interest rate) was 0.891. The adjusted R Square (Coefficient of determination) was 0.787. This means that profit variability has been accounted for by three variables with 78.7%. Similarly multi-collinearity measured by variance influencing factor (VIF) were found to be below 10 meaning there was no multi-collinearity in our data and hence we accept the multiple regression model (Table 4.3). The study assessed the loan funding

that the business received from the microfinance institutions depending on the business types and presented the findings in Table 4.6.

Table 4.6: Funding to Enterprises

Type of business	Frequency	Average loan given
Sole proprietor	99	66,666.67
Partnerships	18	75,333.33
Company	24	161,875

Researcher: 2014

From Table 4.6, there were 99 sole proprietor businesses involved in the study and they all had been funded averagely up to 66,666.67 shillings, there were 18 partnerships that had been funded up to 75,333.33 shillings and lastly 24 limited companies had been funded up to 161,875 shillings. This shows that solo proprietors were less funded by the micro finance institution compared to companies and partnerships. Companies had the highest level of funding. Considering that loan sizes had a positive relationship with profits it can be concluded that the funding institutions contributed less to the profitability of sole proprietor as compared to companies and partnerships.

Table 4.7a: Type of Business Enterprise

Which industry sector does your enterprise fall into?	Freq.	Percent
Retail	84	44.44
Agriculture	30	15.87
Transport	30	15.87
Production	18	9.52
Health and beauty	9	4.76
Publishing	6	3.17
Construction	3	1.59
Manufacturing	3	1.59
Total	189	100.00

Researcher: 2014

From the table most respondents 84 (44.44%) were retailers, respondents who practiced agriculture were 30 (15.87%). Transport industry had 30 (15.87%) respondents. Production followed closely with 18 (9.52%) then health and beauty with 9 (4.76%) respondents. Publishers were 6 (3.17%). Other enterprises were construction and manufacturing with each having 3 (1.59%) respondents.

Table 4.7b: Period Length of the Business

How long have you been in the industry?	Freq.	Percent
Less than 1 year	30	15.87
Between 1 - 2 years	27	14.29
Between 2 -3 years	33	17.46
Between 3 - 4 years	24	12.70
Over 4 years	75	39.68
Total	189	100.00

Researcher: 2014

In table above 30 (15.87%) of the respondents had operated their businesses for less than a year. 27 (14.29%) had a business that had been running for between 1 and 2 years. Respondents with businesses that were between 2 and 3 years were 33 (17.46%) with those with businesses of between 3 and 4 years were 24 (12.70%) respondents. Majority of the respondents had operated their enterprises for more than 4 years. From the above findings had been in the industry long enough to know the dynamics of the business and to what extent the micro finance activities affected the operation and growth of the SMEs. The next item the study sought to establish was the sources of funds the respondents used to run their businesses. The analysis of the results are shown in table 4.7 below

Table 4.8: Source of Fund to Run the Business

Source of funds for business activities	Freq.	Percent
Bankers	84	44.44
Microfinance Institutions	60	31.75
Family	30	15.87
Merry go rounds	9	4.77
Friends	6	3.17
Total	189	100.00

Researcher: 2014

The most popular source of funds to sustain and run the business was the banking institution as indicated by most of the respondents 84 (44.44%). Micro finance institutions were the second most source funds sought by women-owned enterprises; this is shown by the 60 (31.75%) respondents who indicated it. Some respondents 30 (31.75%) sought funds from family. 9 (4.77%) respondents got funds from merry go round, whereas few respondents 6 (3.17%) obtained funds to sustain their businesses from friends. Banks and micro finance institution lead in funding the business activities of the respondents from the Mogotio district. On the other hand friends were the least in funding women owned businesses. This confirms the lack of adequate economic power, social and family support structure to grow their ventures as established by (Davidson and Horig, 2003, Leinet *al* 2007). The researcher then went ahead to investigate the initial starting capital the women used to establish their businesses. The results are as shown in the table below.

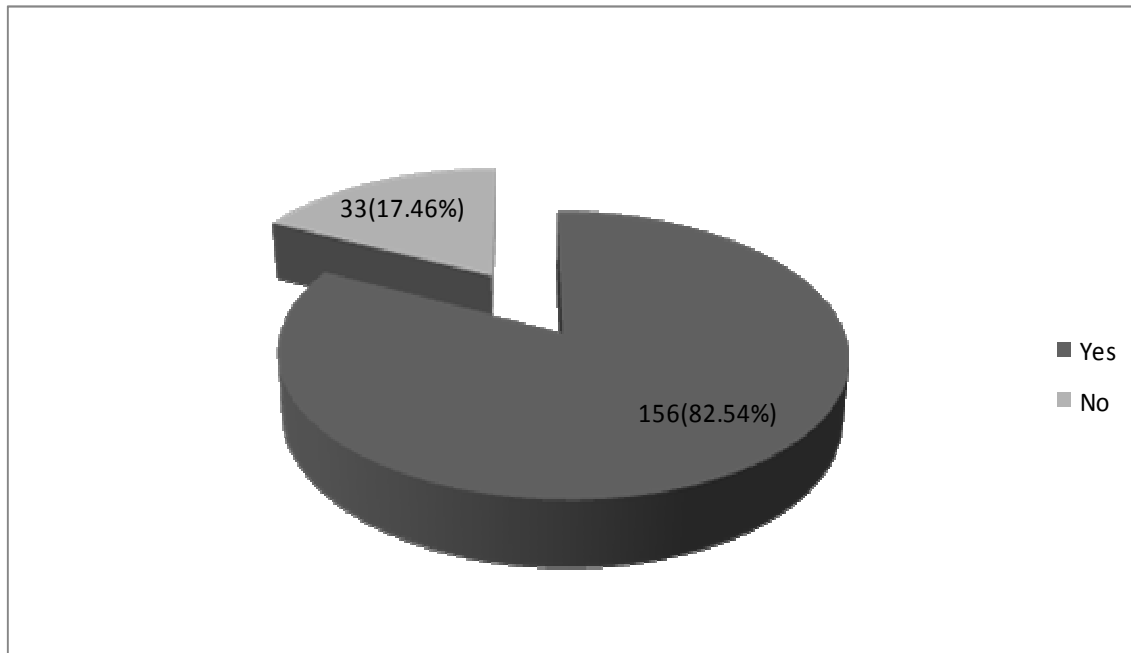
Table 4.9: Amount of Starting Capital

Amount of starting capital in shillings	Freq.	Percent
Less than 1000	6	3.23
Between 1000-5000	30	16.13
Between 5001-10000	36	19.35
Between 10001-20000	18	9.68
Between 20001-50000	57	30.65
Between 50001-100000	33	17.74
100001 and above	6	3.23
Total	186	100.00

Researcher: 2014

In the table above 6 (3.23%) of respondents claimed to have started their enterprises with amount less than 1000 shillings, 30 (16.13%) respondents had between 1000 and 5000 shillings. Other 36 respondents had between 5001 and 10000 shillings to start their business with those having amount between 10001 and 20000 being 18 (9.68%). Majority of respondents used between 20001 and 50000 shillings as a startup capital to their business, 33 (17.74%) falling between 50001 and 100000 shillings. Few respondents 6 (3.23%) cited having had 10001 shillings and above to start their current businesses.

