FACTORS INFLUENCING THE PERFORMANCE OF MICROFINANCED ENTERPRISES: A CASE OF WOMEN ENTERPRENEURS IN IMENTI SOUTH DISTRICT-KENYA

BY

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DECLARATION

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

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DEDICATION

This work is dedicated to my husband Dominic Muthuri, our children Shem, Shaleen and Christine who have always been there for me.

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God Bless all.

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ABBREVIATIONS AND ACRONYMS

MSES	- Medium and Small enterprises
MFIs	- Microfinance Institutions
NGOs	- Non Governmental Organizations
CBOs	- Community Based Organizations
PEST	- Political, Economic Social/ Cultural and Technical Environment
SWOT	- Strengths, Weaknesses, Opportunities and Threats
K-REP	- Kenya Rural Entrepreneurship Program
ILO	- International Labour Organization
WEs	- Women Entrepreneurs
OPEC	- Organization of the Petroleum Exporting Countries
USA	- United States of America
BDS	- Business Development Services
GoK	- Government of Kenya
KWFT	- Kenya Women Finance Trust
SACCO	- Savings and Credit Co-operative
UNDP	- United Nations Development Program
UN	- United Nations
MDGs	- Millennium Development Goals
AfDB	- African Development Bank
DFIs	- Development Finance Institutions
SPSS	- Statistical Package for Social Sciences

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ABSTRACT

There is global recognition that small and medium enterprises (SMEs) have become major engines of growth in many national and local economies. The number of women owned businesses continues to grow year on year. Much progress has been made in raising awareness and increasing women's visibility in business. However attention of policy makers must now turn to women owned small and medium enterprises to ensure that their contribution to economic growth is progressive and that their access to entrepreneurship is not hampered in any way. Access to finance in all its forms continues to be an issue for many (SMEs). The background information to this study explains how microfinance institutions have tried to intervene through provision of financial services to women entrepreneurs. The main objective of this study was to establish the factors that influence the performance of women owned business enterprises especially those financed microfinance funding in Imenti South District. The literature reviewed has shown that despite interventions by MFIs, women representation in entrepreneurship remains low as compared to men. The study explored factors influencing performance of micro-financed enterprises owned by women. This study was a descriptive research by use of survey. This design was selected because it is very versatile, particularly in collecting primary data. Simple systematic random sampling was used to obtain a sample size of 150 businesses. Data was analyzed using descriptive statistics and presented using frequency tables. Study results demonstrate that finance was less available and inaccessible from a number of MFIs and commercial banks operating in the sector. Conditions to be fulfilled, including the terms of repayment for most loans to MSEs, were said to pose major challenges to the entrepreneurs, especially at the micro level. The study also showed that there was no significant relationship between business location and business performance an indication that business location did not influence business performance. The study also established that competition did not influence business performance in Imenti south district and this could imply that the district market is not exhausted and still has business opportunities and potential for growth and development. Study recommends that financial institutions should engage in deliberate efforts to develop financial and support programmes that meet the needs of women entrepreneurs. Existing financial and business development institutions, donors and NGOs should be encouraged to develop specialized programmes and schemes to address the needs women.

CHAPTER ONE
INTRODUCTION

1.1 Background to the study

United Nations Millennium Development Goal number one is to eradicate poverty and hunger in the world. The target number one is to halve between the years 2000 and 2015, the population of people whose income is less than one dollar per day (United Nations Summit 2000)

The most commonly used definition of global poverty is the absolute poverty line set by the World Bank. Poverty is set at an income of two dollars a day or less. According to poverty reduction strategy paper (2001- 2000), Poverty is multi-dimensional. It included inadequacy of income and deprivation of basic needs & rights and lack of access to produce assets as well as to social infrastructure and markets. The quantitative approach of measuring poverty defines the poor as those who cannot afford basic food and non food items. Poverty is associated with features such as lack of land, unemployment, inability to feed oneself and family and lack of proper housing and poor health.

According to United Nations Development program on gender and poverty reduction (2005), women are poorer than men because they are often denied equal rights & opportunities, lack access to assets and do not have the same entitlements as men. They also carry the burden of reproductive and care work and represent the majority of unpaid labour.

United nations Development report (2000) states that long-run economic growth per person is achieved through increases in capital, both human, physical and technological, goes on to add the micro-enterprise development equips the poor with teaching on basic financial principals and general business training before providing loan capital, thus is a very practical and sound approach to fighting poverty.

Robincon, Marguerite (2001) asserts that Empirical indicators are that the poorest can benefit from microfinance from both an economic and social well being point of view and that this can be done without jeopardizing the financial sustainability of the MFI. While there are many biases presented in the literature against extending Microfinance to the poorest, there is little empirical, evidence to support this position. However, if microfinance is to be used specific targeting of the poorest will be necessary. Without this, MFIs are likely to create programs not suitable for and focused to that group.

From a global perspective, Ideas relating to microcredit can be found at various times and places in modern history. Jonathan Swift inspired the Irish Loan Funds of the 18th and 19th centuries. In the mid-1800s, Individualist anarchist Lysander Spooner wrote about the benefits of numerous small loans for entrepreneurial activities to the poor as a way to alleviate poverty. Ideas relating to microcredit were mentioned in portions of the Marshall Plan at the end of World War II.

