RESPONSES BY MICRO FINANCE INSTITUTIONS TO THE OPPORTUNITIES
PRESENTED BY THE EMERGING WOMEN ENTERPRISES IN KENYA

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A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL
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NOVEMBER, 2009
STUDENT DECLARATION

This research project is my original work and has not been submitted for a degree in any other University.

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D61/P/8831/04

This research project has been submitted for examination with my approval as the university supervisor.

Signed  Date 16/11/09

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DEDICATION

To my family, who endured all this, and more so to my loving husband and friend Lawrence Karanja who supported my education and amazingly urged me to ‘Move on Hp’.
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The main objective of this study is to investigate the response of micro financial institutions (MFIs) to opportunities presented by women entrepreneurs in Kenya. The basis of the problem regarding MFIs responses to women entrepreneurs in Kenya that the research study aimed to explore was based on two research objectives; to establish how MFIs are positioning to take advantage emerging of women entrepreneurs in Kenya and to establish factors influencing Mi Is response to women entrepreneurship in Kenya.

Data was collected using Questionnaires. The target population of the study consisted of the 30 MFI’s registered under the AMFI in Nairobi region. Semi-structured questionnaires were used to collect data from the respondents. The data was analyzed using the SPSS.

The study concludes that most MFIs were established between 10 and 15 years, and therefore had a few number of branches of less than five. On branch network distribution, majority of the MFIs were concentrated in the cities and the major urban areas. Opening new geographical branches nationally and opening new geographical branches regionally was extensively applicable as a market development growth strategy. Product development strategy such as; development of a new product targeted at existing women customers and differentiation of products features for different customers preferences that Mi Is adopted were extensively applicable. Moreover, carrying out other business related to the current MFI business as a diversification strategy to position for the opportunities presented by women entrepreneurship was extensively applicable.

The study conclusion on market penetration strategy was that there is opportunity to grow market as more .s the women entrepreneurship sector grows. Research to define the market share of the various MFI s focusing at women entrepreneurship sector in the regions was extensively applicable. Further, opening new geographical branches as a focus generic strategy was extensively applicable. The study concludes that development of different service level that suit women entrepreneurship, development of skilled staff with a gender lenses and differentiation of service features according to women unique needs and Preferences were extensively applicable differentiation generic strategies. MFIs had a culture
that focused on the cost effectiveness and continuous improvement based on the customer they serve, developed organization brand image to brand unit\ucncvs and had a cost strategy to cope with unpredictable Government policies.

Recommendations based on the findings of this study propose the following measures be taken by the organization: There is need for the MIs to expand its branch network and reach the poor and unemployed or self employed women entrepreneurs with its services in the rurals. by opening new geographical branches nationally and regionally.

MIs should develop new innovative products that meet the different customers' taste and preferences. Moreover, MIs should reinforce other business related to their business, such as capacity building, and mortgage products or insurance as a diversification strategy to the opportunities presented by women entrepreneurship. Market research should be adopted by MIs so as to identify growth opportunities and expand their market share. Further. MIs should develop different service levels through skilled personal to serve women entrepreneurs.

The Government should develop policies that provide a conducive environment for the MIs to thrive in; in terms of formation, taxation, and compliance policies. In retrospect, there is need for the MIs to change their lending policies and procedures to be more adaptable to the opportunities presented by the women entrepreneurship. To become competitive. MIs need to look at strategic partnership and alliance that will enable them build capacity in various areas. MIs should develop a precise and unique brand image so that it can be easily identified. MIs should use technology to enhance their channel distribution making their services more accessible to the women entrepreneurs.
CHAPTER ONE: INTRODUCTION

1.1 Background

Today's business environment is characterized by constant changes, meaning that organizations have to respond quickly to identify opportunities to stay in business. Economic, technological, social and political trends have redefined the way organizations operate (Bett. 2006). All organizations are environment serving. They are dependent on the environment for their inputs and outputs. Therefore changes in the environment trigger changes within the organization. Strategic responses are hence required in any organization to enable it to cope with the turbulence in the environment. Ansoff and McDonnell (1990) noted that strategic responses involve changes in the firm's strategic behaviors to assure success in transforming future environment.

An industry environment consists of a particular set of competitive forces that establish both opportunities and threats. The pattern of forces changes due to the action of competitors. Porter (1980) uses this term to reference buyers, suppliers, substitute products (services), potential industry entrants, as well as strategic groups of directly competing firms. Strategic moves by any of these competitors can alter prevailing relationships and thereby change the pattern of forces in the firm's environment.

Understanding how organizational decision making is constrained by the environment is important in the study of the way the factors that influence organizations responses and the consequences of responses. Organizations formulate their own actions in response to the demands placed upon them by other organizations (L'ecfier and Salancik, 1978).

The environmental forces can be used by the firms to analyze their capabilities that can affect their competitiveness. Ansoff and McDonnell (1960) argue that response to the environment change can be done by firstly, positioning of the firm through strategy and capability planning in its rightful competitiveness; Secondly, use of real time response through issue management and thirdly, systematic management of resistance to change during strategic implementation.

Continuous turbulence in the environment affects the firms' performance, determining whether the organization retains its market position through continuous adjustments in its operations, markets or products. Randal (1973) posits that the firm has to learn, adopt and
reorient itself to the changing environment. He postulates that when a discontinuity begins to affect a firm in a turbulent environment, brought about by globalization and trade liberalization for instance, its impact typically remains hidden within the normal fluctuations in performance.

1.1.1 Response by Micro Finance Institutions

Industries are responding to customer's demand by becoming more innovative in their new ways of approaching the changing environment (Aosa, 1992). With increased turbulence in the external environment, an organization may undertake some adaptations such as Product/Market changes, Process changes, Structural changes. Leadership changes, Technological changes, and Policy and Cultural changes. Turbulence is not only confined to the external environment. Changes may emerge from the internal environment, which is within the organization. Changes in the internal environment may be as a result of Management changes and Changes in Human Resources policies. According to Wright (1999) a Micro Finance client today has power to choose the client they want to deal with. Wright 2002 argues that this is aimed at trying to capture the markets that are against group lending. According to microsavings research papers 1999 - 2002 some MFI's have acknowledged the need to be different from competition.

Various responses by MFIs to provide credit for women based micro and small enterprises have been tried in Kenya by different institutions with varying degrees of success or failure. Major approaches include: minimalist versus integrated approaches; group based lending versus lending to individuals; village banking and linkage programs. Minimalist approaches and group-based lending have been very popular and much tried by leading NGOs in the field of micro-finance, like K-RFP, KWFT and I aulu. Minimalist approaches basically concentrate on the provision of loans, giving no or at most some functional attention to training or technical assistance (Pederson and Kiuru, 1997). Group-based lending schemes have been very often based on the Grameen Rank method. This method has been designed and developed in Bangladesh with a view to deliver financial services to the poor, who have no access to formal banking services.
1.1.2 Background of MKI in Kenya

Microfinance, the provision of financial services to the low-income households and micro and small enterprises (MSFs), provides an enormous potential to support the economic activities of the poor and thus contribute to poverty alleviation (Omino, 2005). Widespread experiences and research have shown the importance of savings and credit facilities for the poor and MSEs. This puts emphasis on the sound development of microfinance institutions as vital ingredients for investment, employment and economic growth. The potential of using institutional credit and other financial services for poverty alleviation in Kenya is quite significant.

The microfinance institutions have filled the gaps of providing new, innovative, and pro-poor modes of financing low-income households and MSIs based on sound operating principles need to be developed. In the past, microfinance institutions (MiIs) established using either an NGO or a savings and credit co-operative societies framework have been important sources of credit for a large number of low income households and MSIs in the rural and urban areas of Kenya. According to the National Micro and Small Enterprise Baseline Survey of 1999, over 100 organizations, including about 50 NGOs, practice some form of microfinance business in Kenya. About 20 of the NGOs practice pure micro financing, while the rest practice micro financing alongside social welfare activities.

Not only can microfinance help people emerge from poverty, it is also an effective strategy to reach other Millennium Development goals, particularly those relating to promoting children’s education, improving health outcomes for women and children, and empowering women (Otto, 2002). Improvements in these areas can be sustained only when households have increased earnings and greater control over financial resources. MKI in Kenya have been responding to the opportunities presented by the emerging women entrepreneurship by developing market led programs that suit their target markets unique needs.

Kenya Microfinance industry is one of the oldest and most established in Africa and can be traced back to the mid 1950s when the joint loan scheme was established to provide credit to the indigenous Kenyans with small trading businesses. The organizations were highly subsidized to assist the micro-enterprises through small amounts of loans without the
requirements of tangible collateral. Some of the leading MFI include the Equity Building Society which mobilizes savings and term deposits for the provision of loan facilities, on a sustainable basis. FBS has 107,000 depositors, deposits of Ksh. 1.6 billion, 18,000 borrowers, and a loan portfolio of Ksh. 1 billion (2002 data). About 54% of these loan clients are women. Equity Bank limited; in partnership with the UN Development Programme (UNDP) set up a fund to provide S81 million in loans exclusively to women. K-Rep, Faulu, Pride Ltd, Wedco Ltd, Small and Medium Enterprise Programme (SMEP), Kenya Small Traders and Entrepreneurs Society (KSTLS), Ecumenical Loans Fund (ECLOF) and Vintage Management (Jilcgeemce Trust). The Kenya Post Office Savings Bank (KPSOB) and KWFT that focuses on women in MSFs segment, are the main players in the Mi l sector.

To enhance and strengthening the capacity of women lending MFIs services to deliver market-led solutions WWB the leading global network of 55 microfinance providers and banks was established in 1975 to work within 30 countries to bring Financial products and services to low-income entrepreneurs, especially women. The network serves over 23 million micro-entrepreneurs, 75% being women clients served by WWB core network. Three global development bodies clearly set out a strategy to lap into the women in the SME sector, through women based MFIs in Kenya.