From the above findings very few women reached the mark of 50000 shillings as their start-up capital for their business and thus affected greatly the rate of growth of women enterprises. These calls for micro finance to subsidize and come along to help and aid the women with loans to enable them expand their businesses. (Jalbert, 2000) established that women were not able to compete effectively with their male counterparts for stalls and also secure loans due to lack of the collateral security to borrow money to build their own premises at start-ups. The study then sought to establish if the business benefited from any sort of intermediate services from banks. Below are their responses.



Researcher: 2014

Fig 4.4: Proportion of Respondents who Receive Intermediate Services from Bank

Out of the total 189 respondents 156 (82.54%) respondents claimed to have received intermediate services from banks while the rest of the respondents 33 (17.46%) did not. (Henry *et al* 2005) alluded that such services provided by micro finance were some of the factors that were thought to influence the growth of women based enterprises. The researcher then went ahead and enquired from the respondents who had accessed intermediate services from the banks of what services they had received. The table below shows some of the services the women owned enterprises received from banks.

Table 4.10: Intermediate Services from Banks

Intermediation services the businesses benefit from banks	Freq.	Percent
Loans	67	42.95
Savings	51	32.69
Trainings and seminars	22	14.10
Business education	16	10.26

Researcher: 2014

Of the total 156 respondents who had received intermediate services from banks; 67 (42.95%) had received loans from banks, 51 (32.69%) had saved with their banks; Respondents who had undergone training and business education were 22 (14.10%) and 16 (10.26%) respectively. It is evident that loan and saving services were the most accessed services while general business trainings were least. (Storey 1994) identified economic empowerment such as loans and business education and training to women owned enterprises would provide needed knowledge to the owners and thus lead to business growth. Consequently, the research study established the level of profits that the women owned business in Mogotio achieved. The table below displays the results

Table 4.11: Profit of Sales in the Enterprise

Level of profit of sales in the enterprise	Freq.	Percent
Loss	3	1.59
Up to 2000	21	11.11
2001-20000	6	3.17
20001-38000	73	38.62
Above 38000	86	45.5
Total	189	100.00

Researcher: 2014

In Table 4.10 above very few businesses 3 (1.59%) made losses. On the other hand, majority of the respondents 86 (45.4%) made a profit of up to 38000 shillings, 73 (38.62%) made profits of between 20001 and 38000. 6 (3.17%) of the total respondents made profits of between 2001 and 20000 shillings. From the table above more than 98% of the women owned enterprises were making profits.

However, it is worthy to note that the majority of those who made profits were only able to collect about 20000 shillings which is not much too even secure collateral security to borrow money to build their own premises or expand their businesses (Jalbert, 2000). The study also went ahead to investigate the number of employees the women owned businesses had. An analysis on the results is shown below.

Table 4.12: Proportion of Employees in the Business

Number of employees in the organization	Freq.	Percent
0-10	172	91.00
11-20	5	2.65
Over 40	12	6.35
Total	189	100.00

Researcher: 2014

From table above out of the total 189 respondents; majority of them 172 (91.00%) had employed at least ten employees. 5(2.65%) women owned enterprises employed between 11 and 20

persons and finally 12 (6.35%) respondents had employed more than 40 employees. Most women owned business had few employees i.e. between 1 and 10 and this is clearly supported by study by (Colleman 2000, Orse 2006) which established that women owned business are usually smaller.

Table 4.13: Assets Level of the Enterprises

The assets level of the enterprise	Freq.	Percent
Up to 1000	34	17.99
1001 – 4000	15	7.93
4001 – 7000	12	6.35
7001 – 10000	41	21.69
Above 10000	87	46.03
Total	189	100.00

Researcher: 2014

From the table above businesses with assets level of up to 1000 were 34 (17.99%), those with assets of between 1001 and 4000 were 15 (7.93%). 12 (6.35%) women owned enterprises had assets ranging from 4001 and 7000. Additionally, 41 respondents claimed to have assets valued at between 7001 and 10000. Majority of the respondents had assets of 10000 and above. The study established that at the given range most respondents had assets valued at 7000 and above. Attitude of spouse was also another important factor to be investigated. This was necessary so as to establish whether they were positive and supportive towards their women’s idea of starting businesses.

Table 4.14: Attitude of Spouse

Attitude of spouse when starting a business	Freq.	Percent
Very supportive	42	22.22
Supportive	87	46.03
Not supportive	57	30.16
Reacted badly	3	1.59
Total	189	100.00

Researcher: 2014

The table above shows that 42 (22.22%) women claimed their spouses were very supportive. 87 (46.03%) others also expressed that they were supported by their spouses during starting of their businesses. On the other hand 57 (30.16%) had spouses who were not supportive of their ideas to start businesses and the rest 3 (1.59%) had spouses who reacted badly to their idea of starting businesses? Generally most women (68.25%) got support from their spouses which were very encouraging to women who owned enterprises. However, on the contrary there were 31.75% of respondents who claimed they did not receive any support from their spouses which is still a great proportion. (Davidson and Horig, 2003, Leinet *al* 2007) found out that women received little social and family support to increase the growth of their businesses.

Financial intermediation services were captured using as set of eight questions whose answers produced ordinal responses as Strongly Agree, Agree, Undecided, Disagree or Strongly Disagree. Strongly Agree had a score of 5; Agree was given a score of 4, Undecided had a score of 3, Disagree with a score of 2 and Strongly Disagree given a score of 1.

A chi-square was calculated to determine whether the respondents were in agreement or not. In case of a significant probability response then the dominant response is selected to represent the group response. The Table 4.15 shows the results on how women either agreed or disagreed with the following statements on financial intermediate services offered to women owned enterprises.