The origins of microcredit in its current practice, with attention paid by economists and politicians worldwide, can be linked to several organizations founded in Bangladesh, especially the Grameen Bank in the 1970s and onward, for which its founder Muhammad Yunus was awarded the Nobel Peace Prize in 2006.

Micro credit is a financial innovation that is generally considered to have originated with the Grameen Bank in Bangladesh. In that country, it has successfully enabled extremely impoverished people to engage in self-employment projects that allow them to generate an income and, in many cases, begin to build wealth and exit poverty. Due to the success of microcredit, many in the traditional banking industry have begun to realize that these microcredit borrowers should more correctly be categorized as pre-bankable; thus, microcredit is increasingly gaining credibility in the mainstream finance industry, and many traditional large finance organizations are contemplating microcredit projects as a source of future growth, even though almost everyone in larger development organizations discounted the likelihood of success of microcredit when it was begun. The United Nations declared 2005 the International Year of Microcredit.

Micro credit is not only provided in poor countries, but also in one of the world's richest countries, the USA, where 37 million people (12.6%) live below the poverty line. Among other organizations that provide microloans in the United States Grameen Bank started their operation in New York in April 2008. According to economist Jonathan Morduch of New York University, microloans have less appeal in the US, because people think it too difficult to escape poverty through private enterprise.

The major aim of Microfinance (MF) movement is to provide funds for investment in micro business thus lifting poor people out of poverty and promoting economic growth (Bhatt et al, 2001). Microfinance provided an enormous potential to support the economic activities of the poor and thus contribute to poverty alleviation. The rationale behind providing small amounts of credit to poor in developing countries is that when these credits are used effectively, the household income of the recipient will rise through capital growth of enterprises (Bhatt et al, 2001).

Microfinance refers to funds availed for small and medium businesses basically owned by the poor. According to Microfinance Institute (2009), these funds are provided by Microfinance Institutions (MFI's). This very broad definition include a wide range of providers which vary in their legal structures, mission and methodology. In spite of these variations, these Microfinance Institutions share the common characteristic of providing financial services to clients who are poor and more vulnerable compared to traditional bank clients. Women are the majority of the world's poor, uneducated, unhealthy and unfed. In spite of MFIs intervention, research has indicated that female owned businesses closed down compared to those owned by their male counterparts.

(Kibas and K'AOL, 2004) indicated that female owned businesses closed down as compared to those owned by their male counterparts, of those businesses that closed down lack of funds was common to both women and men, hence justifying the need for more intervention measures by the Microfinance Institutions for better performance. Lack of customers and too much competition affected more women than men, i.e. 26.8% women against 12.5% men. On top of this women cited personal reasons such as taking care of the children making it difficult to balance work with family responsibilities, while government statistics indicate that, in recent years, the number of women-owned firms with employers has increased, even with is growth women remain under-represented in terms of their proportion in the high growth firms.

Access to both financial and business development services (BDS) can aid the growth of Micro and small enterprises. The world, over such businesses is owned by majority of women entrepreneurs. This is especially so in Africa, Asia and Latin America. (Economist magazine, 2007)

According to an evaluation report (2001-2002) of Microfinance programs in Kenya, there is increased recognition of Micro finance as a highly potential tool to address poverty and provision of credit. More broadly, Micro-finance viewed as a movement whose objective is a world in which as many poor and near poor households as possible have permanent access to an appropriate range of high quality financial services, including not just credit but also savings, insurance, and fund transfers. Most of the Kenyan women entrepreneurs go into business ventures due to the need for achievement, autonomy and flexibility along with providing for and educating their children.(Wanjiru Munyua and Mureithi 2008).

According to the 1999 National SMEs Baseline Survey, there were 612,848 women in SMEs in Kenya, accounting for 47.4 per cent of the population working in SMEs. These women enterprises (WEs) tended to operate enterprises associated with traditional "stereotype" gender roles such as hairstyling, restaurants, hotels, retail shops and wholesale outlets. They tended to operate smaller enterprises than their male counterparts, with the average number of employees in a female-owner/managed SMEs being 1.54 versus 2.1 for male owner/managed SMEs. About 86 per cent of`the workers in these SMEs, were women owner/managers themselves, 4 per cent were hired workers, with the remainder being made up of unpaid family members and/or apprentices. Whereas for the male operated enterprises, only 68 per cent of the workers were the male owner/managers themselves, 17 per cent hired workers and the remainder being made up of unpaid family members and/or apprentices. The 1999 survey also indicates that women in SMEs tended to operate smaller MSEs, in comparison to those operated by men - thus earning less income than men. They made an average gross income of Kshs. 4,344 per month as compared to Kshs. 7,627 for men entrepreneurs. This shows a disparity that needs to be addressed so as to increase their participation and hence raise the income for WEs including those with disabilities in the SME sector.

As employment shrinks in the formal sector, there is a corresponding increase in growth and employment creation in the Micro and Small Enterprises (MSE) sector. The 1999 Micro and Small Enterprises baseline survey revealed that there were about 1.3 million micro and small scale enterprises employing 2.3 million people (GOK, 1999). On the contrary, large organizations (both public and private) employed approximately only 1.6 million people. Consequently, there has been a quest in the least developed countries (LDC's) to support growth of the MSE sector as a source of employment and economic growth. This study focuses on the lower and middle of the micro enterprises due to the fact that earlier studies, focused on the higher levels).