The African Development Bank (AfDB) and the International Labour Organization have jointly created a S10 million guarantee scheme called Growth-Oriented Women Entrepreneurs (GOWE), with the AIDB and IFC managing the operation. GOWE is intended to help about 400 women entrepreneurs in Kenya and other parts of Africa to secure access to Financing by 2011. For prospective borrowers to qualify, their businesses must be at least two years old and show potential for growth. Those who are approved can borrow between $20,000 and $400,000, but are expected to raise 20% of the expansion costs on their own. The loan disbursed through financial institution such as K-REP, CFC bank and commercial bank of Africa.

An appreciation of gender issues is therefore important when seeking to provide access to finance for all in Africa. There are four main reasons why gender matters. First, women own the majority of businesses in the informal sector in African countries and also play a major role in farming systems in Africa. Second, within households in many countries income
generated by women is more directly related to the nutritional intake of the family. Third, the ability of women to formalize and grow their businesses, to create jobs, and to enhance productivity is hampered where legal and institutional barriers exist that affect men’s and women’s enterprises differently. Fourth, there is evidence to indicate that gender disparities—inequality in education as well as unequal access to land and productive inputs—not only disadvantage women but also reduce the growth potential of the region as a whole.

The existence of gender-related barriers can thwart the economic potential of women as entrepreneurs and workers, and such barriers have an adverse impact on enterprise development (Bardasi 2006). Microfinance has the potential to empower women economically. Consequently, addressing gender specific barriers to entrepreneurship and leveraging the full participation of both men and women in the development of Africa’s private sector represent a significant opportunity to unleash Africa’s productive potential and to strengthen economic growth. At the high end, the rise of women in high positions needs to be further promoted.

1.1 Women in the SME Sector

In 1999, there were 612,848 women entrepreneurs (SMEs) in Kenya. Women were more likely to be operating in the trade sector (75 per cent), and were more dominate than men in leather and textiles (accounting for 67 percent of total SMEs in that sector), retail (accounting for 56 per cent of total SMEs in that sector), entertainment (accounting for 55 per cent of total SMEs in that sector) and other manufacturing (accounting for 68 per cent of the total SMEs in that sector). Women are less likely than men to employ others in their enterprises. The average number of employees in female-owned SMEs is 1.54 versus 2.1 for male-owned SMEs. In SMEs owned by women, about 86 per cent of the workers are the owner operators; only four per cent of their workers are hired; the remainder is made up of either family members or apprentices. In SMEs owned by men, these percentages are 68. Thus, 60 per cent of total SMEs employment is accounted for by male-owned enterprises (1,414,650 workers) and only 40 per cent by women SMEs (946,600 workers) (CBS/ICEG/KRF.P 1999).

The role and status of women in Kenyan society has increasingly come to the focus of academic scholars. The plight of fostering women entrepreneurship and women entrepreneur
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The role and status of women in Kenyan society has increasingly come to the focus of academic scholars. The plight of fostering women entrepreneurship and women entrepreneur
role in economic development evolved in early 1970s through the International Labour Organisation Report on Informal Sector (Gobeli and Seville, 1989). The attention on women’s roles focused in particular on how women served development aims. It is noted that the disciplines of Women in Development (WID) and Gender and Development (GAD) grew through the 1980s and 1990s respectively, and within these disciplines there were those focusing on fostering women entrepreneurship and Micro and Small Enterprise development. International Labour Organization (ILO) identified women’s importance within the Micro and Small Enterprise sector in developing as well as developed countries. Women who have economic empowerment gain respect from their families as they are able to contribute towards the households’ income (Rukunga, 1999). They can be involved in decision making, are able to purchase some assets, which give them same level of confidence and security.

The African Development Bank (AfDB) has taken an important step in furthering the understanding of the needs of African women in small and medium enterprises (SMEs). Fostering women’s entrepreneurship development is crucial for the achievement of Africa’s broader development objectives, including poverty reduction and economic development. Women entrepreneurs are playing an increasing role in diversifying production and services operations but do not aspire to grow. Usually, successful businesswomen are sometimes reluctant to expand their businesses to the size and scope necessary to begin exporting; the reason partly is argued to be the lack of appropriate responses by some micro finance institutions to the unique needs of the emerging sector of the women entrepreneurs.

Micro finance institutions program especially those that are using solidarity or group based delivery methodology been of benefit among their women members. They have been considered an important anti-poverty reduction tool and play an important role in support of women enterprises. Micro Finance institutions give the women access to financial services, protecting and empowering her through choices that mitigate her from risks (McMahon and Holmes, 1991). Lately, the commercial banks are responding to the growth of the women entrepreneur by developing sector products such as the ‘racc loan’ by Kenya Commercial bank and the ‘growth oriented women enterprise loan’ (GOWli) launched in November 2006, financed by the African Development Bank, managed by IFC and dispersed through commercial banks such as commercial bank of Africa, CFC and equity bank. The
cooperative bunk has a micro finance unit with a financial support of up to 4110 US S. Commercials banks in the past believed that loans given to women do not justify the amount of paperwork or time involved to processing loans. According to McMahon and Holmes (1991) products are termed to be expensive and the process of acquiring the loan is intimidating to the woman entrepreneur.

1.2 Statement of the Problem

The Millennium Development Goals were set forth with a goal to cut extreme poverty in half by the year 2015. Microfinance can be such a tool. Sachs declared that microfinance is one of the institutions that can play a really nice role, alongside health and agriculture initiatives, once the basic infrastructure is in place. Over the years micro Finance has evolved as revolutionary economic development approach intended to benefit the low income businesses by providing a variety of financial services on market driven and commercial approaches (Christen, 1997). lie is of the view that micro credit can provide the opportunities necessary to build capacity in less developed countries. Kenya Microfinance industry is one of the oldest and most established in Africa. ITic Micro - credit programs have developed over time and succeeded in accessing financial services to the low income, including women entrepreneurs whilst achieving high repayment rates. The MFIs are facing competition from the commercial banks and a rapidly changing business environment. Iliere is need for the MFIs to implementing strategies that permit quick reconfiguration und redeployment of assets to deal with environmental change. Lessard (1990), indicate that the challenges faced by a company can be from economic, political, legal, social and cultural factors.

The role and status of women in Kenyan society has increasingly come to the focus of academic scholars though their contribution to economic development has not been adequately highlighted (GoK, 2003). The plight of fostering women entreprenurship and women entrepreneur role in economic development evolved in early 1970s through the International Labour Organisation Report on Informal Sector (Gobeli and Seville. 1989). Fostering women’s entreprenurship development is crucial for the achievement of Kenya's broader development objectives, including poverty reJuction and economic development. Though women are often regarded as the ideal clients for the microfinance institutions (MFIs), the actual impact of microfinance loans to women entrepreneurs has been based on
assumptions. Inadequate systematic studies have been carried out on micro credit loans 
directed to women entrepreneurs in Kenya.

Several studies have been carried out in Kenya, addressing the impact of MFIs on economic 
of MFIs while Belt 2005 focused on differentiation strategy by MFIs for competitive 
advantage. Lengewa (2003) studied competitive strategies. However the literature cited 
above indicates that there has been no study focusing on the responses by micro finance 
institutions to the opportunities presented by the emerging women entrepreneurship in 
Kenya. The changes led to the question: What are the responses by the microfinance 
institutions to the opportunities presented by the emerging women entrepreneurship in 
Kenya?

1.4 Objective of the Study

The primary objective is the research Topic: Responses by microfinance institutions to the 
opportunities presented by the emerging women entrepreneurs in Kenya.

i. To establish MFIs responses to the development of women entrepreneurship in Kenya

ii. To establish factors influencing MFIs response to women entrepreneurs in Kenya

1.4.1 The Significance of the Study

The proposed research proposal work will be useful as a reference to building strategic 
responses in the MFIs and thus appreciate the need for comprehensive strategy. A firm's 
relative position within its industry determines whether a firm's profitability is above or 
below the industry average. The fundamental basis of above average profitability in the long 
run is appropriate strategic response. The study will create a body of knowledge that will 
assist the MFIs understand the impact of the responses towards their competitiveness in the 
sector that serves women entrepreneurs. They will gain insights that will enable them 
develop market led responses that focus on the needs of this sector.

The study will attempt to explain the strategies that MFIs adopt towards women 
entrepreneurship in Micro and Small Enterprise and provide an analysis on the factors that 
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The study will attempt to explain the strategies that MFIs adopt towards women entrepreneurship in Micro and Small Enterprise and provide an analysis on the factors that influence these responses. This information will be of critical importance since it will
contribute additional knowledge on suitable strategic responses to enable sustainable growth of the MFIs women enterprises clientele.

This study will help policy makers and MFIs in the formulation of appropriate policies that consider women as critical contributors to the country. Policy interventions and strategies that are gender sensitive should be developed to enhance growth and give an indication of how women beneficiaries use these loans to enhance their living standards. This study serves as a revelation for all MFIs in designing and implementing effective products directed to women entrepreneurs. Other researchers will also benefit from this study as it opens up new areas for research. This includes a research on sustainable competitive advantage in the MSFs industry, as well as strategic advantage.
2.1 Microfinance

Ledger Wood (1998) defines Micro Finance as the provision of financial services to low income clients, including self employed where financial services include savings and credit but also acknowledges that this would be extended to Micro Insurance Payment Services. Microfinance is a term describing small savings and loans institutions or programs. In recent years, microfinance has gained popularity as a possible solution to solving poverty problem. The United Nations Capital Development Fund estimated that there are 7,000 Microfinance Institutes lending to over 16 million people while the market for microfinance may be as large as 100 to 500 million people worldwide. Institutions that practice microfinance generally aim to fill in the gap between commercial banks who lend to the wealthy or middle class and money lenders who lend to the poor at exorbitant interest rates. Many of the small scale entrepreneurs who lack credit and collateral have no access to financial markets, although they could benefit greatly from savings, investment and loans.