Table 4.15: Financial Intermediate Services Offered to Women Owned Businesses

The MFI:	SA		A		U		D		SD		χ^2	P> χ^2
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%		
Provides long term loan to women owned enterprises	69	36.51	93	49.21	6	3.17	18	9.52	3	1.59	175.5	<0.001
Do require security for the loans to women entrepreneur			63	33.33	117	61.90	6	3.17	3	1.59	185.7	<0.001
Provide detailed quality and precise information to women owned enterprise	66	34.92	87	46.03	21	11.11	9	4.76	6	3.17	141.2	<0.001
Managers and members of staff provide support information to women			54	28.57	120	63.49	6	3.17	9	4.76	234.4	<0.001
Are fast and efficient in their services	51	26.98	102	53.97	12	6.35	21	11.11	3	1.59	170.8	<0.001
Provide opportunities for expansion and growth			42	22.22	132	69.84	9	4.76	6	3.17	283.9	<0.001
Repayment period and interest rates are fair	36	19.05	84	44.44	18	9.52	33	17.46	18	9.52	77.9	<0.001
Participate in offering skills training in financial management to entrepreneur	51	26.98	78	41.27	15	7.94	36	19.05	9	4.76	83.14	<0.001

Researcher: 2014

From table 4.15 above; on the statement that MFI provides long term loan to women owned enterprises showed a $\chi^2(4) = 175.52$ that was highly significantly different ($p < 0.001$) indicating that majority of respondents 69 (36.51%) strongly agreed and 93 (49.21%) agreed with the statement. The researcher also posed a question on whether the MFI require security for the loans to women entrepreneur the result showed a $\chi^2(4) = 185.67$ that was highly significantly different ($p < 0.001$) indicating that majority of respondents were undecided 117 (61.90%) respondents were undecided, 6 (3.17%), disagreed and finally 3 (1.59%) strongly disagreeing.

On whether the microfinance institutions provided detailed quality and precise information to women owned enterprise, showed a $\chi^2(4)=141.2$ that was significantly different ($p<0.001$) indicating that majority of respondents 66 (34.92%) strongly agreeing with the statement, 87 (46.03%) agreeing. The researcher also sought to know if MFIs were fast and efficient in their services, the results indicates that a $\chi^2(4)=170.8$ that was highly significantly different ($p<0.001$) indicating that majority of respondents 51 (26.98%) responded as strongly agreeing, 102 (53.97%) agreeing 12 (6.35%).

The study then sought to investigate if the women owned businesses experienced any positive growth after they had received business intermediaries.

Table 4.16: Response on Business Growth after Intermediaries

Has your business grown after receiving business intermediaries?	Freq.	Percent
Yes	171	90.48
No	18	9.52
Total	189	100.00

Researcher: 2014

In table 4.20 above majority of the respondents 171 (90.48%) claimed to have realized positive growth in their businesses after receiving funds from financial intermediaries with only few respondents 18 (9.52%) who did not achieve the business growth. It is quite evident that financial intermediaries played a great role in aiding business growth. It can also be alluded that probably the few number of respondents who did not realize business growth was probably due to other factors.

The researcher then sought to find out how the respondents measured the growth in their businesses. The researcher presented some statements to the respondents who were expected to answer to what extent they agreed or disagreed. Their response was provided in ordinal form. The respondents were to either respond as Strongly Agree, Agree, Undecided, Disagree or

Strongly Disagree; Strongly Agree had a score of 5, Agree was given a score of 4, Undecided had a score of 3, Disagree with a score of 2 and Strongly Disagree given a score of 1.

For each respondent the scores for each question were summed up and divided with the total number of respondents to give a mean score. The table below shows the results on how women either agreed or disagreed with the following statements on how they measure growth in their businesses. The Table 4.21 below presents the response.

Table 4.17: Measure of Growth

Measure of growth	SA		A		U		D		SD		χ^2	P> χ^2
	Freq	%	Freq	%	Freq			%	Freq	%		
Profitability of the business	63	36.84	105	61.40	3	1.75					92.21	<0.001
Business enables support to the family	66	38.60	101	59.06					4	2.34	92.39	<0.001
Self-satisfaction/satisfaction	39	22.81	99	57.89	19	11.11	14	8.19			106.87	<0.001
Increase in income	42	24.56	117	68.42	12	7.02					102.63	<0.001
Business is expanding	60	35.09	102	59.65	9	5.26					76.11	<0.001
Increase in number of customers/clients	30	17.54	117	68.42	30	17.54					88.74	<0.001
Supplying more goods	33	19.30	123	71.93	9	5.26	6	3.51			211.11	<0.001
Business is running smoothly	24	14.04	99	57.89	18	10.53	24	14.04	6	3.51	159.79	<0.001
Opportunity for self-employment	60	35.09	99	57.89	12	7.02					66.63	<0.001

Researcher: 2014

The first statement on measure of growth was profitability of the business, the results indicates that a $\chi^2(4) = 92.21$ that was highly significantly different ($p < 0.001$) indicating that 63(36.84%) of the respondents strongly agreed to this statement, 105 (61.40%) agreed that business was making profits. On whether business enables support to the family a $\chi^2(4) = 92.36$ that was highly

significantly different ($p < 0.001$) showed that 66 (38.60%) of the respondents strongly agreed that business supported their families, 101 (59.06%) were also on agreement their family got support from the business.

Self-esteem/ self-satisfaction was also another measure of growth where a $\chi^2(4) = 106.87$ that was highly significantly different ($p < 0.001$) indicating that 39 (22.81%) strongly agreed and 99 (57.89%) agreed that this measured growth. The study then sought to establish whether the respondents could agree if an increase in income was used to measure business growth, a $\chi^2(4) = 102.63$ that was highly significantly different ($p < 0.001$) indicating that 42 (24.56%) strongly agreed and 117 (68.42%) agreed that increase in income indicated a growth in business. Business expansion was another form of business growth that the study sought to establish a $\chi^2(4) = 76.11$ that was highly significantly different ($p < 0.001$) indicating that 60 (35.09%) of respondents strongly agreed that business expansion was used to measure business growth and 102 (59.65%) also agreed with this form of business growth.

Respondents agreed that an increase in number of customers was a measure of business growth, a $\chi^2(4) = 88.74$ that was highly significantly different ($p < 0.001$) indicates that business expansion is a measure of growth where 30 (17.54%) respondents strongly agreed that an increase in number of customers was a measure of business growth and 117 (68.42) also agreed with this measure. The next statement on measure of growth was supplying more goods, a $\chi^2(4) = 211.11$ that was highly significantly different ($p < 0.001$) indicates that 33 (19.30%) strongly agreed and 123 (71.93%) agreed.

A business that is running smoothly was another measure of business growth. Here a $\chi^2(4) = 159.79$ that was significantly different ($p < 0.001$) indicates that 24 (14.04%) respondents strongly agreed and 99 (57.89%) agreed with this statement. The final measure of growth was if the business creates opportunity for self-employment a $\chi^2(4) = 66.63$ that was significantly different ($p < 0.001$) indicates that 60 (35.09%) strongly agreed and 99 (57.89%) agreed that when a business creates an opportunity for self-employment then it is a measure of growth.

It is clear that if a business was able to make profits, support to the family, supply more goods, creates self-satisfaction and an increase income then it was growing. In addition the respondents agreed that the growing business should be expanding and also realize an increase in number of customers and create an opportunity for self-employment. The researcher then went ahead to establish how the respondents who measured lack of business growth. The table below shows the results.