Gakule (2004) found that women's productive activities were concentrated in Micro-enterprises that confirmed to their traditional gender rules, such as food processing, garment making and personal services in beauty industry. The Kenya Central Bureau of Statistics (Republic of Kenya 1999) Baseline survey reveals that while the number of women and men owned enterprises are almost equal. Women out numbered men in service industry (55.7% women) while men out numbered women in manufacturing and construction. The choice of sector seemed to define profitability of the enterprise and so are the factors influencing the type of enterprise chosen.

According to information available with the Ministry of trade and commerce Imenti South District office, Women entrepreneurs in the district face gender-related challenges. It is evident that women-owned business face challenges in variety of areas including cash flow/not enough money (20%), finding and retaining qualified employees (17%) and finding customers (11%). In Imenti South like other parts of developing world, women owned businesses tend to be home based.

There are several institutions offering Microfinance services in the district. These include women focused institutions like the (KWFT) which has offices in several market canters in the district. Others include K-REP, Faulu Kenya, and Several SACCO organizations. Equity bank is also doing a great deal of micro financing. However a lot need to be done because even with these interventions, male-owned business averages 11% return on capital whereas the return for women-owned businesses is 0% or slightly negative. Therefore it can be concluded that provision of financial services is not the only intervention required to boost women entrepreneurship

1.2 Statement to the problem

According to GOK economic survey (2005), women tend to operate smaller enterprises compared to men .It is established that most of the women are concentrated in lower end of small and micro enterprises, dealing mainly with retail and petty trade. Therefore they earn less than the average incomes earned by other entrepreneurs in small and micro enterprises a result most women entrepreneurs are not able to service adequately credits offered by MFIs. Some women entrepreneurs have lost household properties used to secure MFI credit especially when part of credit extended end up in consumption. Microfinance is seen as a way of creating a world in which as many poor and near poor households as possible have permanent access to high quality financial services, including not just credit but also savings, insurance and fund transfers. Women are still the majority of the world's poor, uneducated, unhealthy and unfed. Despite MFIs intervention, female owned businesses closes down compared to those owned by their male counterparts. The SMEs sector holds the future and more promise in providing livelihood to majority of women entrepreneurs. It is evident that financial intervention is not the only contributing factor to performance of businesses owned by women (UNDP, 2005).

Imenti South district has some challenges facing the SMEs General lack of technical and managerial skills, poor infrastructure, lack of an enabling environment, cultural beliefs, traditional practices that look down upon women, lack of appropriate business development services and credit facilities targeting women entrepreneurs. In addition, there is a high concentration of women enterprises in the lower micro segment with many of the enterprises being in gender stereotyped businesses such as salons, tailoring and dressmaking. Male owned enterprises, on the other hand, are in more varied business sectors. Business development services are not available for the majority of micro and small medium enterprises owned by men and women (ILO, 2008). All these issues and constraints surround business operations in Imenti South district. It is in this regard that this study sought to establish the factors that influence micro financed enterprises owned and managed by women.

1.3 Purpose to the study

The purpose of this study was to assess the factors influencing the performance of micro-financed small and medium businesses owned by women entrepreneurs in Imenti South district.

1.4 Objectives of the study

The objectives of this study were to:

1) Assess the influence of access to credit facility on performance of businesses owned by women entrepreneurs in Imenti South District.
2) Investigate the influence of enterprise' location on business performance of micro financed enterprises owned by women in Imenti South District.
3) To determine the influence of competition on performance of business enterprises owned by women in Imenti South District.

1.5 Research questions

The study sought to answer the following research questions:

1) How does access to credit influence the performance of business enterprises owned by women in Imenti South District?
2) To what extent does choice of business location influence the performance of business enterprises owned by women in Imenti South District?
3) Does competition influence the performance of women owned/managed business enterprises in Imenti South District?

1.6 Significance of the study

This study will be significant in the following ways:- The study relates to previous scholarly work on factors affecting women entrepreneurship in Kenya . When completed, it will provide background information for use by the government, NGO's, CBO's and MFI's to create a conducive business environment for women.

The findings of the study will provide a set of practical recommendations aimed at positively influencing women's entrepreneurship in Kenya. Apart from establishing whether credit availability, competition and choice of location affect business performance of women owned/managed MSES, the results of the study will add to the bank of knowledge useful in the institutions of higher learning.

1.7 Scope of the study

The study focused on MSEs owned by women entrepreneurs in Imenti South District. The assessment covered those MSEs owned by women but funded through credit administered by microfinance institutions. This study was undertaken within a period of six months (January to June 2010).

1.8 Limitations of study

Although every effort was made to cover crucial aspects associated with the research, it was not possible to cover each and every aspect because of the academic time limit. There were raised effects of substituting a sampling unit in the field for ("not at office"," call later") elements. In addition, there was an effect of non response error that might affect the accuracy of the results. The respondents concealed some information which they felt sensitive to reveal for security reasons. To overcome this challenge, the researcher assured the respondents of confidentiality in using the information provided. Financial constrains due to limited resources in terms of money and other material requirements also proved to be a limitation to the study.

The expected time to carry out the study was short, therefore the researcher was not able to carry out a census on all owned enterprises hence a sample was drawn.