Microfinance has also been targeted as one of the few successful kinds of programs for developing countries. Recently, Muhammad Yunus won the Nobel Peace Prize jointly with the Grameen Bank, widely recognised as one of the first microfinance banks established (NYT, 2006). Ledger acknowledges that Micro Finance Institution also offers social intermediation services such as group formation, development and training in finance literacy and management capabilities among members of a group. According to the studies conducted by Mugwanga (1999), Wright and Adondo (2001) Micro Finance activities usually involve small loans, typically for working capital, informal appraisal of borrowers investments, collateral substitutes such as group guarantees, compulsory savings, access to repeal and larger loans based on repayment performance.
2.2 Factor Influencing Strategic IU>

According to Thomson (1977) the competitive environment has been and continues to be driven by technological innovations, globalization, and competition, extreme emphasis on price, quality and customer satisfaction. As a result, organizations must continuously create and innovate in order to stay relevant and be successful. According to Miller (1998), organizations exist in a complex commercial, economic, political, technological, cultural and social environment. These environmental changes are more complex to some organizations than for others. For survival, an organization must maintain a strategic fit with the environment. The environment is important and an organization has to respond to its dynamism, heterogeneity, instability and uncertainty.

Sauvc, (2002) notes that, the environment is a critical factor for any organization's survival and success. It should be seen as a biosphere in which individuals and organizations live over the long term and as a community project in which to be actively involved. It is a resource to be managed and to be shared, hence the need to effectively manage the value chain system and establish collaborations, partnerships and to get involved in social responsibility to enrich this resource and enhance the corporate image of the organization.

It is imperative that managers apply critical investigation into the realities of the changing environment of this millennium through enlightened diagnosis of the problems it poses. The political and economic environment for example, can influence the lifestyles and the health of the people. This same environment should also be seen as a system, which calls for profound understanding in order to improve decision-making and to recognize the links between the past, present, and the future and between local and global matters. This necessitates that strategic managers therefore, view the environment in all its context and perspective and understand the concept of strategic management.

The four possible corporate strategies are; market penetration, product development, market development and diversification as strategies that managers could consider as ways to grow the business via existing and/or new products, in existing and/or new markets. However, he points out that a diversification strategy stands apart from the other three strategies. The first
three strategies are usually pursued with the same technical, financial, and merchandising resources used for the original product line, whereas diversification usually requires a company to acquire new skills, new techniques and new facilities. Therefore, diversification is meant to be the riskiest of the four strategies to pursue for a firm. According to him, diversification is a form of growth marketing strategy for a company. It seeks to increase profitability through greater sales volume obtained from new products and new markets. Diversification can occur either at the business unit or at the corporate level. At the business unit level, it is most likely to expand into a new segment of an industry in which the business is already in. At the corporate level, it is generally entering a promising business outside of the scope of the existing business unit (Ansoff, 1980).

The company's corporate strategy should help in the process of establishing a distinctive competence and competitive advantage at the business level. There is a very important link between corporate-level and business level. According to Johnson and Scholes (2002), corporate level responses is the first level of strategy at the top of the organization, which is concerned with the overall purpose and scope of the organization to meet the expectations of owners or major stakeholders and add value to different parts of the enterprise. This includes issues of geographical coverage, diversity of product/services or business units and how resources are to be allocated between the different parts of the organization.

According to Hill and Jones (1999), argue that focus strategy concentrates on serving particular market niche, which can be defined geographically, type of customer or by segment of the product line. It differs from the first two because it is directed towards serving the needs of a limited customer group or a segment. Hence the company is specialized in some way. A focus strategy provides an opportunity for an entrepreneur to find and then exploit the gap in the market by developing an innovate product that a customer cannot do without. The company has enormous opportunity to develop its own niche and compete against low-cost and differentiated enterprises which tend to be larger. It differs from corporate strategy in that whereas corporate strategy involves decisions about the entire organization, strategic decision under the business units are basically concerned with how customers' or clients' needs can best be met. According to Johnson and Scholes (2002) "Business unit strategy is about how to compete successfully in particular markets".
2.3 Organization and Environment Changes

The concept of the inter-dependence of the organisation and the environment is useful in understanding how decision making is constrained by the environment. The organizations can either react or respond to the environment. The strategy they use, determines how competitive they remain in their sector. While it is more common to view organizations as self-directed, making strategic decisions and vigorously pursuing courses of action, the concept of dependence suggests that organizations are partly directed by elements in their environment. Organizations formulate their own actions in response to the demands placed upon them by other Organizations (Pfeffer and Salancik, 1978)

The environment encapsulates many different influences such as the micro environment, analyzed through the PESTEL frame work. Each of these factors individually would call for a considered response from the industry, but taken together they represent a fundamental change in the market environment (Smith 2002). Business environment can help or hinder the organizations competitiveness and performance. Thwaites and Glaister (1992) argue that for an organization to succeed in an industry, it must select a mode of strategic behaviour that matches the level of environmental turbulence and develop a resource capability which complements the chosen mode. They identify three distinct modes of strategic behaviour. The first mode is reactive and driven by the environment and the second mode is pre-emptive and seeks to anticipate future events and prepare for them. The third mode is the most aggressive stance where organizations not only seek to identify future scenarios but also work to bring these about.

2.4 Strategic Responses

Pearce and Robinson (1991) define strategic response as the set of decisions and actions that result in the formulation and implementation of plans designed to achieve a firm's objectives. Mpungu (2005) sees it as a reaction to what is happening to the environment of the organization. Aosa (1992) asserts that modern approach to strategic planning has developed as a response to increasing challenges caused by high levels of environmental turbulence. When firms are faced with unfamiliar changes, they should revise their strategies to match the turbulence level (Ansoft and MasDonnel, 1990). Some of the
strategic responses firms uses in different competitive situations are the generic strategies reviewed below.

2.4.1 Organic Responses

The organization responds by allocating resources and capability in a way that permits the business to produce at lower cost, generate superior and differentiated products at standard costs, focus on certain market segments or differentiate versus legitimacy (Johnson and Scholcs, 2002). Superior performance will also be determined by the way in which resources are deployed to create competencies in the organizations activities. The core competencies will be the activities and processes that critically underpin the organization competitive advantage. Competencies create and sustain the ability to ince the critical success factors of a particular customer group better than other providers in a way that is difficult to imitate (Johnson and Scholcs, 2002).

2.4.2 Operational Responses

Operational issues are mostly concerned with certain broad policies and policies for utilizing the resources of a firm to the best suppon of its long term competitive strategy. Schendel and Holer (1979) point ou that different response, despite perception of the same challenges, may be due to differences in a firm's resources or capacities. Another possible reason for the difference in strategic responses that are found is the level of organizational slack. Slack is defined as the differences between the resources available to the organization and the total requirements of the members of the organizational coalition.

According to Johnson and Scholcs (2002), operational strategies are concerned with how parts of an organization deliver effectively the corporate and business level strategies in terms of resources, process and people. Companies adopt strategies directed at improving, the effectiveness of basic operations within the company, such as production, marketing, materials management research and development, and human resources. Even though strategies may be focused on a given function, as often as not they embrace two or more functions and require close cooperation among functions to attain company-wide efficiency, quality innovation, arac customer responsiveness goals.
2.4.3 Market and Product Responses

In 1965, Ansoff proposed a matrix of four business strategies that organization can consider as directions to respond to the environment- market penetration or market development, product development or diversification. Michael porter (1980) introduced thegeneric strategies of cost leadership, differentiation and focus. Porter believes that there are two basic types of competitive advantage a firm can possesses which are low cost or differentiation which combines with the scope of the firms operations (range of market segments targeted ) to produce three generic strategies for achieving above average performance.

Ansoffs Business Strategy Model

Firm can adopt various growth strategies such as market development, market penetration, and product development, related or unrelated diversification. Scholars such as AnsolThavc developed tools that have been used by businesses to focus their growth strategies. AnsofTs growth strategy matrix was first published in the Harvard Business Review in 1957 and remains a popular tool for analyzing growth. It is a strategic grid that can help firms identify their future strategic direction, and is often used when firms are planning for growth. AnsofTs Matrix categorizes four separate strategies, but importantly also emphasizes the degree of risk of each approach. To portray alternative corporate growth strategies, Ansoff presented a matrix that focused on the firm's present and potential products and markets (customers) as shown below.

Table 2.1: Product Matrix

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By considering growth via existing products and new products, and in existing markets and new markets, four possible product-market combinations from Ansoffs matrix presents four
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By considering growth via existing products and new products, and in existing markets and new markets, four possible product-market combinations from Ansoff's matrix present four
main strategic choices - Market penetration, Market development, Product development and Diversification.

Market Penetration Strategy of penetrating more deeply into the same market with the same product. The women entrepreneurship sector is largely untapped by the MFIs, creating an opportunity to focus on gaining a larger market share in the same market and with the same products. There is an untapped potential to increase sales in the same market and MFI can persuade the women entrepreneurs to use their product more regularly, switch from a competitor, or encourage them to start using their services as opposed to those of the competitors. Lancaster (1988) stated that Market Penetration is a strategy of expanding sales based on existing products in existing markets by promoting and pushing harder onto the same target customer group. In this cell, the products remain unchanged and no new customer segments are pursued. Instead, the company repositions the brand, launches new promotions or otherwise tries to gain market share and accordingly, increase revenue (Kotler, 2000).

There is increased product availability and awareness by encouraging current customers to use more of the MFI services period, attracting competitor's customers, and convincing non-customers to become customers. This strategy is easiest to pursue in the introduction and growth stages of an industry, as all competitors can grow together and the perceived level of rivalry is low. At the mature and decline stages, however, continued growth comes through taking a share from competitors (Kotler, 2000).