Table 4.18: Factors to Measure Lack of Business Growth

Factors contributing to lack of growth	SA		A		U		D		χ^2	P> χ^2
	Freq	%	Freq	%			Freq	%		
Lack of market	12	66.67	6	33.33					2.00	Ns
Business is not profitable	5	27.78	6	33.33	7	38.89			0.33	Ns
Lack of adequate funds			12	66.67	6	33.33			2.00	Ns
Lack of skill and marketing know – how	12	66.67	6	33.33					2.00	Ns
Not personally satisfying work	5	27.78	6	33.33	7	38.89			0.33	Ns
Lack of suitable location	6	33.33	6	33.33	6	33.33			0.00	ns

Researcher: 2014

The first factor that was used to measure lack of business growth was lack of market. The responses were; 12(66.67%) respondents strongly agreed that if the business lacks market to supply its services and good that it was not doing fine. 6(33.33%) also agreed with the statement. The next factor was if business is not profitable where 5(27.78%) strongly agreed that if the business is not making profits then the business was not growing, other 6(33.33%) also agreed to this notion while the rest 7(38.89%) were undecided.

The next factor was lack of adequate funds; 12(66.67%) agreed that if business had no adequate funds then it was a sign that it is not growing while 6(33.33%) were undecided. Out of the respondents conducted 12(66.67%) and 6(33.33%) strongly agreed and agreed respectively that

lack of skill and marketing know-how was an indication that business lacks growth. The results also showed that 5(27.78%) strongly agreed that if the owner was not personally satisfying work then the enterprise was not well, other 6(33.33%) also agreed to this notion while the rest 7(38.89%) were undecided. The results further showed that 6(33.33%) respondents strongly agreed that lack of suitable location was as a result of lack of growing business. 6(33.33%) respondents also agreed.

The rest respondents 6(33.33%) were neither agreeing nor disagreeing that this was a factor. The respondents agreed that lack of suitable location was one of the factors behind lack of growth in business. From the above observations it is evident that on average respondents agreed that; lack of market, unprofitable business, lack of adequate funds generated from business, lack of skill and marketing know-how by the owner of the enterprise, owner not personally satisfying the work and lack of suitable among others were factors used to measure a business that was not growing.

4.5 To Find out the Business Challenges Facing MFIs in Service Delivery to SMEs Owned by Women in Mogotio District

The second objective of the study investigated the business challenges facing MFIs in service delivery to SMEs owned by women in Mogotio District. The challenges were explored by presenting set of questions that were supposed to provide ordinal responses. The respondents were to either respond as Strongly Agree, Agree, Undecided, Disagree or Strongly Disagree; Strongly Agree had a score of 5, Agree was given a score of 4, Undecided had a score of 3, Disagree with a score of 2 and Strongly Disagree given a score of 1.

For each respondent the scores for each question were summed up and divided with the total number of respondents to give a mean score. A mean less than 1.5 meant that the respondents were of the opinion that they strongly disagreed with the statements, a mean score between 1.5 and 2.5 meant that they disagreed, a mean score between 2.5 and 3.5 meant that the respondents were undecided about the statements, a mean score between 3.5 and 4.5 meant that the respondents agreed with the statements and lastly a mean score greater than 4.5 meant that the respondents strongly agreed with the statements about financial intermediate services offered to

women owned enterprises. The table below shows the results on how women either agreed or disagreed with the following statements on business challenges faced by microfinance institutions in offering service delivery to small and micro enterprises owned by women. The table below presents the response.

Table 4.19: Response on Business Challenges Faced by MFIs in Delivering Services to SMEs

Business challenges considered by MFI's in financing women enterprises.	SA		A		U		D		SD		χ^2	P> χ^2
	Freq	%	Freq	%	Freq			%	Freq	%		
Women often save smaller amount of personal capital available for start up			81	42.86	81	42.86	3	1.59	24	12.70	101.1	<0.001
Women have greater need for external funding yet have difficulties in obtaining such funding			78	48.27	81	42.86	24	12.70	6	3.17	91.57	<0.001
Women lack knowledge about available option and cost of getting this information may be high due to family responsibilities			60	31.75	75	39.68	27	14.29	27	14.29	64.43	<0.001
Women may face explicit or implicit (structural) gender discrimination	51	26.98	48	25.4	12	6.35	60	31.75	18	9.52	48.37	<0.001
Banks may have inaccurate perception of women borrowing and entrepreneurial behavior	45	23.81	51	26.98	18	9.52	57	30.16	18	9.52	36.48	<0.001
Banks rely on personal profiles and track records in reviewing application	78	41.27	75	39.68	15	7.94	18	9.52	3	1.59	135.52	<0.001
Women may be asked to pay higher interest rates or provide high guarantees	36	19.05	27	14.29	27	14.29	54	28.57	45	23.81	271.24	<0.001

The first question the respondents were asked to give their opinion on whether they considered having a smaller amount of personal capital available for start-up was a challenge faced by MFI a $\chi^2(4)=101.1$ that was significantly different ($p<0.001$) indicates that 81(42.86%) agreed to this statement that a smaller amount of personal capital available for start-up was a challenge. The second statement post to the women owned enterprises was; do women have greater need for external funding yet have difficulties in obtaining such funding. They responded as follows; a $\chi^2(4)=91.57$ that was significantly different ($p<0.001$) indicates that 78(48.27%) agreeing that women had greater need for external funding yet had difficulties in obtaining such funding.

The next one was the cost of getting information was expensive to women who sometimes lacked knowledge about available option; a $\chi^2(4)=64.43$ that was significantly different ($p<0.001$) indicates that 60(31.75%) agreed that cost of getting information was expensive to women who sometimes lacked knowledge about available option was one of the challenges facing the MFIs in service delivery to the SMEs. Another challenge faced by MFIs presented to the respondents was women faced gender discrimination; a $\chi^2(4)=48.37$ that was significantly different ($p<0.001$) indicates that 51(26.98%) strongly agreeing and 48(25.4%) agreeing.

The study then investigated if the respondents considered that banks have inaccurate perception of women borrowing and entrepreneurial behaviour as a challenge; a $\chi^2(4)=36.48$ that was significantly different ($p<0.001$) indicates that 45(23.81%) strongly agreed and 51(26.98%) agreed that banks had inaccurate perception of women borrowing and entrepreneurial behavior. On banks relying on personal profiles and track records in reviewing application the response; a $\chi^2(4)=135.52$ that was significantly different ($p<0.001$) indicates that 78(41.27%) strongly disagreeing and 75(39.68%) agreeing with the statement. The final question posed to the respondents was; were women asked to pay higher interest rates or provide high guarantees; a $\chi^2(4)=271.24$ that was significantly different ($p<0.001$) indicates that 36(19.05%) strongly agreed with the statements and 27(14.29%) agreed that women were asked to pay higher interest rates or provide high guarantees.