1.9 Assumption of the study

The study made the following assumptions. That the sample population chosen voluntarily participated in the study and the respondents responded to the questions correctly and truthfully. Also, there is no difference between businesses owned by women and those owned by men. Lastly the study assumed that there will be no unexpected events that may affect the speed of the study.

1.10 Definition of significant terms

Micro Finance: Microfinance is the practice of providing banking services to the economically active poor. It may include several types of financial services, like deposit taking, credit and insurance, which are provided to people on low incomes who run and operate micro-enterprises. Microfinance is not charity; rather, it seeks to provide equal access to financial services so that the poor can grow their businesses, insure their families, and begin savings deposit programs.

Micro Finance Institution: A microfinance institution (MFI) is an organization that provides microfinance services, ranging from small non-profit organizations to large commercial banks. It can be broadly defined as any organization, credit union, down-scaled commercial bank, financial NGO, or credit cooperative that provided financial services for the poor.

Entrepreneur: An entrepreneur is a person who has possession of a new enterprise, venture or idea and assumes significant accountability for the inherent risks and the outcome. It is an individual who is willing to take upon herself or himself a new venture or enterprise and accepts full responsibility for the outcome.

Business ownership: The owner of an enterprise for the purpose of this study is defined as the person originating the business idea, making the initial business investment and the person who is the key decision maker regarding the operation of the business.

Woman Entrepreneur: An entrepreneur who being a woman is the main and principle shareholder and or manager of a business

Enterprise: A company or a business.firm organized for commercial purposes; buying and selling goods and services for a profit.

Microenterprise – Business that is organized to sell merchandise in small quantities. Usually it is a type of small business, often unregistered, having five or fewer employees.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter will review literary work that exists concerning the factors that affect the performance of Micro-financed businesses which are owned by women. The chapters will explore theories that bring out the fact that there are gender disparities that determine the phase of development between men and women. Exposed to the same business environment women and men owned businesses perform differently. The conceptual framework will be developed in this chapter as well as the theoretical orientation.

2.2 Theoretical orientation

The number of women who are starting and owning their own business as a career has increased significantly over the past 10 years. Due to gender discrimination and bias, many women choose the option of starting and managing their own business in order to avoid corporate "glass ceiling" prejudice that can impede women's success in the corporate world. There are many reasons why women become entrepreneurs and many barriers and obstacles that they must overcome. Two such barriers are obtaining capital financing and establishing a broad network. Regardless of these hurdles there has been a continual increase of women entrepreneurs throughout the past decade, demonstrating that women can overcome societal discrimination and gender bias, turning disadvantages into advantages, in order to succeed in the entrepreneurial world.

According to Buttner and Moore (1997), the primary concern for many women is the combined responsibility of work and family Helms (1997) explains that women often start their own business for "three types of personal gains: personal freedom, security, and/or satisfaction). She describes "freedom seekers" as those who are dissatisfied with their employment due to pay inequities or discrimination and desire the freedom to choose their preferred type of work (i.e. hours of work, environment, and people they work with). The work flexibility provided by entrepreneurship is appealing for women in terms of location, often working at home or close to home, and the hours of work. "Security seekers" are those who have been prompted to become an entrepreneur due to some personal misfortune, such as layoff, downsizing, divorce, death or retirement of their spouse. These "security seekers" start a business to improve or maintain their family social or economic status. Helms (1997) adds that the "satisfaction seekers" are housewives who do not have any previous work skills or experience but want to prove to others or themselves that they can be productive and useful in society.

In examining different theories and the reasons why women become entrepreneurs, the researcher would argue that there is no set and standard profile that can be predictably applied. For every woman who is an entrepreneur or wants to become one, they each have their own set of reasons, motivation, and many cannot be categorized or 'labeled'. The researcher believe that the general profile of women entrepreneurs is similar to their male counterparts as they all are generally innovative, risk takers, autonomous, independent, have a high tolerance for ambiguity and possess an internal locus of control. Although some researchers classify the differences between men and women due to their desires, underlying reasons why they wanted to become entrepreneurs, and family duties, they still possess the same personality/profile that is required of any entrepreneur regardless of their gender.

Helm (1997) argues in her paper that men and women have different reasons for entering business and that women have internal-stable reasons of being their own bosses, while men have external-stable reasons for instance seeing terrific market opportunities. In contrast, Weiler and Bernasek (2001) state the reasons as a more preferable alternative then working in a discriminatory labour market or corporation and that self-fulfillment (rather than profits) is the most significant measure of success for women entrepreneurs. Similar to Weiler and Bernasek's (2001) theory, Buttner and Moore (1997) argue that women become entrepreneurs due to the blocks in career advancement as a result of gender discrimination resulting in the popular term "glass-ceiling effect" (women cannot access the highest levels in an organization or corporation due to their gender). This is not a barrier that men face, but the researcher would argue that this type of discrimination can actually strengthen a women's determination to succeed.