This strategy has been used by many MFIs since it is very cost effective and also requires the least amount of finance for expansion. The resources needed would be for creating product/service awareness to appeal to and then persuade customers to use or switch. Johnson and Scholes (2002) argue that this strategy is the least risky since it leverages many of the firm's existing resources and capabilities. In a growing market, simply maintaining market share will result in growth, and there may exist opportunities to increase market share if competitors reach capacity limits. The choice of the growth strategy will be based on the growth of present market, strength of competition, ability to increase volume sales, ability to customers to consume of the product and more frequently and strength of brand awareness.
Fgan & Thomas (1998), advance that brand building is one way of achieving greater penetration of existing markets with existing products. Brand building can be achieved by such means as improved quality, better communication and positioning, providing consistently high level of brand investment rather than making short-term out backs. Brand loyalty is the key to market penetration hence the branding drive has to be intense. In the case that the focus market is at the growth stage "natural" market growth strategy can be of advantage. In static or declining markets, a market penetration strategy can be achieved by increasing market share at the expense of competitors.

Market development strategy involves the firm moving into new segments of the same market, or even into entirely new markets posing a greater degree of risk. In the new segment of the same market the firm may not have the same understanding, knowledge and experience of the new segment / market. Intense research is required to guide decision making. Firms need to careful analyze the potential of the new segments and their capabilities to distribute to new geographical locations (towns, regions or countries) or possibilities of utilization of unused distribution channels before they venture. According to Pearcc and Robinson (2001). Market development consists of marketing present products to customers in related areas. These customers could present untapped verticals, virgin geographic or other new opportunities.

The company targets new geographic areas, domestically and internationally, identifying potential new customer groups, seeking additional distribution channels and developing new locations both domestic and abroad. Doyle (199-1) advanced that the market development strategy consists of marketing present products, often with only cosmetic modifications to customers or related market areas by adding different channels of distribution by changing the content of advertising or the promotional media. Several specific approaches arc: opening additional geographic markets (regional expansion, national expansion and international expansion) attracting other market segments (developing product).

Product Development Strategy success in developing new product and marketing them to the existing customers will be determined by how the customer have elated and associated with the existing brands. The firm can develop totally new products, add new features to the existing product giving extra benefits based on new features or expand the product line.
New products can be the motor for increased sales and market share. According to Pearce and Robinson (2001), this strategy involves marketing new products to existing customers. The company grows by innovating, gradually replacing old products with new ones; the firm develops potential new products based on customer wants and needs through new product technologies and developing different product quality levels.

A similar strategy may be appropriate if the firm's strengths are related to its specific customers rather than to the specific product itself. Similar to the ease of new market development, new product development carries more risk than simply attempting to increase market share (Gultinan and Madden, 1997). Ligan and Thomas (1998) stated that loyal customers are return customers and therefore are very valuable to the business. Many could be very receptive to new products produced by the business. Thompson and Strickland (2001) advance that when product life cycles are short, as with software or consumer electronics, product development becomes an essential requirement of an organization's strategy. Product development involves substantial modification of existing products or creation of new but related items that can be marketed to current customers through established channels. The product development strategy is often adopted either to prolong the life cycle of current products or take advantage of favorable reputation and brand name. The idea is to attract satisfied customers to new products as a result of their positive experience with the company's initial offering. Some of the many specific options available to business undertaking product development are developing new product features, developing quality variations and Doyle (1994).

Diversification involves the development of new products for new markets and consequently is the most risky of the four options. Johnson and Scholes (2002) define diversification as a strategy which takes the organization away from its current market or product or competencies. Adapting this strategy entails taking the greatest risk; here, the company markets new products to new customers (Gultinan and Madden, 1997).

Diversification has several advantages such as the potential to gain a share in an attractive industry and reduction of overall business portfolio risk. The determinate of the choice of this strategy will depend on the situation of the market, the business' cash reserves and the skills of staff to take on new product lines. Kotler (2000) state that diversification growth makes
sense when good opportunities can be found outside the present. A good opportunity is one in which the industry is highly attractive and the company has the mix of business strengths to be successful. According to Doyle (1994), it is the most risky of the four growth strategies since it requires both product and market development and may be outside the core competencies of the firm. This quadrant of the matrix has been referred to by some people as the "suicide cell". However, diversification may be a reasonable choice if the high risk is compensated by the chance of a high return on investment.

Lancaster and Massingharry, (1988) postulated that diversification can take a number of forms; for example a company might choose to diversify into new products markets by moving through the channel of production and distribution. Alternatively, the diversification may be into an entirely unrelated form of business activity. Different routes can achieve diversification. Internally, by the firm developing a new activity or externally, by the firm acquiring another firm whose activities are distinctive from its existing activity. Internal diversification may involve the firm using its technological expertise to develop products, which take it into new areas of activity in sectors that are growing such as the IT. Or it could involve a firm exploiting its "brand name" to enter new activities as when Marks and Spencer moved into financial services. Diversification may also involve internationalization; so many diversified firms are also international in scope (Schulz. 1999).

Related diversification is strategy development beyond current products and markets, but within the value system or 'industry' in which the company operates. For example, Unilever is a diversified corporation, but virtually all of its interests are in the fast-moving consumer goods industry. Vertical integration involves either backward or forward integration into adjacent activities which are concerned with the inputs into the company's current business such as investing in critical inputs for the manufacturing industry such as raw materials; machinery and labor. Forward integration refers to development into activities that are concerned with a company's outputs, such as transport, distribution, repairs and servicing (Johnson and Scholes, 2002).

According to Thompson and Strickland (2001), horizontal integration, which is also a related diversification, deals with development into activities that are competitive with or complementary to, a company's present activities. According to Kotler (2000), Unrelated
Diversification also referred to as Conglomerate is diversifying into a completely different industry. The principal and often sole concern of the acquiring firm is profit pattern of the venture. There is little concern given to creating product/market synergy with existing business (Pearce and Robinson, 2001),

Porters Generic Strategies

Differentiation strategy seeks to provide products or services unique or different from those of the competitors in terms of the dimensions widely valued by buyers. The aim of this strategy is to achieve higher market value than the competitors by offering better products at the same price or enhance margins. Organization can different through products, service offering, trained and highly skilled staff, brand image or cost leadership or focus. Aaker (1991) come up with five key product differentiation features. Conformance, quality, durability, reliability and repairability. High conformance quality reflects the degree to which all the products units are identical and meet the promised specifications. Durability - Measure of the products expected operating life under natural circumstances or stressful conditions. Reliability - reflect how buyers perceive the product to be reliable Buyers normally pay more for-reliability while repairability measures the ease of fixing the product. Augmented service Differentiation is achieved through adding valued services and improving their through ordering ease, delivery, installations, maintenance, customer training and consulting.

Personal differentiation is achieved through better and customer sensitive staff, for example Singapore airways have used their personal as o key differentiator from other airlines. Channel differentiation: According to Roller (2001) companies can achieve competition advantage by the way they design their distribution channel overage, expertise & performance. According to Borden (1965) buyers respond differently to companies and brand image. Image differentiation establishes the products character and value proposition in a way that conveys this character in a distinctive manner e.g. IBM means services and all the symbols associated with it reflect service. In the area of price as a differentiator there exists two divergent views. Aaker (1982) believed that price is a component within the mix with equal differentiation capabilities such as target, product, service and image.
Cost leadership strategy combines low price, low perceived added value and a focus on a price sensitive market segment. This is viable when there are segments of the market which whilst recognizing the quality of the product might be low cannot choose or chooses not to buy the better quality. To succeed in this strategy, MIs can focus on a market that is unattractive to the competitors in a way that evades the competition pressure to erode price and ensuring a low cost base. For example, some of the MFIs focus on providing small amounts of daily loans only to the micro sector, which most of the others feel involves a tedious process and carries a high risk.

Focused Differentiation seeks to provide high perceived value justifying a substantial price premium usually to a select market segment while hybrid strategy seeks to simultaneously achieve differentiation and a price lower than that of competitors.

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2.4.4 Structural Responses

According to Johnson and scholes (2000) methods of strategic development can be dived into three types, internal development, acquisition (or disposal) and joint development. Internal development is where strategies are developed by building an organizations own resource base and competencies (Organic development). This has been a primary based for strategic development in most of the organizations. For example business may choose to develop their own products themselves especially where the products are highly technical or they may chose to work with their own sales people instead of using agents in new markets where they
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have a strong sales force. The advantage of internal development is that the business avoids the traumatic political environments and cultural problems associated with mergers.

A great challenge lies within the MFIs in formulating strategies to help it reach massive scale. Current figures suggest that only 4 percent of market demand is being met and the traditional microfinance institutional model (private nonprofit, nongovernmental organization) has shown significant constraints to scalability. Adopting the organic development strategies can enhance the competitive advantage of these institutions (Dctt 2005). Acquisition is where the business develops its resources and competencies by taking over another organizations selectively based on the industry sector. Acquisition gives the company an advantage to enter in markets or acquire new product lines.

A joint development is where two or more organizations share resources and activities to pursue a strategy. To remain competitive organizations have seen the need to cooperate and share skills, innovation, finances and access to markets. Alliance will vary from simple partnerships created to coproduce or one multiple partnerships created to provide complex products and solutions. They are therefore created to exploit new opportunities or to explore new possibilities.

According to Johnson and schools (2000) there are different types of alliance such as joint venture, an arrangement where an organization remains independent but sets up a newly created organization jointly owned by parent companies, consortia which involves two or more companies in a joint venture arrangement or opportunistic alliance. MFIs in Kenya have choices joint venture as strategic directions. For example Equity Bank Limited; in partnership with the UN Development Programme (UNDP) set up a fund to provide S81 million in loans exclusively to women while K-RF.P bank has partnered with UNDP for provide financing service to the low income. CFC bank, commercial bank of African and K-RF.P have also partnered to with IFC and African development bank to provides loans to women through a partially guaranteed loan programc.

2.4.5 Technological Responses

Technology today has created a global customer, whose needs are constantly changing. The organizations have to continuously innovate their products to meet the needs of the global customer in order to remain competitive. Aosa (1992) noted that industries are responding to
a customer's demand by becoming more innovative in their new ways of approaching the changing environment. They adopt strategies such as improved customer services, credit facilities, post-paid cards and provision of convenience goods and services.