Most respondents agreed that; women having a smaller amount of capital for start-up, women had greater need for external funding yet had difficulties in obtaining such funding, cost of getting information was expensive to women who sometimes lacked knowledge about available option and banks relying on personal profiles and track records in reviewing application were challenges facing the MFIs. On the other hand respondents were undecided whether banks had inaccurate perception of women borrowing and entrepreneurial behaviour and that women were asked to pay high interest rates or provide high guarantees were also challenges facing MFIs in service delivery to women owned enterprises. Then the researcher asked the respondents to list the problems they considered facing them and rank them from the most affecting to the least affecting them. Below are the results

Table 4.20: Problems Faced by Women Entrepreneurs

Type of business	Rank	No of respondents
Limited working capital	1	156
Lack of collateral (security)	2	137
Inadequate business skills	3	128
Small market size	4	115
Most assets registered in husbands name	5	87
Discrimination against women	6	63

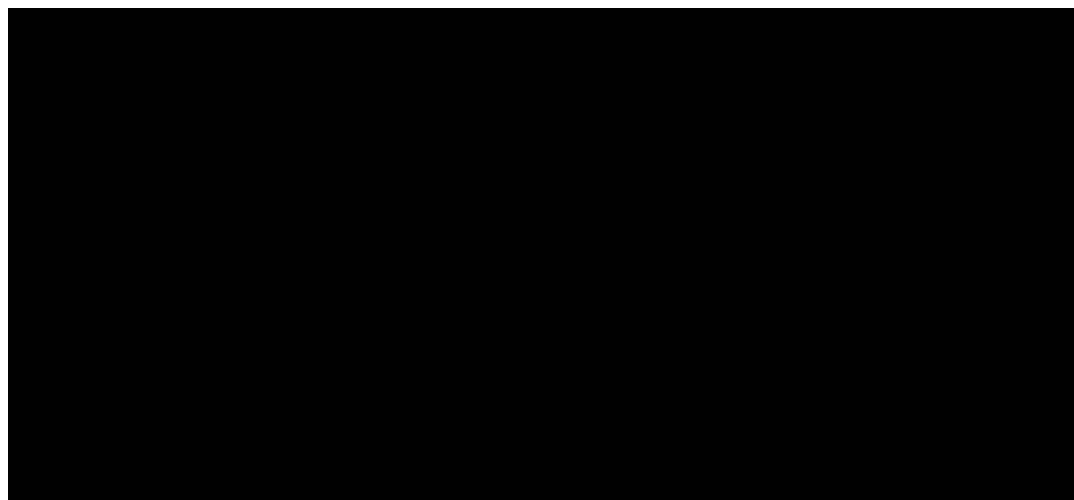
Researcher: 2014

The most highlighted problem facing women entrepreneurs was the limited working capital as supported by 156 respondents. The second most pressing issue was lack of collateral (security) to guarantee them the security. Inadequate business skills came at a distance third as supported by 128 respondents. 115 respondents cited small market size as another problem. The respondents also noted that most assets were registered in their husbands name and ranked it at number 5 among problems facing them. At the very least was discrimination against women.

4.6 To Examine the Various Financial Strategic Practices that Micro Finance Institutions Use to Influence Performance of Women Owned Enterprises Mogotio District

The third objective of the study was to examine the various financial strategic practices that micro finance institutions use to influence performance of women owned enterprises Mogotio

district. To achieve this the study started by investigating if the respondents had been supervised or trained concerning loan application, repayment and utilization. The first item the research sought to establish was, if the respondents had been supervised regarding loan utilization by their banks. An analysis was done and results presented in figure below.



Researcher: 2014

Figure 4.5: Response on Training Regarding Loan Utilization

From the figure above few respondents 45 (23.81%) claimed to have undergone training on loan utilization by their banks while the rest of the respondents had not gotten any training on loan utilization. Majority of the respondents had no training on loan utilization and thus were not able to put the gotten loan on proper use which could lead to poor servicing of the given loan. This was a major challenge facing the MFIs since they feared improper use of the funds by the SMEs. Consequently the study sought to establish if the respondents had been supervised for loan repayments. Below are the displayed results.

Table 4.21: Response on Supervision for Loan Repayment

Have you ever been supervised for loan repayment?	Freq	Percent
Yes	42	22.22
No	147	77.78
Total	189	100.00

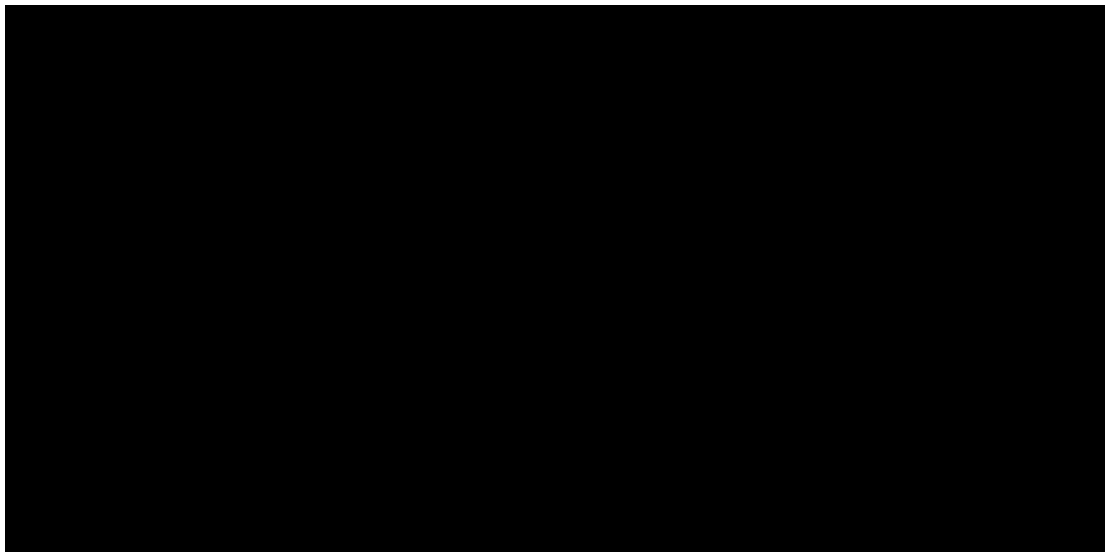
Researcher: 2014

The results shows that only 42 (22.22%) of the total 189 respondents claimed they have been supervised in regard to loan repayments while the rest 147 (77.78%) respondents had never received any supervision on loan payment. The researcher then went ahead to seek if they considered supervision for loan repayment important. These were their response.

Table 4.22: Response on Importance of Loan Repayment Supervision

Is supervision important for loan repayment?	Freq.	Percent
Yes	105	60.34
No	69	39.66
Total	174	100.00

Majority of the respondents 60.34% claimed that supervision on loan on repayment was very important with only few 39.66% of the respondents not thinking the supervision of loan repayment being important. The study also investigated whether the women owned enterprises had received any training before receiving loans. Their responses were analyzed and presented in pie chart below.