In comparing the management styles of women and men entrepreneurs, Bruni, Gherardi and Poggio (2002) explain that women display distinctive features and abilities, "transformational leadership". This type of leadership/management style encourages positive interactions and trust-based relationships with subordinates with whom they also share power and information. Gundry, Ben-Yoseph and Posig describe this as the "relational" practices engaged by women entrepreneurs. This would include collaborative, decentralized decision-making and an empowered team atmosphere. Their management style emphasizes open communication and their business goals reflect a concern for the communities in which their businesses resided (Gundry *et al* 2002). In contrast to other researchers, Gundry *et al* stated that women in non-traditional industries value money both as a motivator and the preferred outcome. Yet, Buttner and Moore's research findings indicate that women's important goals are for professional growth, development, challenge, and self-fulfillment, while men's are preferred higher income.

2.3 Theoretical literature review

The Micro and Small Enterprise sector (MSE) has been recognized throughout developing countries as an engine to development and as a vehicle towards fulfilling the Millenium Development Goals (MDGs) adapted in the UN Millennium Summit in 2000. Chief among these goals is the reduction of poverty and the assistance of developing countries in the areas of wealth creation and the improvement of living standards. The importance of MSEs in social and economic development has long been recognized by the ILO and hence the need to support their viability, expansion and growth. (ILO, 2007)

Women, who form the majority of micro and small entrepreneurs in both rural and urban areas, are among the most vulnerable members of society who tend to be marginalized even though they play a major role in economic and social development. Their involvement in the MSE sector is therefore essential if poverty is to be reduced. Though it is widely accepted that women, play a crucial role in contributing to the development of the economy, they continue to remain on the periphery. In most instances, their contribution is generally seen as invisible and tends to go unrecognized. This is further complicated by the limited studies outlining this situation. Hence specific programmes to promote WEs are scant and non-specific in nature. ILO initiatives on Micro, Small and Medium Enterprises (MSMEs) in the countries in the region, particularly in Kenya, have highlighted the need to focus attention on this sector by promoting and supporting these women. In the study supported by AfDB and ILO on the same, it was discovered that the challenges facing WEs are two-fold. The first is to legitimize and strengthen the base of economic activity for the large number of existing women-owned MSMEs. The second is to promote entrepreneurship and business opportunities which have the potential to grow faster among the women with relevant education and skills. To overcome these challenges, the report goes on to say, it is essential that WEs be given better access to both financial and non-financial resources. This also includes addressing gender-related institutional, cultural, and legal impediments which hinder their growth.

Barriers against female entrepreneurship:

There are many barriers for women entrepreneurs when facing the prospects of starting a new business. Research finds the primary barrier is the access to capital finance. According to Gundry *et al* (2002), lack of access to capital has been a primary obstacle for women entrepreneurs, and recent research suggests it continues to be. Helm's (1997) article agrees, stating that financial aspects of venture start-up management are the biggest obstacles for women (Helm, 1997). This could also include start-up financing and credit, cash flow management in the early operations and financial planning. Research suggests that the primary source of funding for women has been through family loans, personal savings, credit cards, and home equity loans (Gundry *et al*, 2002).

This study would argue that the ability to obtain needed capital is a requirement of a successful business, but it is not always viewed as an insurmountable barrier by women entrepreneurs. Businesses destined to succeed, however, often have little difficulty obtaining start-up and operating capital according to Balderson (2004). A new venture can obtain capital through self-funding, corporate partnerships, venture capitalists, corporate investors or even angel investors.

Lack of Networks

Another prominent barrier that women entrepreneurs face is the lack of networks of information, assistance, and mentors: According to networks which generally are touted as providing valuable information conduits to efficient markets, may once again be at the source of women's difficulties, as their firms may find themselves struggling against an established male-dominated system of customers, suppliers, and creditors. Weiler and Bernasek (2001), would argue that networking is a set of interrelated relationships that mutually benefit all that are involved, through sharing and giving resources, information and data, and personal referrals. It seems unfair that women entrepreneur have to create their own special gender bias network. Yet, it would be advantageous for women entrepreneurs to create their own sub-network within the large network system due to their shared empathy with each other and have built in desires to help each other. In the study of women entrepreneurs by Weiler and Bernasek (2001), they found that due to the gender differences in access to networks, women were excluded from many of the formal and informal networks in organizations and as entrepreneurs. Even if discrimination against women entrepreneurs was no longer an issue, women will still have problems due to the entrenched male networks among the highest strata of jobs.

Customer/supplier discrimination is also another hurdle that women have to tackle: Customer/supplier discrimination could easily be responsible for higher success rates in male-owned firms. Women, in attempting to circumvent the first (employer/network) type of discrimination, only find themselves facing the potentially even greater effects of another (now, customer and/or supplier) discrimination as demonstrated by Weiler and Bernasek, (2001).

Due to prejudice and discrimination, women entrepreneurs start out at a significant disadvantage. Women should create their own sub-network and it should be strong to be an equalizing factor against the gender bias they face. Unfortunately, gender bias and prejudice do exist and it's real, so women need to form these sub-groups to compensate. Weiler and Bernasek, (2001) would still argue that these sub-networks are required and can be advantageous only if they are in addition, and not to the exclusion, of others. Women have the advantage of being able to build strong, lasting relationships. This will be extremely beneficial in the future because society is slowly becoming depersonalized with the increasing use of communication technology, such as e-mails, instant messaging, text messaging, teleconferencing, electronic data, etc. Eventually, this system will break down as we rely more on technological distance based communication than more traditional personal communication. The cost of impersonal communication can, for example, result in a decrease of trust (when deals are signed and agreed upon online, through e-mails, etc., yet the parties have never met or spoken). Women have the ability to build strong, lasting, resilient personal relationships that assist them with growing and maintaining their networks.