With the growth of technology-based opportunities to enhance service standards and delivery processes, technology has to be an important part of any forward-thinking MH’s strategy. MFIs should therefore constantly examine options for technology-based solutions but subject them all to rigorous cost-benefit and risk analysis. Furthermore, in many countries - particularly in rural areas, infrastructure issues need careful assessment since unreliable electrical supplies, high levels of dust or problems with availability of spare parts or rapid-response maintenance capability can turn a technology-based dream into a nightmare. That said, effective computerization could significantly increase the speed and efficiency of processing transactions and of generating financial reports and management information.

2.4.6 Cultural Responses

Cultural social culture, according to Bartol and Martin (1991), is the element of the environment that includes attitudes, values, norms and beliefs. These in turn affect how people act and behave. Campbell et al. (2002) pointed out that culture can affect consumer tastes and preferences, attitudes to work, attitudes to education and training, attitudes to corruption and ethics, attitudes to credit as well as attitude to the social role of business in society.

The demographic element is an important element in the environment. Demography can be defined as the social science concerned with the charting of the size and structure of population of people. The size of the population will obviously be a determinant of the size of workforce and potential size of the markets.

The social structure is another critical element that impacts greatly onto organizations. It refers to the social groups organized in the population. Social structure can be defined by groupings such as age, sex, location and population density. The social structure affects peoples' ways of life, expectations, tastes and preferences and also their attitudes towards work.

Since socio-demographic aspects are subject to change, it is important for management to monitor trends that might offer new opportunities or pose significant threats to the organizations. Pearce and Robinson (1997) further stated that social cultural factors that have
an impact on an organizations' performance include population demographics, income distribution, social mobility, education beliefs, values, culture, attitude to work and leisure.

A study conducted on Socio-cultural factors affecting women entrepreneurs investment patterns, indicated that many women are not aware of Credit sources and Procedures. The study by (Njcru and Njoka 1998), revealed that among the following Socio-cultural factors; Education, marital status and age have been influencing access to business credit and its performance. The study revealed that credit giving organizations tended to assist relatively well oil women, lack of collateral was attributed to be 71.5 % reason for lack of access to credit. most women relied on husbands for start-up capital especially for married women (55.5%), while low levels of education and illiteracy led to ignorance among the women about business opportunities, credit access and business management.

Ansoff, (1965) emphasizes that if a company becomes self-serving and fail to consider the environment it is operating in, it soon loses track and direction and dies. He believed long-term profitability results from commitment to understanding the political and social fabric of a community.

2.4.7 Leadership Response

Changes in the competitive markets of the have made the need for effective business strategies a key for organizational success. The reality of doing business today is that, for many firms, a new leadership paradigm is emerging, not only on the operational front, but also with respect to strategic management processes. Simply put, a new set of leadership skills is needed for today's business. "Leadership Skills for Strategy Implementation" is designed to help examine how strategic management processes must be developed to effectively compete in the difficult markets of the 1990's. Any entrepreneur or CEO who has tried to implement strategy will agree. Strategy formulation requires managerial skills that are different from strategy execution. Successful strategy formulation requires business sense, shrewd industry and competitive analysis. On the other hand successful strategy implementation requires strong leadership, proper resource allocation, business processes and policies that support the strategy and a very high level of focus. It is an operations activity.

Companies have to try and overcome organizational inertia by overcoming barriers to change. This is achieved by identifying barriers to change and implementing changes, litis
requires good leadership, judicious use of power and appropriate changes in organizational structure and control systems.

The Strengths of the groups include availability of the members to attend the meetings regularly, knowing each other well as they are friends, neighbours or relatives. Some of the weaknesses within the groups are; lack of knowledge on financial management, lack of bank accounts, lack of regular income and lack of leadership skills by the leaders. In the external environment, threats are in form of competition from microfinance institutions, banks, religious organizations and government legislation.
CHAPTER THREE: RESEARCH METHODOLOGY

3.0 Introduction

The chapter outlines the overall methodology used in the study. This includes the research design, population of the study, sample size, sample frame, data collection methods, research procedures and data analysis and presentation.

3.1 Research Design

The research used descriptive survey method to assist meet the objectives of the study. Mugenda and Mugenda, (1999) the descriptive survey is a method, which produces graphs and pic charts according to the response that we got from the Mil’s. I"he descriptive survey method collected data from the population and helped the researcher to get the descriptive existing phenomena by asking individuals about their perceptions, attitudes, behaviour or values.

3.2 Population

A population is an entire group of characters, events or objects having common characteristics that conform to a given specification (Mugenda & Mugenda, 2003). According to Sanders (2003) the population is the full set of cases from which a sample will be taken. The population of interest consisted of all the 30 MFI’s in Nairobi. Census was done for the whole population, and the feedback was drawn from 25 Mi l’s.

3.3 Data collection

The primary data was collected through a questionnaire (the key data collection instruments) that were administered to respondents on a ‘drop and pick later’ basis and personal interviews of the respondents where possible, lite questionnaire aimed at collecting information about the factors affecting women in small scale business. Both open-ended and closed-end questions were employed in the questionnaires.

3.4 Data Analysis

The research was both quantitative and qualitative in nature. This implies that both descriptive statistics and inferential statistics were employed. The data was then coded to enable the responses to be grouped into categories, the questionnaire was coded in respect to
questions for ease of electronic data processing prior to the commencement of the fieldwork. After tabulation, the data was entered to facilitate statistical analysis.

The Statistical Package for Social Sciences (SPSS) computer package was used analyze the data. Descriptive statistics such as means, standard deviation and frequency distribution enabled the researcher to meaningfully describe the distribution of measurements. In Part one of the questionnaires which contain background information, analysis as carried out using frequency and percentage. Part two of the questionnaire rank ordering was used to help the researcher rank different attributes/variables in the order of their representation to partly address both objectives of the study. Data collected using rating scales, such as the Likert scale, was analyzed by mean scores to address the second objective of the study.
4.1 Introduction
This chapter documents and presents the analysis on the Microfinance Institutions (MFIs) responses to the challenges facing the women entrepreneurs.

4.2 Background Information

4.2.1 Year of MFI Establishment
This section of the study sought to establish the year of MFI establishment. The responses were contained in figure 4.1.

**Figure 4.1: Year of MFI Establishment**

<table>
<thead>
<tr>
<th>Years</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over 15 years</td>
<td>16%</td>
</tr>
<tr>
<td>10-15 years</td>
<td>36%</td>
</tr>
<tr>
<td>5-10 years</td>
<td>28%</td>
</tr>
<tr>
<td>5 years and below</td>
<td>20%</td>
</tr>
</tbody>
</table>

Figure 4.1 reveals that the majority of the respondents, 36% admitted that their MFI was established between 10 and 15 years. This was followed by 28% whose MFI was aged between 5 and 10 years old. The MFIs that had not been in the market for long; less than five years constituted 20%, whereas the minority, 16% were the eldest MFIs aged between over 15 years. The researcher concentrated much on the MFIs that had been in business for a significant duration of time since it was presumed they had sufficient experience.
4.2.2 MFI Branches

The respondents were asked to state the number of branches their MFI had. The responses are shown in Figure 4.2.

**Figure 4.2: MFI Branches**

![Bar chart showing branch distribution among MFIs.](image)

Figure 4.2 shows that majority of the MFIs, 32% had a few number of branches, less than five. However, 28% of the respondents indicated that their MFIs had many number of branches, more than fifteen. Twenty four percent stated that their MFIs had between five and ten branches, whereas the minority, 16% indicated that their MFIs had between ten and fifteen branches. The number of branches in MFIs depicts the financial stability in the turbulent and competitive business environment.
4.2.3 Branch Network Distribution

The MIT branch network distribution determines the ease of access by women entrepreneurs to the services offered. This section of the study sought to establish the branch network distribution of the MFIs. The findings were as presented in figure 4.3.

**Figure 4.3: Branch Network Distribution**

![Branch Network Distribution](image)

Figure 4.3 reveals that MFIs need to carefully analyze the potential of the new segments and their capabilities to distribute their products. Nevertheless, majority of the MFIs, 44% were concentrated in the cities and the major urban areas. This could be due to the high cost of expansion or the target market being within the cities. Thirty six percent of the MFIs were sparsely geographically distributed, whereas the minority, 20% had a wide geographical distribution.

4.3 MFI Strategic Responses

The following mean score will be utilized from this section onwards. The scores "No Extent" and "Small Extent" represented descriptive tools that are regarded as "least applicable", equivalent to 1 to 2.5 on the continuous Likert scale (1< KA< 2.5). The scores of "Moderate Extent" represented descriptive tools that were regarded as moderately applicable. This was equivalent to 2.6 to 3.5 on the Likert scale (2.6< MA<3.5). The score of "large F.xtent and
very large Extent” represented descriptive tools that were regarded as extensively applicable (EA). This was equivalent to 3.6 to 5.0 on the Likert Scale \((3.6 < EA < 5.0)\).

4.3.1 Market Development Growth Strategy

The choice of the market development growth strategy usually depends on a combination of several factors. This section therefore sought to find the extent to which some variables determined the market development growth strategy adopted by MFIs.

Figure 4.4: Market Development growth strategy

Table 4.1: Market Development Growth Strategy

<table>
<thead>
<tr>
<th>Market development Growth Strategy</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open new geographical branches nationally</td>
<td>5.00</td>
<td>.000</td>
</tr>
<tr>
<td>Open new geographical branches regionally</td>
<td>4.76</td>
<td>.436</td>
</tr>
<tr>
<td>Target a new customer segment</td>
<td>3.92</td>
<td>1.470</td>
</tr>
<tr>
<td>Seek additional distribution channel</td>
<td>3.52</td>
<td>1.229</td>
</tr>
<tr>
<td>Open new geographical branches</td>
<td>2.08</td>
<td>1.187</td>
</tr>
</tbody>
</table>

From the results in table 4.1 indicated the extent to which extent to which MFIs adopted the market development growth strategy. Majority of the respondents constituting a mean of 5.00
agreed that opening new geographical branches nationally was extensively applicable. On the other hand, respondents' mean of 4.76 agreed that opening new geographical branches regionally was extensively applicable. However, minority respondents with a mean of 2.08 agreed that opening new geographical branches was least applicable, contradicting the aspect on widening branch coverage.