Researcher: 2014

Fig 4.6: Response on Training Before Receiving Loan

From the figure above majority of the respondents 126 (66.67%) had received training before receiving loans. Only a handful of the respondents 63 (33.33%) had not received training.

The respondents who had received training were then asked to state what training they had received. The table below presents their response.

Table 4.23: Type of Trainings Received

What kind of training did you get before receiving loan?	Freq.	Percent
Business	60	47.62
Finance	30	23.81
Saving	21	16.67
Marketing	10	7.94
Book keeping	5	3.97
Total	126	100.00

Researcher: 2014

Table above shows that out of the total 126 respondents who had received training before receiving loans; majority 60 (47.62%) received business training, 30 (23.81%) received training on finance, 21 (16.67%) received training on savings. Respondents who had received training on marketing and book-keeping were 10 (7.94%) and 5 (3.97%) respectively

The researcher then went ahead and enquired from the respondents what kind of training should be provided to women entrepreneurs. The table below shows the results on how women either agreed or disagreed with the following statements on what kind of training should be provided to women entrepreneurs. The table 4.19 below presents the response.

Table 4.24: Response on kind of training that should be provide to women

Training for women	SA		A		U		D		SD		χ^2	P> χ^2
	Freq	%	Freq	%	Freq			%	Freq	%		
Specially developed entrepreneurship development programmes for women entrepreneurs	60	31.75	123	65.08	3	1.59	3	1.59			207.76	<0.001
Training the trainers on specific areas on entrepreneurship	66	34.92	114	60.32	6	3.17	3	1.59			179.19	<0.001
Subsidizing training for women entrepreneurship	51	26.98	111	58.73	9	4.76	12	6.35	6	3.17	212.67	<0.001
Financial institutions including the cost of training in financing	48	25.40	75	39.68	21	11.11	21	11.11	24	12.70	59.33	<0.001
Linking training to services such as mentoring and aftercare	45	23.81	120	63.94	15	7.94	6	3.17	3	1.59	252.67	<0.001
Training being skills-based	60	31.75	102	53.97	27	14.29					44.86	<0.001
Training being sector-focused	51	26.98	93	49.21	30	15.87	12	6.35	3	1.59	136.48	<0.001
Training being similar for males and females but open-minded as adaptations could be needed	60	31.75	81	42.86	22	11.11	24	12.70	3	1.59	103.83	<0.001
Training in life skills (planning and budgeting skills) for the less educated	93	49.21	72	38.10	6	3.17	18	9.52			111.38	<0.001

Researcher: 2014

The first type of training that should be provided to women was specially developed entrepreneurship development programmes for women. A $\chi^2(4) = 207.76$ that was significantly different ($p < 0.001$) indicates that 60(31.75%) strongly agreed and majority of the respondents 123(65.08%) agreed that the first type of training that should be provided to women was specially developed entrepreneurship development programmes. The next statement was to train the trainers on specific areas on entrepreneurship; a $\chi^2(4) = 179.19$ that was significantly different ($p < 0.001$) indicates that 66(34.92%) respondents strongly agreed and 114(60.32%) agreed with the statement. Subsidizing training for women entrepreneurship was also another kind of training that the respondents were asked to give their opinion on; a $\chi^2(4) = 212.67$ that was significantly different ($p < 0.001$) indicates that 51(26.98%) strongly agreed and 111(58.73%) agreed that this kind of training was needed.

Training on financial institution including the cost of training in financing response and the results were that a $\chi^2(4) = 59.38$ that was significantly different ($p < 0.001$) indicates that 48(25.40%) strongly agreed and another 75(39.68%) agreed to the statement that financial training including the cost of training in finance was necessary for women. The next type of training was linking training to services such as mentoring and aftercare. The respondents opinion yielded a $\chi^2(4) = 252.67$ that was significantly different ($p < 0.001$) indicating that 45(23.81%) strongly agreed to this kind of training and 120(63.94%) who were the majority in this statement agreed to it.

Skills-based training had a $\chi^2(4) = 44.86$ that was significantly different ($p < 0.001$) indicating that 60(31.75%) strongly agreed and 102(53.97%) agreed that women needed training that is skilled based. On training that was sector-focused, a $\chi^2(4) = 136.48$ that was significantly different ($p < 0.001$) indicates that 51(26.98%) respondents strongly agreed to sector-focused training and another 93(49.21%) also agreed to this type of training. The researcher then sought the respondents opinion on similar training for both males and females but open-minded as adaptations could be needed they responded and a $\chi^2(4) = 103.83$ that was significantly different ($p < 0.001$) indicates that 60(31.75%) respondents strongly agreeing and 81(42.86%) agreed.

The final training presented to the respondents was training in life skills (planning and budgeting skills) for the less educated a $\chi^2(4)=11.38$ that was significantly different ($p<0.001$) indicating that 93(49.21%) strongly agreed and 72(38.10%) agreed to this type of training.

It is clear that respondents agreed that; Specially developed entrepreneurship development programmes for women, training the trainers on specific areas on entrepreneurship, subsidizing training for women entrepreneurship, training on financial institution including the cost of training in financing, linking training to services such as mentoring and aftercare, skills-based, sector-focused and training on life skills were really needed by women for them to realize growth and expansion in their enterprises.

CHAPTER FIVE

SUMMARY CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the research findings, gives conclusions and further gives recommendations of the research findings. This chapter also gives the contribution of the research to the body of knowledge.

5.2 Summary of Research Findings

The first objective of the study explored the effect of microfinance institutions activities on the women owned enterprises. The researcher explored the effect of the microfinance institutions activities by exploring the effect of the loans on the performance of the enterprises. The effect of the loans was explored using the amount of loans provided, the loan repayment period, the amount of loan paid per month and the monthly interest rate of the loans. The performance of the enterprises was explored by looking into the profits of the enterprises, the number of employees and the asset level of the enterprises. There was a significant positive relationship between profits and the amount of loan given. The study conducted a regression analysis to explore the effect of the loan on the profits of the enterprises. The linear regression equation is:

$$\text{Profits} = 2.567 + 8.29(\text{Loan size}) + 0.011 (\text{Repayment period}) + 0.002 (\text{Premium}) + 0.001 (\text{Interest rates})$$

The significant variables affecting profits were loan size and the repayment period, they had significance levels less than 0.05. The ANOVA test had a significance of 0.003 which was a value less than 0.05 meaning that the joint combination of the Loan size, Repayment period, Premium and Interest rate had a significant effect on profits at 5% level of significance.

Having established that Loan size, Repayment period, Premium and Interest rate had an influence on profits. The R (correlation between profits and the joint combination of Loan size, Repayment period, Premium and Interest rate) was 0.405. The R Square (Coefficient of determination) was 0.164. This meant that a joint combination of Loan size, Repayment period, Premium and Interest rate affected 16.4% of profits of the enterprises. The study established Companies had the highest level of funding. Considering that loan sizes had a positive relationship with profits it can be concluded that the funding institutions contributed less to the

profitability of sole proprietor as compared to companies and partnerships. Majority of the respondents had operated their enterprises for more than 4 years. From the above findings had been in the industry long enough to know the dynamics of the business and to what extent the micro finance activities affected the operation and growth of the SMEs. It was also established that banks and micro finance institution lead in funding the business activities of the respondents while friends were the least in funding women owned businesses.