2.4 Empirical literature review

Despite recognition at the policy level, the MSE sector faces constraints that limit its economic contribution (Government of Kenya 1996, 2005). Lack of access to financial services is one of the main problems facing MSEs in Kenya. This has been attributed to a number of factors. Conceptually, the nature of credit markets, which are segmented and incomplete, is one explanation. Market segmentation implies that the demand for, and supply of, financial services do not interact. Due to the risky and inter-temporal nature of credit trade, information requirements and enforcement problems for lenders are high. Resulting in agency costs that affect the outcome of credit programmes targeted towards the MSEs. As a result, firms may prefer funds from external sources but fails to apply because of the high costs involved. According to Bigsten et al. (2000), while the overall financial market involvement of firms may be limited, smaller businesses have much less involvement than the larger ones.

Nkurunziza (2005) asserts that on the supply side, most formal financial institutions consider MSEs un credit worthy due to their lack of growth potential and small size of activities. The slow growth of firms, in turn, has been attributed by some researchers to the lack of access to financial resources. Access to external resources is needed to ensure flexibility in resource allocation and reduce the impact of cash flow problems. Firms with access to funding are able to build up inventories to avoid stocking out during crises, while the availability of credit increases the growth potential of the surviving firms during periods of macroeconomic instability. Firms without access to bank funding are more vulnerable to external shocks. Thus, the lack of access to credit remains a major constraint for the entrepreneurs in Africa countries. Credit also enables individuals to smooth out consumption in the face of varying incomes, provides income for investment and improves ability to cope with unexpected expenditure shocks. But lack of collateral and the high possibility of default can prevent individuals from obtaining credit.

Besley (1995) argues that linkages provide an important avenue through which firms can overcome some of their constraints, and to achieve goals that otherwise would have been unattainable. Such goals may include better access to information, product markets, or financial services. Networks, such as associations, serve as cushions and thus enable enterprises to access different services. However, empirical evidence has shown that MSEs, because of weak interaction with each other, fail to reap the benefits from inter-firm linkages, including access to support services like finance.

McCormick and Atieno (2002). Firms form links in order to attain objectives they could not achieve alone. Linking enables firms to overcome some of their constraints like the lack of finance, access to raw materials, markets information, and inputs or technology. Small firms are constrained mostly by the lack of working and investment capital; hence many firms form linkages and relations for the specific purposes of acquiring finance and other services. Linkages between firms can ease such constraints by reducing the required amount of fixed capital while vertical linkages between producers and suppliers may bring credit to ease working capital requirements. Linkages may also provide access to new sources of capital, through membership in group-lending schemes, where micro enterprises join together to guarantee loans for each other. Small firms may also link with larger businesses to tale advantage of important firm-survival techniques: superior management capability, technology, market information and finance.

2.4.1 Access to credit and business financing

Hemingway (2004) argues that for business enterprises to perform efficiently they require capital. Generally they are two main sources of capital for businesses namely Equity and debt financing. Small, medium, and large businesses utilize debt financing for a range of reasons from securing working capital to making longer-term investments For micro businesses small entities with less than five employees, this is no less true. Yet due to a combination of factors including the smaller scale of operations, the product and demographic markets that they serve, their often semiformal nature, their lower capital borrowing needs, and the reluctance of formal lenders and financial institutions to work in these markets, micro businesses do not have access to traditional sources of business financing. According to Mullei (1999), credit enables a producer to bridge the gap between the production and sale of goods and permits consumers to purchase goods out of future income. They don't create economic opportunities on their own but they provide people and businesses with the capacity to exploit

Financial availability and accessibility is cited in many studies as being one of the major barriers and constraints to growth. In a study of NGOs and women small-scale entrepreneurs in the garment manufacturing sector of the textile industry in Nyeri and Nairobi by Macharia and Wanjiru (1998), the factors that inhibit credit availability to women include: lack of start-up (seed) capital; lack of awareness of existing credit schemes; high interest rates; lengthy and vigorous procedures for loan applications; and, lack of collateral security for finance. These factors have become a major barrier to the growth potential of businesses owned by women

Although more than a quarter of households in Kenya are women-headed, only five per cent of the women own land in their own name as observed by Feldman (1984). Karanja (1996) adds that, owning title deeds as collateral to finance expansion is still a hurdle for most women entrepreneurs, given that property is not usually registered in their names. The Government is, however, moving towards solving this problem through the Sessional Paper No. 2 of 2005 and the Micro-Finance Bill of 2005. The latter became an Act of Parliament in December 2006.

Accessibility to initial capital, even when available, is also a major hurdle for women entrepreneurs. Microfinance institutions (MFIs) and commercial banks choose where they locate, thus excluding entrepreneurs in remote regions, leading to regional disparities. Credit conditions when forming a group, paying membership fees, group registration fees and joining saving plans, result in delays in accessing initial capital, thereby worsening the women's household financial burden as observed by Stevenson *et al* (2005). However, this is no longer the key barrier and constraint, but a lack of creativity, innovativeness and responsiveness (on the part of capital suppliers) that now hampers women's entrepreneurship in Kenya. Whereas many MFIs emerged to provide initial and working capital, relevance and cost-effectiveness is often inappropriate in satisfying the particular needs of potential and operating women entrepreneurs (Government of Kenya, 1999). Where accessible, the cost of credit was found to be expensive for most SMEs; for instance, the interest rates charged by some MFIs is as high as 54 per cent per annum. This coupled with a short repayment period becomes a major constraint, resulting in forcing the entrepreneur to work almost round the clock to service the loans. The exorbitantly high cost of initial capital tends to make the enterprise almost uneconomical to operate as a business. This is common to most formal sources of credit as well as MFIs.