4.3.2 Product development Strategy

For a firm to develop a new product and effectively market it to the existing customers the customer perception to the existing brands should be positive. The respondents were asked to state the extent to which their MFI used product development as a strategy to respond to the opportunities presented by woman entrepreneurship. Ibc responses were as revealed in Figure 4.5.

Figure 4.5: Product development strategy
Table 4.2: MFI Product Development Strategy

<table>
<thead>
<tr>
<th>MFI product development strategy</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop new product targeted to existing women customers</td>
<td>5.00</td>
<td>.000</td>
</tr>
<tr>
<td>Differentiate products features for different women customers preferences</td>
<td>4.56</td>
<td>1.156</td>
</tr>
<tr>
<td>Develop products according to the needs of the women customers</td>
<td>4.30</td>
<td>1.175</td>
</tr>
<tr>
<td>Development different product quality level to suit the affordability of your customer</td>
<td>3.80</td>
<td>1.567</td>
</tr>
</tbody>
</table>

Figure 4.5 reveals that all the product development strategy that MFI Is could adopt was extensively applicable. Development of a new product targeted to existing customers and differentiation of products features for different customers preferences were each extensively applicable with the highest mean of 5.00. Meanwhile, development of products according to the needs of the customers and development of different product quality level to suit the affordability of the customer were each extensively applicable with the highest mean of 4.00.

4.3.3 MFI Diversification Strategy

This section of the study sought to establish the extent to which MFIs used diversification strategy to the opportunities presented by the women entrepreneurship. Respondents indicated the importance of these strategies as follows:
Table 4.3: MFI diversification strategy

<table>
<thead>
<tr>
<th>Diversification strategy</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying out another business related to the current MFI business</td>
<td>4.28</td>
<td>1.308</td>
</tr>
<tr>
<td>Carrying out another business unrelated to the current MFI business</td>
<td>3.28</td>
<td>1.308</td>
</tr>
</tbody>
</table>

Table 4.3 reveals that carrying out another business related to the current MFI business as a diversification strategy to the opportunities presented by women entrepreneurship was extensively applicable with a mean of 4.28. However, carrying out another business unrelated to the current MFI business as a diversification strategy to the opportunities presented by women entrepreneurship was moderately applicable with a mean of 3.28. This means that business diversification was not very feasible.

4.3.4 Market Penetration Strategy

A market penetration strategy can be achieved by a firm increasing its market share capitalizing on a competitive advantage. This section of the study sought to find out the extent to which the MFI used Market Penetration Strategy to respond to the opportunities presented by women entrepreneurship. The findings were as presented in table 4.4.

Table 4.4: Market Penetration Strategy

<table>
<thead>
<tr>
<th>Market Penetration Strategy</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identify growth opportunities in our current market by researching the region to define our market share</td>
<td>4.24</td>
<td>.436</td>
</tr>
<tr>
<td>Identify growth opportunities in our current market through increasing the user of the product</td>
<td>3.40</td>
<td>2.000</td>
</tr>
<tr>
<td>Focus on present product to gain a greater market share in the current market</td>
<td>2.84</td>
<td>1.700</td>
</tr>
</tbody>
</table>

Table 4.4 reveals that identifying growth opportunities in the current market by researching the region to define the market share was extensively applicable with a mean of 4.24. However, focusing on present products to gain a greater market share in the current market was moderately applicable with a mean of 2.84.
4.3.5 MFI Focus Generic Strategy

The respondents were asked to state the extent to which MFI used focus generic strategy. The responses were as follows;

Table 4.5: MFI Focus Generic Strategy

<table>
<thead>
<tr>
<th>Focus generic strategy</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development strategic Alliance with other partners</td>
<td>5.00</td>
<td>.000</td>
</tr>
<tr>
<td>Open new Geographical Branches</td>
<td>4.85</td>
<td>.890</td>
</tr>
<tr>
<td>Target a specific geographic market</td>
<td>3.32</td>
<td>1.819</td>
</tr>
<tr>
<td>Concentrate on main leading women customers</td>
<td>3.28</td>
<td>1.308</td>
</tr>
<tr>
<td>Target a specific sector of the women entrepreneurs</td>
<td>3.08</td>
<td>1.470</td>
</tr>
</tbody>
</table>

Table 4.5 reveals that development of strategic alliance with other partners was ranked the top most in generic strategy with the highest mean of 5.00, opening new geographical branches was extensively applicable with the a mean of 4.85. This was followed with targeting a specific geographic market which was moderately applicable with a mean of 3.32. Targeting a specific sector in the company was moderately applicable with the lowest mean of 3.08.
4.3.6 MFI Differentiation Generic Strategy

The respondents were asked to state the extent to which their MFI used differentiation Generic strategy to respond to the opportunities presented by women entrepreneurship. The responses were as shown in Table 4.6.

Table 4.6: MFI Differentiation Generic Strategy

<table>
<thead>
<tr>
<th>MFI Differentiation Generic Strategy</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop different sen-ice level that suit Women Entrepreneurs</td>
<td>4.40</td>
<td>.500</td>
</tr>
<tr>
<td>Develop gender sensitive skilled staff</td>
<td>3.88</td>
<td>1.166</td>
</tr>
<tr>
<td>Differentiate service feature according to different women Entrepreneurs needs customers preferences</td>
<td>3.88</td>
<td>1.166</td>
</tr>
<tr>
<td>Develop services according to the needs of the Women customers</td>
<td>3.68</td>
<td>1.600</td>
</tr>
<tr>
<td>Develop service targeted to existing client</td>
<td>3.20</td>
<td>1.000</td>
</tr>
</tbody>
</table>

Table 4.6 shows, a majority of the respondents sampled admitted that development of different sen-ice level that suit customers, development of skilled staff and differentiation of service features according to different customer preferences were extensively applicable differentiation generic strategies, with means of 4.40, 3.88 and 3.88 respectively. This section of the study suggests that the respondents were almost unanimous as far as the use of MFI differentiation generic strategy issue is concerned. However, development of services according to the needs of the customers was only moderately applicable, with a mean of 3.20.
4.3.7 Cost leadership generic strategy

This section of the study sought to ascertain the extent to which the MFIs used cost leadership generic strategy. Respondents indicated the extent of the importance as shown in Table 4.7.

Table 4.7: Importance of cost leadership generic strategy to MFIs

<table>
<thead>
<tr>
<th>Importance of cost leadership generic strategy to MFIs</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our organization has a culture that focused on the cost effectiveness and continuous improvement</td>
<td>5.00</td>
<td>.000</td>
</tr>
<tr>
<td>Develop organizational technology leadership</td>
<td>4.60</td>
<td>.500</td>
</tr>
<tr>
<td>Cost strategy to cope with unpredictable Government policies</td>
<td>4.20</td>
<td>1.190</td>
</tr>
<tr>
<td>Develop organization brand image to brand uniqueness</td>
<td>4.16</td>
<td>1.625</td>
</tr>
<tr>
<td>Develop the most affordable service in the industry</td>
<td>4.08</td>
<td>1.256</td>
</tr>
<tr>
<td>Low cost to attract skilled staff</td>
<td>3.88</td>
<td>1.453</td>
</tr>
<tr>
<td>Our organization has invested in technology that enhance the process to provide cost effective service</td>
<td>3.48</td>
<td>1.636</td>
</tr>
<tr>
<td>We had focused on market segments that the competitor is not most interested in to avoid Eroding price</td>
<td>3.00</td>
<td>1.291</td>
</tr>
<tr>
<td>High cost to maintain quality service</td>
<td>2.88</td>
<td>1.509</td>
</tr>
<tr>
<td>High cost to attract more customers</td>
<td>2.80</td>
<td>1.500</td>
</tr>
</tbody>
</table>

Table 4.7 shows that majority of the respondents admitted that their organization had a culture that focused on the cost effectiveness and continuous improvement; and this was extensively applicable with a mean of 5.00. This was followed by a proportion that indicated that developing organisation brand image to brand uniqueness and cost strategy to cope with unpredictable Government policies were extensively applicable with means of 4.60 and 4.20 respectively. On the other hand, focusing on market segments that the competitors were not most interested in to avoid price erosion, high cost to maintaining quality service and high cost to attracting more customers were moderately applicable, with means of 2.80, 2.88, and 3.00 in that order.
4.3.8 The extent the MFI Adopt other Strategies to Remain Competitive.

The results of this section show clearly how the MFI's have respond to women entrepreneur in Kenya. The Figure 4.6 and table 4.8 shows the results

Figure 4.6 Response by MFIs to women entrepreneurs

<table>
<thead>
<tr>
<th>Strategic Responses</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Redefining processes and policies to suit the customers</td>
<td>5.00</td>
<td>0.000</td>
</tr>
<tr>
<td>Review organization structure</td>
<td>4.76</td>
<td>0.436</td>
</tr>
<tr>
<td>Redesigning Social Cultural factors</td>
<td>3.92</td>
<td>1.470</td>
</tr>
<tr>
<td>Training staff on managerial and leadership Skills.</td>
<td>3.52</td>
<td>1.229</td>
</tr>
<tr>
<td>Outsourcing of noncore services</td>
<td>2.08</td>
<td>1.187</td>
</tr>
</tbody>
</table>

Figure 4.6 shows that majority of the MFI agreed strongly that have redefined process and polices to suit the customers at a 5.00 and reviewed their organization structure at 4.76, redesigning the social culture factors at 3.92, training staff on managerial and leadership skills was at 3.52 and the least factor was outsourcing of noncore services.
CHAPTER FIVE: DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter gives a summary of the findings as well as the conclusions gathered from analysis of data. Findings have been summarized alongside the objectives of the study; conclusions have been drawn from the study and the recommendations for actions given.