It was evident from the study that loan and saving services were the most accessed services while general business trainings were least. Consequently the research the study established the level of profits that the women owned business in Mogotio achieved. Majority of those who made profits were only able to collect about 20000 shillings which is not much to even secure collateral security to borrow money to build their own premises or expand their businesses Most women owned business had few employees i.e. between 1 and 10. The study found out that most respondents had assets of 10000 and above. The study established that at the given range most respondents had assets valued at 7000 and above attitude of spouse was also another important factor to be investigated.

In general most women (68.25%) got support from their spouses which were very encouraging to women who owned enterprises. However, on the contrary there were 31.75% of respondents who claimed they did not receive any support from their spouses which is still a great proportion. The respondents agreed with most of the intermediate services offered by financial institutions. Most businesses observed growth after receiving intermediate services from MFIs. Which was measured by; if a business was able to make profits, support to the family, supply more goods, creates self-satisfaction and an increase income then it was growing. In addition the respondents agreed that a growing business should be expanding and also realize an increase in number of customers and create a n opportunity for self-employment. It was also clear that lack of market, unprofitable business, lack of adequate funds generated from business, lack of skill and marketing know – how by the owner of the enterprise, owner not personally satisfying the work and lack of suitable among others were factors used to measure a business that was not growing.

The second objective of the study investigated the business challenges facing MFIs in service delivery to SMEs owned by women in Mogotio District. The challenges were explored by presenting set of questions that were supposed to provide ordinal responses. Most respondents agreed that; women having a smaller amount of capital for start-up, women had greater need for external funding yet had difficulties in obtaining such funding, cost of getting information was expensive to women who sometimes lacked knowledge about available option and banks relying on personal profiles and track records in reviewing application were challenges facing the MFIs. On the other hand respondents were undecided whether banks had inaccurate perception of women borrowing and entrepreneurial behaviour and that women were asked to pay high interest rates or provide high guarantees were also challenges facing MFIs in service delivery to women owned enterprises.

The third objective of the study was to examine the various financial strategic practices that micro finance institutions use to influence performance of women owned enterprises Mogotio district. To achieve this the study started by investigating if the respondents had been supervised or trained concerning loan application, repayment and utilization. Majority of the respondents had no training on loan utilization and thus were not able to put the gotten loan on proper use which could lead to poor servicing of the given loan. This was a major challenge facing the MFIs since they feared improper use of the funds by the SMEs. 60.34% claimed that supervision on loan on repayment was very important with only few 39.66% of the respondents not thinking the supervision of loan repayment being important. 66.67% had received training before they were given loans and the training was as shown; 60 (47.62%) received business training, 30 (23.81%) received training on finance, 21 (16.67%) received training on savings. Respondents who had received training on marketing and book-keeping were 10 (7.94%) and 5 (3.97%) respectively

The respondents also generally agreed that; Specially developed entrepreneurship development programmes for women, training the trainers on specific areas on entrepreneurship, subsidizing training for women entrepreneurship, training on financial institution including the cost of training in financing, linking training to services such as mentoring and aftercare, skills-based, sector-focused and training on life skills were really needed by women for them to realize growth and expansion in their enterprises.

5.3 Conclusions

The purpose of the study was to investigate the effects of microfinance institutions on the performance of women owned enterprises in Mogotio district. The study found out that women owned business operated under low capital and assets and heavily relied on funds from banks and other financial institutions to boost and support their business growth. It was also established that microfinance institutions were reluctant in loaning women and had put strict measures like high guarantee and high interest rates before women are given loans. This was a discouragement to women owned enterprises. Since most women owned business were less than 4 years old, it was necessary to provide a comprehensive tailored business education and training so as to enable them compete successfully with their male counter-parts. The study established that more than 90% of women who received funds and business training, did well and thus realized business growth.

5.4 Recommendations

The study recommends that microfinance institutions should consider giving loans without strict conditions such as high guarantees and strong background information. This was so since women cited the above conditions before given loans. The study suggests that the women should be trained on business education and equipped with entrepreneurial skills if they were to realize any profits and business growth.

5.5 Suggestion for Further Study

The study suggests that in future if the same study should be conducted and also includes the views of the staff of microfinance institutions to have a more inclusive study. The study suggests that in future researcher should do a research to establish other factors apart from microfinance institutions that affect women owned enterprise. This study was conducted in Mogotio district, there is need to replicate the study in an urban and other rural areas under different environmental settings in Kenya so as to provide data generalized across a broader spectrum

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APPENDICES

Appendix I: Specimen Letter to the Respondents

CHARLES KIMARU,

Box 125,

MOGOTIO

Dear Respondent,

RE: DATA COLLECTION

I am a student at Kabarak University pursuing a master's degree in Business Administration (MBA) I am carrying out a research on **“The Effect of Micro Finance Institution Activities on the Performance of Small and Medium Enterprises owned by Women in Mogotio District, Baringo County”**.

The purpose of the questionnaire therefore is to gather information from enterprises of women who have acquired loans and a few successful business men. You have been selected as one of the respondents who will assist the research in providing the necessary data for the study.

This information supplied will be treated with confidentiality and will strictly be used for academic purposes only.

Thank you for your cooperation.

Charles Kimaru-Researcher

0722 341 673

Email address: charleskimaru@gmail.com

Appendix II: Women Entrepreneurs Questionnaire

Kindly fill in the following questions. Please respond to the questions as honestly as possible. The participation in the process is voluntary. In some questions you are required to fill in the details while others make a choice and tick appropriately.

Part A: Entrepreneurs' Background Information

1. What is the name of your enterprise.....
2. Where is the enterprise located within Mogotio county council.....
3. Contact details (physical location).....
4. What is the age bracket?

Under 20 yrs.	<input type="checkbox"/>	Between 20-30	<input type="checkbox"/>	55and above	<input type="checkbox"/>
Between 31-40	<input type="checkbox"/>	Over 40 years	<input type="checkbox"/>		
5. What is your marital status?

Single	<input type="checkbox"/>	Married	<input type="checkbox"/>
Widowed	<input type="checkbox"/>		
6. What is the level of your formal education?