Though commercial banks and Development Finance Institutions (DFIs) have vast financial resources, their impact is yet to be felt among the SMEs, and particularly by women entrepreneurs, most of whom have no collateral. Consequently, most banks have created special facilities to support SMEs as a result of Government encouragement and their own need to expand. However, many entrepreneurs and, in particular women, tend to steer clear because of lack of information, and conditions such as high transaction costs and interest rates averaging above 35 per cent per annum.

The secondary findings from the ILO report indicate that most women entrepreneurs, do not access credit from formal sources, especially commercial banks and DFIs. There is need for the primary research to address the constraints, of the loans provided by the MFIs, commercial banks and DFIs to women entrepreneurs in the SME sector.

2.4.2 Competition:

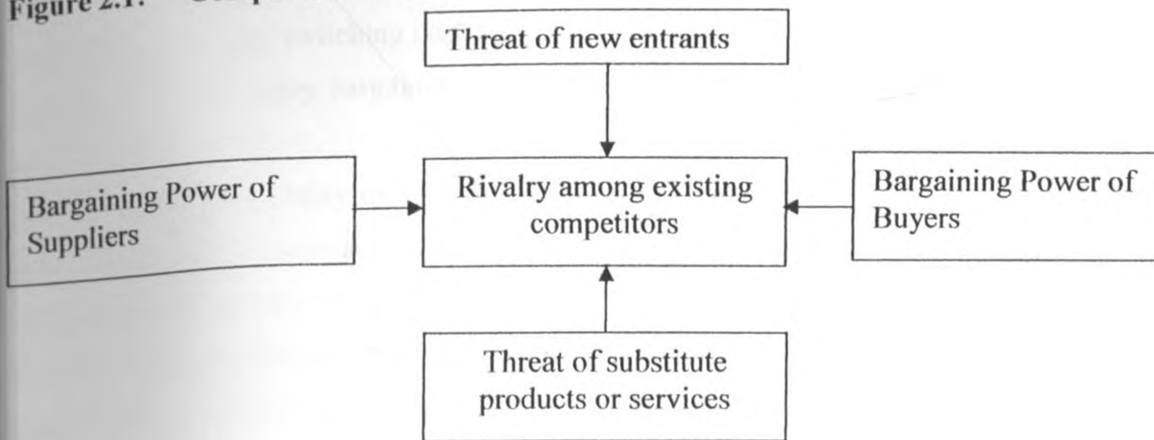
Firms operate in competitive environments. As a result according to Richard & Collins (2004) that a competitive analysis should be a central element of the marketing plans as individual elements monitor the competition can lead to non-performance and frustration of enterprise efforts. Knowledge of competitor's size, objectives and capability can provide a reasonable understanding of possible responses such as price cuts, the launch of new products among others.

At the same time other factors that influence performance need be examined. The issue of how a competitor is likely to behave has two components. First, how a competitor is likely to respond to the general changes taking place in the external environment and secondly to specific competitive moves by any other enterprise.

Kotles (1988) identifies four common reaction profiles among competitors: The laid back competitor- some competitors do not react quickly or strongly to a given competitor move. They may feel that their customers are loyal. The firm must try to assess the reasons for the competitors laid back behaviour.
The selective competitor- A competitor might react to certain types of assault signal and not to others.
The tiger's competitor- an enterprise that reacts swiftly and strongly to assault.
The stochastic competitor- competitors who do not exhibit a predictable particular occasion and there is no way to foresee what will do based on its economics, history or anything else.
It is therefore very important that SME's understand the competitive environment they are operating in and determine the appropriate move to make faced by each type of competitor.

Keegan (2005) in any industry competition works to drive down the rate of return on invested capital toward the rate that would be earned in the economist's perfectly competitive industry. Rates of return that are greater than this so-called competitive rate will stimulate an inflow of capital either from new entrants or from existing competitors making additional investment. Rates of return below this competitive rate will result in withdrawal from the industry and a decline in the levels of activity and competition.
According to Michael E. Porter, there are five forces influencing competition in an industry as shown in the figure below.

Figure 2.1: **Competition Factors**



Source: Michael E. Porter (2004)

Threat of New Entrants

Porter E. Michael (2004) if new entrants expect existing competitors to respond strongly to entry, their expectations about the rewards of entry will certainly be affected. A potential competitor's belief that entry into an industry or market will be an unpleasant experience may serve as a strong deterrent. Keegan (2004), new entrants bring new capacity, a desire to gain market share and position and very often new approaches to serving customer needs. New players push prices downward and squeeze margins resulting in reduced industry profitability.

Porter describes five major sources of barriers to entry, the presence or absence of which determines the extent of the threat of new industry entrants. The first barrier, the economies of scale, which refers to the decline in per unit product costs as the absolute volume of production per period increases. When existing firms in an industry achieve significant economies of scale it becomes difficult for potential new entrants to be competitive.