5.2 Summary of the findings

The study revealed that the majority of the respondents. 36% admitted that their MFI was established between 10 and 15 years. This was followed by 28% whose MFI was aged between 5 and 10 years old. The MFIs that had not been in the market for long; less than five years constituted 20%. whereas the minority, 16% were the eldest MFIs aged between over 15 years. Further, most MFIs. 32% had a few number of branches, less than five. Twenty eight percent of the respondents indicated that their MFIs had many number of branches, more than fifteen. The number of branches in MFIs depicts the financial stability in the turbulent and competitive business environment. On branch network distribution, majority of the MFIs. 44% were concentrated in the cities and the major urban areas. This could be due to the high cost of expansion or the target market being within the cities. Thirty six percent of the MFIs were sparsely geographically distributed, whereas the minority. 20% had a wide geographical distribution.

Majority of the respondents agreed that opening new geographical branches nationally and opening new geographical branches regionally was extensively applicable with means of 5.00 and 4.76 respectively. However, minority respondents with a mean of 2.08 admitted that opening new geographical branches was least applicable, contradicting the aspect on widening branch coverage. The study revealed that all the product development strategy that MFIs adopted was extensively applicable. Development of a new product targeted to existing customers and differentiation of products features for different customers preferences were each extensively applicable with the highest mean of 5.00. Meanwhile, development of products according to the needs of the customers and development of different product quality level to suit the affordability of the customer were each extensively applicable with the highest mean of 4.00.
The study found out that carrying out another business related to the current MFI business as a diversification strategy to the opportunities presented by women entrepreneurship was extensively applicable with a mean of 4.28. However, carrying out another business unrelated to the current MFI business as a diversification strategy to the opportunities presented by women entrepreneurship was moderately applicable with a mean of 3.28. This means that business diversification was not very feasible.

On market penetration strategy, the study found out that identifying growth opportunities in the current market by researching the region to define the market share was extensively applicable with a mean of 4.24. However, focusing on present products to gain a greater market share in the current market was moderately applicable with a mean of 2.84. The study established that opening new geographical branches as a focus generic strategy was extensively applicable with the highest mean of 5.00. Meanwhile, targeting a specific geographic market and targeting a specific sector in the company was moderately applicable with means of 3.32 and 3.08 respectively.

The study revealed that majority of the respondents admitted that development of different service level that suit customers, development of skilled staff and differentiation of service features according to different customer preferences were extensively applicable differentiation generic strategies, with means of 4.40, 3.88 and 3.88 respectively. Thus, the respondents were almost unanimous as far as the use of MFI differentiation generic strategy issue is concerned. However, development of services according to the needs of the customers was only moderately applicable, with a mean of 3.20.

The study further revealed that majority of the respondents were of the opinion that their organization had a culture that focused on the cost effectiveness and continuous improvement; and this was extensively applicable with a mean of 5.00. A proportion indicated that developing organisation brand image to brand uniqueness and cost strategy to cope with unpredictable Government policies were extensively applicable with means of 4.60 and 4.20 respectively. On the other hand, focusing on market segments that the competitors were not most interested in to avoid price erosion, high cost to maintaining quality service and high cost to attracting more customers were moderately applicable, with means of 2.80, 2.88, and 3.00 in that order.
In conclusion of the summary the study shows that majority of the MH agreed strongly that have redefined process and polices to suit the customers at a 5.00 and reviewed their organization structure at 4.76, redesigning the social culture factors at 3.92, training staff on managerial and leadership skills was at 3.52 and the least factor was outsourcing of noncore services.

5.3 Discussions

Kenya Microfinance industry is one of the oldest and most established in Africa and can be traced back to the mid 1950s when the joint loan scheme was established to provide credit to the indigenous Kenyans with small trading businesses. The study revealed that most MFIs were established between 10 and 15 years. Further, most MFIs, had a few number of branches of less than five. On branch network distribution, majority of the MFIs were concentrated in the cities and the major urban areas although some of the MFIs were sparsely geographically distributed.

The study revealed the following strategies being adopted by MFIs towards the opportunities presented by women entrepreneurship in Kenya

5.3.1 Operations

Opening new geographical branches nationally and opening new geographical branches regionally was extensively applicable. According to Lancaster (1988), women entrepreneurship sector is largely untapped by the MFIs. creating an opportunity to focus on gaining a larger market share in the same market and with the same products. The study indentified that there was some change in repayment terms suited to the needs of women in business customer i.e. frequent and regular repayments, convenience of collection, and flexibility for larger loans and more experienced customers. Most MFIs management approved loans in a time-frame that meets the needs of women?

5.3.2 Structural

The other elements of the programme sought to mitigate the impact of the crisis on MFI operations. A liquidity facility was put in place in partnership with USAID to facilitate on-lending to institutions by wholesalers Oikocredit and Equity Bank. Jitemec Trust was
provided with a facility to support its increased investment in smaller viable MFIs to help build their capital base following the impact of the crisis.

In some MIs, technical support was provided through industry workshops to help affected institutions rapidly adapt products to respond to the crisis. This was followed by support for the establishment of a facility to fund specific technical assistance requirements of individual institutions, managed by the Association of Microfinance Institutions (AMFI).

The new Microfinance Act creates the potential for MFIs to significantly expand their market, offering savings services to their clients and competing with downsizing banks. Transformation from credit provision to full financial intermediation, accepting deposits involves a major shift in business model and operations. FSD has been providing technical assistance to two of the leading MFIs in Kenya, Kenya Women Finance Trust and Faulu Kenya, to prepare for licensing and entry into the deposit-taking business. Both made strong progress during 2008 and completed applications for licences. CBK issued letters to both confirming that licences would be issued in 2009 subject to the completion of its remaining requirements.

Development bodies have funded the MFIs to offer financial services suited for the women entrepreneurs and us their role in economic development continuous to grow. For example, Equity Bank Limited: in partnership with the UN Development Programme (UNDP) set up a fund to provide $81 million in loans exclusively to women while K-REP bank has partnered with UNDP for providing financing services to the low income. K-RFP in partnership with World Bank, African Development Bank and U/C to provide loans to women through a partially guaranteed loan program named GOWE (Growth Oriented Women Enterprise).

5.3.3. Cost Leadership

The study shows that MFIs have reduced their lending rates to compete with the main stream banks. Postbank is one of the leading providers of services to low income consumers in Kenya and has the second largest number of savings accounts. Its new business model positions it to compete more effectively and expand services.
Small regular social grants or payments to the very poor or vulnerable are increasingly recognised as a key tool in the fight against extreme poverty. New social protection payment schemes face major challenges in delivering payments safely and cost effectively to beneficiaries.

A study into the costs of taking collateral was started in partnership with the CHK. There is a concern that SMEs are disproportionately affected by the costs of completing the legal and administrative process of pledging collateral. For larger businesses these costs, which are believed to be comprised of a significant fixed element, add only a small margin to the overall cost of credit.

MFIs had a culture that focused on the cost effectiveness and continuous improvement, developed organization brand image to brand uniqueness and had a cost strategy to cope with unpredictable Government policies; and these were extensively applicable. Cost leadership strategy combines low price, low perceived added value and a focus on a price sensitive market segment whilst recognizing the quality of the product (Mintzberg, 2000).

5.3.4 Focus

Many MFIs through FSD are currently developing new projects looking to develop specialist SMF: focused products. The first involves the development and commercialization of factoring. In many other markets it is found that factoring is strongly used by SMFs, providing a flexible source of working capital finance based on the sale of invoices to the factor. In the other project a supply chain financing project is under development. This aims to develop two products targeting SMEs involved in supply chains - SME invoice discounting (which has similarities to factoring) and local purchase order (LPO) financing.

Following a rapid assessment of the impact of the post-election crisis on the financial sector an emergency support project was developed early in the year to help mitigate the impact focusing on the micro-finance sector which had been the worst affected. It consists of four components. The first of these seeks to use the strength of MI I links with communities to promote long-term peace-building. A curriculum was developed and a national programme to promote peace and reconciliation through using MFI groups is being rolled-out. The other elements of the programme sought to mitigate the impact of the crisis on MFI operations.
On market penetration strategy, identifying growth opportunities in the current market by researching the region to define the market share was extensively applicable, but focusing on present products to gain a greater market share in the current market was moderately applicable.

5.3.5 Differentiation

Competition is a key driver of market developments. The strength of competitive pressures depends on the extent to which consumers are able to differentiate rival offers in the market. Accessible information on products is essential. The regular survey of bank pricing was continued during the year - the results of a partnership between PSD and CBK. According to Pearcc and Robinson (2001), product development strategy involves marketing new products to existing customers. Product development strategy such as; development of a new product targeted to existing customers and differentiation of products features for different women entrepreneurs preferences that Mi is adopted were extensively applicable. Moreover, carrying out another business related to the current MF1 business as a diversification strategy to the opportunities presented by women entrepreneurship was extensively applicable.

Development of different service level that suit customers, development of skilled staff and differentiation of service features according to different customer preferences were extensively applicable differentiation generic strategies. Example of Faulu Kenya introduced "MKopo F.limu" which is an educational loan product that allows one to meet their children's school fees or their own if they want to pursue further education or training and also purchase books, uniforms e.t.c. According to Aakcr (1991), differentiation is achieved through adding valued services and improving ordering process, delivery, installations, maintenance, customer training and consulting.

5.3.6 Technology

The study revealed that some MFIs have started to embrace mobile Phone technology as a method of sending and receiving payment from their account holder. One of the banks that were interviewed they indicated that they allow loans to be paid through MpcsA. ATMs, and appointed agents.

There were promising signs of increased dynamism in Information and Communication Technology (ICT) provision to the financial sector. One provider launched an outsourced
solution targeting MFIs. This could provide a major step forward in improving effective automation of smaller institutions, improving their competitiveness.

5.4 Conclusions

The study concludes that most MFIs were established between 10 and 15 years, and therefore had a few number of branches of less than five. On branch network distribution, majority of the MFIs were concentrated in the cities and the major urban areas. This could be due to the high cost of expansion or the target market being within the cities. Opening new geographical branches nationally and opening new geographical branches regionally was extensively applicable as a market development growth strategy.