No education	<input type="checkbox"/>	Primary level	<input type="checkbox"/>	Tertiary	<input type="checkbox"/>
Secondary level	<input type="checkbox"/>	University level	<input type="checkbox"/>		

Part B: Business Demographics

1. Which industry sector does your enterprise fall?

Retail	<input type="checkbox"/>	Health and Beauty	<input type="checkbox"/>
Construction	<input type="checkbox"/>	Agriculture	<input type="checkbox"/>
Manufacturing	<input type="checkbox"/>	Hospitality	<input type="checkbox"/>
Transport	<input type="checkbox"/>	Publishing	<input type="checkbox"/>
Services	<input type="checkbox"/>	Selling and buying	<input type="checkbox"/>
Production	<input type="checkbox"/>	Trade + service	<input type="checkbox"/>
Others, specify			
.....			

2. What form of business ownership is your enterprise?
 Sole proprietorship [] Partnership [] Company []
3. If a partnership or company, kindly indicate your designation at the work place
 Manager [] Supervisor []
 Sales person/marketing officer [] Accountant []
4. How long have you been in the business since inception?
 Less than 1 yr. [] Between 1-2 yrs. []
 Between 2-3 yrs. [] Between 3-4 yrs. []
 Over 4 yrs []
5. Where do you get funds for your business activities
 Family [] Friends []
 Merry Go Rounds [] Banks []
 Other department (please specify).....

6. What was the cost of starting the business
 Less than 1000 [] Btwn 1000 – 5000 []
 Btwn 5000 – 10,000 [] Btwn 10,000 – 20,000 []
 Btwn 20,000 – 50,000 [] Btwn 50,000 – 100,000 []
 Less than 100,000 []
7. Does your business benefit from intermediation services from banks? (e.g. KWFT, KADETS, SACCO).
 Yes [] No []
 If yes state some of the services you derive.....

8. What was your main source of start-up funding in the following financial intermediations?
 KWFT [] KADET []
 K REP [] Rahisi Sacco []
 Baringo teachers sacco []
 Farmers sacco [] KIE []
 Pride Kenya [] Faulu Kenya []

9. Kindly indicate the number of loans you have been awarded, the payment period, amounts per period by filling in the following table.

Number of loan	Loan awarded	Repayment period	Amount paid per month (Ksh)	Rate in %
1 st loan				
2 nd loan				
3 rd loan				
4 th loan				
5 th loan				
Total				

10. What are the levels of sales/profits in your enterprise (net income)?

Loss Up to 2000 2001-20000
 20001-38000 Above 38000

11. What is the number of employees in your organization?

0-10 11-20
 21-30 31-40
 Over 40

12. What are the assets levels?

Nil UP to 1000
 1001-4000 000-7000
 7000-10000 ABOVE 10000

13. Attitude of Spouse when Starting a Business

Very supportive Supportive
 Not supportive Reacted badly

Part C-Financial Intermediation Activities

1) The following statements indicate the various intermediation activities to women owned enterprises. To what extent do you agree or disagree with the statements. Tick (√) against the statements to indicate your response about the intermediation activities. **KEY: SA-Strongly Agree, A-Agree, U-Undecided, D-Disagree, SD-Strongly Disagree.**

Statements	SA	A	U	D	SD
The MFI provides or offer long term loans to women owned enterprises					
The MFI do require security for the loans to women entrepreneurs					
The MFI provide detailed quality and precise information on their services					
Managers and members of staff provide support information to women owned entrepreneurs					
MFI are fast and efficient in their services					
MFI provide opportunities for expansion and growth					
The repayment period and interest rates are fair					
MFI participate in offering skills and training in financial management to entrepreneurs					

2) The following statements indicate business challenges considered by MFI's in financing women enterprises.

KEY: SA-Strongly Agree, A-Agree, U-Undecided, D-Disagree, SD-Strongly Disagree

Statements	SA	A	U	D	SD
Women often save smaller amount of personal capital available for start up					
Women have greater need for external funding yet have difficulties in obtaining such funding					
Women lack knowledge about available option and cost of getting this information may be high due to family responsibilities					
Women may face explicit or implicit (structural) gender discrimination					
Banks may have inaccurate perception of women borrowing and entrepreneurial behavior					
Banks often rely on personal profiles and track record in reviewing loan applications					
Women may be asked to pay higher interest rates or provide higher guarantees					

3. What are problems faced by women entrepreneurs in obtaining finance or credit? Rank them as number 1, 2, 3,4,5,6

- Lack of collateral (security) []
- Limited working capital []
- Discrimination against women []
- Most assets registered in husband's name []
- Small market size []
- Inadequate business skills []

Part D: Financial and Strategic Services

Supervision, Advisory Visits and Training

1. Have you ever been supervised regarding loan utilization by your bank?

Yes [] No []

2 Have you ever been supervised for loan repayment? Yes [] No []

3. Do you consider supervision as being important for loan repayment? Yes [] No []

4. Did you get any training before receiving loan? Yes [] No []

5. If yes, what kind of training was it?

Business [] Marketing [] Finance { }

Saving [] Book keeping []

Other (specify
.....

6. What training do you think should be provided to women entrepreneurs?

SA-Strongly Agree, **A**-agree, **U**-Undecided, **D**-Disagree, **SD**-Strongly Disagree.

Training	SA	A	U	D	SD
Specially developed entrepreneurship development programmes for women entrepreneurs					
Training the trainers on specific areas on entrepreneurship					
Subsidizing training for women entrepreneurs					
Financial institutions including the cost of training in financing					
Linking training to services such as mentoring and aftercare					
Training being skills-based					
Training being sector-focused					
Training being similar for males and females but open-minded as adaptations could be needed					
Training in life skills (planning and budgeting skills) for the less educated					

Part E: Growth and Development

1. Since you got funds from Financial Intermediaries (those who offer loans), do you think business has grown? Yes [] No []

If **Yes**, rate the following measures of growth ticking (√) **SA**-Strongly Agree, **A**-Agree, **U**-Undecided, **D**-Disagree, **SD**-Strongly Disagree

Measure of growth	SA	A	U	D	SD
Profitability of the business					
Business enables support to the family					
Self-esteem/self-satisfaction					
Increase in income					
Business is expanding					
Increase in number of customers/clients					
Supplying more goods					
Business is running smoothly					
Opportunity for self-employment					

If **No**, what factors contribute to lack of growth by ticking (√) **SA**-Strongly Agree, **A**-Agree, **U**-Undecided, **D**-Disagree, **SD**-Strongly Disagree

Measure	SA	A	U	D	SD
Lack of market					
Business is not profitable					
Lack of adequate funds					
Lack of skill and marketing know – how					
Not personally satisfying work					
Lack of suitable location					

Appendix III: Work Plan

This is the estimated time plan of the study. It is essential in that it enabled the researcher to assess the feasibility of conducting the research within the scheduled time frame. It was also enabled the researcher to stay on schedule as the research progresses.

No.	Activity	Duration	Period
1.	Proposal writing	3 months	March -May 2012
2.	Data collection	1 month	June 2012
3.	Data analysis and writing chapter 4	2 months	July –Aug 2013
4.	Research Report Writing	1 month	May 2014
5.	Submission of draft report for examination	1 month	September 2014