Product development strategy’ such as; development of a new product targeted to existing customers and differentiation of products features for different customers preferences that MFIs adopted were extensively applicable. Moreover, carrying out another business related to the current MFI business as a diversification strategy to the opportunities presented by women entrepreneurship was extensively applicable.

The study conclusion on market penetration strategy was that identifying growth opportunities in the current market by researching the region to define the market share was extensively applicable. Further, opening new geographical branches as a focus generic strategy was extensively applicable. The study concludes that development of different service level that suit customers, development of skilled staff and differentiation of service features according to different customer preferences were extensively applicable differentiation generic strategies.

MFIs had a culture that focused on the cost effectiveness and continuous improvement, developed organization brand image to brand uniqueness and liad a cost strategy to cope with unpredictable Government policies. There is an opportunity for strategic alliance to remain competitive as the sector becomes attractive.
5.5 Recommendations

5.5.1 Recommendations for Improvement

There is need for the MFIs to expand its branch network and reach the women entrepreneurs with its services in the rurals, by opening new geographical branches nationally and regionally.

MFIs should develop new innovative products that meet the different women in business needs and preferences. Moreover, MFIs should reinforce other business related to their business, such as trainings or mortgage, as a diversification strategy to the opportunities presented by women entrepreneurship.

Market research should be adopted by MFIs so as to identify growth opportunities and expand market share within the sector of women entrepreneurship. Further, MFIs should develop service levels customized to provide gender sensitive service.

The Government should develop policies that provide a conducive environment for the MFIs to thrive in; in terms of formation, taxation, and compliance policies. The MFIs should review their policies and procedures to suit the women entrepreneurs unique needed. Through research MFIs can work around the challenges the women face and design their policies to be accommodating.

MFIs should develop a precise and unique brand image so that it can be easily identified with unique features that the sector identifies with. The MFI sector has operated with a very generic strategy, offering undifferentiated products through undifferentiated organization.

MFIs should take advantage of technology to enhance their distribution network and use agents to make their products accessible nationally and regionally. The women entrepreneurship sector is growing rapidly attracting banks from the mainstream sector. The nature of women entrepreneurs dictate lending cost should be minimal and flexible. MFIs should seek alliance that will build their internal competencies and subsidies the lending cost to remain competitive.
The evolving environment presents a variety of MFI choices all interested in offering financial services to the women entrepreneurs. MFI need to be flexible with policies and procedure that encourage women in business to borrow other than discriminate. MFIs should re-look at their policies to suit the unique needs of the woman entrepreneur. Most of the MFI have changed their community based lending process to individual lending, due to the new needs of the customer.

5.5.2 Recommendations for Further Studies

This study concentrated on the responses by micro finance institutions to the opportunities presented by the emerging women entrepreneurs. Further studies should be done on the benefits and challenges that micro financial institutions realize while empowering women entrepreneurship. In addition, this study used descriptive survey; an empirical inquiry that investigates a contemporary phenomenon should be adopted in future.
REFERENCES


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Daniels and Yacob Tisscla, (1992). Micro and small scale enterprises in Botswana.


Kiptugen, E.J. (2003). Strategic Responses to a Changing Competitive Environment The Case Study of KCB, Unpublished MBA project of the University of Nairobi


APPENDICES

APPENDIX Is QUESTIONNAIRE

PART ONE: BACKGROUND OF THE RESPONDENT

1. Name and title of respondent: 

2. Name of the Microfinance institution: 

3. Position of the respondent in the organization 

PART TWO: Characteristic of MFI in Kenya

4. Year of Establishment: 
   - 5 years and below [ ] 5-10 years [ ] 
   - 10-15 years [ ] Over 15 years [ ] 

5. How many branches does your MFI have? 
   - 5 years and below [ ] 5-10 years [ ] 10-15 years [ ] Over 15 years [ ]

6. What is the branch network distribution? 
   - Wide geographical distribution [ ] 
   - Sparse geographical distribution [ ] 
   - Concentrated in the cities and the major urban areas [ ]

PART THREE: MFI STRATEGIC RESPONSES

PART R

5 - Very Large Extent, 4 - Large Extent, 3 - Moderate Extent, 2 - Small Extent, 1 - So Extent

8. Please indicate the extent to which each of the following is important to your MIT on the scale of 1 to 5, to determine the extent to which your MFI uses market development growth strategy:

   5  4  3  2  1

1. target a new customer segment  5  4  3  2
2. Open new geographical branches nationally  5  4  3  2
3. Open new geographical branches regionally  5  4  3  2
4. Open new geographical branches  5  4  3  2
5. Seek additional distribution channels  5  4  3  2
9. To determine the extent which your WAV uses product development as a strategy to respond to the opportunities presented by woman entrepreneurs/tip

5 4 3 2

- Develop new products targeted to existing Business Women Customers.
- Develop products according to the needs of the business women customer.
- Differentiate products features for different Customer preferences
- Develop different product quality levels to suit the allowability of your business woman.

10. To determine the extent to which the MFI uses diversification strategy to the opportunities presented by the women entrepreneurship. indicate how important each of the areas below is to your institution.

5 4 3 2 1

- Carrying out another business related to the current MFI business.
- Carrying out business unrelated to the MFI business.

11. To determine the extent which your MH uses Market Penetration Strategy to respond to the opportunities presented by women entrepreneurs/tip.

5 4 3 2 1

- Focus on present products to gain a greater market share in the current market.
- Identify growth opportunities in our current market through increasing the users of the products.
- Identify growth opportunities in our current market by researching the region to define
our market share

12. To determine the extent to which you MFI uses focus generic strategy, please indicate the extent to which each of the following is important to your bank on a scale of 1 to 5.

<table>
<thead>
<tr>
<th>Strategy Description</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target a specific geographic market</td>
<td>5 4 3 2 1</td>
</tr>
<tr>
<td>Target a specific sector in the economy</td>
<td>5 4 3 2</td>
</tr>
<tr>
<td>Concentrate on main leading customers</td>
<td>5 4 3 2 1</td>
</tr>
<tr>
<td>Open new Geographical Branches</td>
<td>5 4 3 2 1</td>
</tr>
</tbody>
</table>

13. To determine the extent which your MFI uses differentiation Generic strategy, please indicate the extent to which each of the following is important to your institution on a scale of 1 to 5.

<table>
<thead>
<tr>
<th>Strategy Description</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop services targeted to existing clients.</td>
<td>5 4 3 2 1</td>
</tr>
<tr>
<td>Develop through gender sensitive skilled staff</td>
<td>5 4 3 2</td>
</tr>
<tr>
<td>Develop services according to the needs of the Business Women customers.</td>
<td>5 4 3 2 1</td>
</tr>
<tr>
<td>Differentiate service features according to different business woman customer preferences.</td>
<td>5 4 3 2 1</td>
</tr>
<tr>
<td>Develop organizational brand image to brand Uniqueness.</td>
<td>5 4 3 2 1</td>
</tr>
<tr>
<td>Develop organizational technology leadership</td>
<td>5 4 3 2 1</td>
</tr>
</tbody>
</table>

14. To determine the extent to which your MFI uses cost leadership generic strategy, please indicate the extent to which each of the following is important to your institution on scale of 1 to 5.

<table>
<thead>
<tr>
<th>Strategy Description</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop the most affordable services in the Industry.</td>
<td>5 4 3 2 1</td>
</tr>
<tr>
<td>Our Organization has a culture that focused on cost effectiveness and continuous improvement.</td>
<td>5 4 3 2 1</td>
</tr>
<tr>
<td>Our organization has invested in technology that Enhances the process to provide cost effective service.</td>
<td>5 4 3 2 1</td>
</tr>
</tbody>
</table>
We have focused on market segments that the competitor is not most interested in to avoid eroding price.

- High cost to maintain quality service
- High cost to attract skilled staff
- High cost to attract more women customers
- Cost strategy to cope with unpredictable government policies.

15. To Determine the extent to which your MFI uses differentiation generic strategy, Please indicate the extent to which each of the following is important to your institution on a scale of 1 to 5.

<table>
<thead>
<tr>
<th></th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop services targeted to existing clients.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Develop unique experiences with the customer service levels.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Develop services according to the needs of the Business woman customers.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Differentiate service features according to Different customer preferences.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Develop different service quality levels that suit Different customer preferences.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Develop organizational brand image to brand Uniqueness.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Develop Organizational technology leadership</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

16. To what docs your organization adopt the following strategy to remain competitive in the environment?

With 5 - a very large extent, 4 - large extent, 3 - some extent, 2 - small extent, 1 - no extent

<table>
<thead>
<tr>
<th></th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training staff on managerial and leadership Skills.</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Outsourcing of noncore services

Review organization structure

Redesigning Social Cultural factors

Redefining processes and policies
to suit the customers

Any other? Please specify

We thank you for your participation in this census.
APPENDIX II: LIST OF SELECTED MICRO FINANCE INSTITUTIONS

1. ADRA Kenya
2. A REP
3. Christian Health Association of Kenya
4. Dan Church Aid
5. Daraja Trust
6. Ecumenical Church Loan Fund (ECLOF)
7. Faulu Kenya
8. Ghetto Child Programme
9. Ilope Africa
10. Jamii Bora
11. Jaru Microcredit Africa Ltd
12. Jitagemee Trust
13. KADET
14. Kenya Commercial Bank-Special Loan Unit
15. Kenya Small Traders and Enterprise Society
16. Kenya Women Finance Trust
17. K-Rep Bank Ltd
18. Pride Africa
19. Private Sector Development Unit
20. Skills Across Kenya
21. Small and Micro-Enterprise Programme (SMEP)
22. Small Enterprise Credit Association
23. Smallholder Irrigation Scheme Development Organization
24. St. John’s Community Centre
25. Sunlink Micro Finance Partners
26. Undugu Society of Kenya
27. United Disabled Persons of Kenya (UDPK)
28. Vintage Management Consultants
29. WEDCO
30. Widows and Orphans Welfare