The bargaining Power of the supplier

Keegan (2004) if suppliers have enough leverage over industry firms, they can raise prices high enough to significantly influence the profitability of the industry. Factors influencing the supplier bargaining power are;

Suppliers will have the advantage if they are large and relatively few in number.

When the suppliers products or service are important inputs to user firms, are highly differentiated or carry switching cost, suppliers will have considerable Leverage over buyers Suppliers will also enjoy bargaining power if their business is not threatened by alternative products

The willingness and ability of suppliers to develop their own products and brand names if they are unable to get satisfactory terms from industry buyers will influence their power.

An example of supplier bargaining power is the OPEC which controls the price of oil. Between 1970 and 2000 gasoline prices were significantly raised at one time up to 33% in six months. Since there are no alternatives customers are forced to pay the higher prices.

The bargaining Power of buyers,

Keegan (2004), the ultimate aim of industrial customers is to pay the lowest possible price to obtain the products or services that they use as inputs. Usually therefore the buyers best interests are served if they can drive down profitability in the supplier industry. The following are conditions under which buyers can exert power over suppliers:

When they purchase in such large quantities that supplier firms depend on buyers business for survival.

When the suppliers products are viewed as commodities – that is , as standard or undifferentiated – buyers are likely to bargain hard for low prices because many supplier firms can meet their needs.

When the supplier industry's products or services represent a significant portion of the buying firms costs.

When the buyer is willing to achieve backward vertical integration.

Rivalry among competitors

Porter E. Michael (2005) refers to all actions taken by firms in the industry to improve their positions and gain advantage over the other. Rivalry manifests itself in price competition, advertising battles, product positioning and attempts at differentiation. Rivalry among firms forces companies to and rationalize costs, it can be a positive force. It drives down prices and therefore profitability; it creates instability and negatively influences the attractiveness. Several factors can create intense rivalry:

Once an industry becomes mature, firms focus on market share and how it can be gained at the expense of others.

Industries characterized by high fixed costs are always under pressure to keep production at full capacity to cover the fixed costs. Once the industry accumulates excess capacity, the drive to fill capacity will push prices- and profitability- down.

A lack of differentiation or an absence of switching costs encourages buyers to treat the products or services as commodities and shop for the best prices. Again there's downward pressure on prices and profitability.

Firms with high strategic stakes in achieving success in an industry generally are destabilizing because they may be willing to accept unreasonably low profit to establish themselves, hold positions or expand.

An inevitable consequence of the expansion of marketing activity is the growth of competition on a global basis. Competition is a critical factor affecting success. In some industries global companies have virtually excluded all other companies from their market. Michael Porter urges companies not to lose sight of local things – knowledge, relationships and motivation that distant rivals can't match.

2.4.3 Business location

According to a study by diverse strategies consultancy (2008), a business location is of utmost significance. A new business needs to be in the correct location where it is accessible to customer's suppliers. This is what will determine whether a business will make money or not. Some locations can have a dramatic effect on the productivity of a business by providing a constant flow of pedestrian traffic. Busy downtown city streets and malls are ideal locations for businesses, as the high number of potential customers walking by increase the odds that some customers will stop and conduct business. Likewise, Keith (2008) asserts that businesses situated in strip malls or even in standalone buildings but located along busy streets have increased exposure to passing traffic, boosting the visibility of the business and making passers-by more likely to stop in. Keith (2008) also observes that on the opposite end of the spectrum, businesses located in hard to find or difficult to access locations may experience reduced productivity and performance. If customers are not able to find a business, they will not be able to help the business succeed. If they find the business but factors such as a small, full parking lot, difficult-to-maneuver premises or sketchy, potentially unsafe surroundings make accessing the business a hassle, customers are likely to shop elsewhere.

Keith (2008) adds that the location of a business can also affect its success and productivity by extracting financial costs. Some municipalities may have higher sales and other taxes which eat into a business's bottom line. Operational or professional licenses may cost more in some areas, adding to the cost of doing business and reducing profitability; by the same measure, some municipalities require frequent evaluations and/or inspections which further reduce a company's productivity and profit.

There are some few things to consider when looking for a good business location. According to McDonald .M. (1990), they include the following:-

Nature of your products

If you are providing a service that doesn't require any face to face meetings with your customers such as mail order service, then your location isn't too important because a phone call, email or fax away. If you are a retailer or a restaurateur, you know that location is critical.

Market

If your business serving only the local community or cash you draw customers from out of your immediate area. The wider the geographic area you need to draw from, the more its going to cost you to reach them. Therefore knowing your customer is a key factor in choosing the right location.

The location of your competition

Many businesses fail because they underestimate the competition. Often it is not necessary the quality of the competition, just mere presence of it. The best locations are those where your are the "only game in town" or at least have an exclusive niche of the markets and how close you are to that market.

2.4.4 Business performance

Performance is the accomplishment of a given task measured against preset standards of accuracy, completeness, cost, and speed. Measurement of performance can be done through performance indicators. Such measures are commonly used to help an organization define and evaluate how successful it is, typically in terms of making progress towards its long-term organizational goals according to Carol (1990). Business performance can be used to assess the present state of the business and to assist in prescribing a course of action.

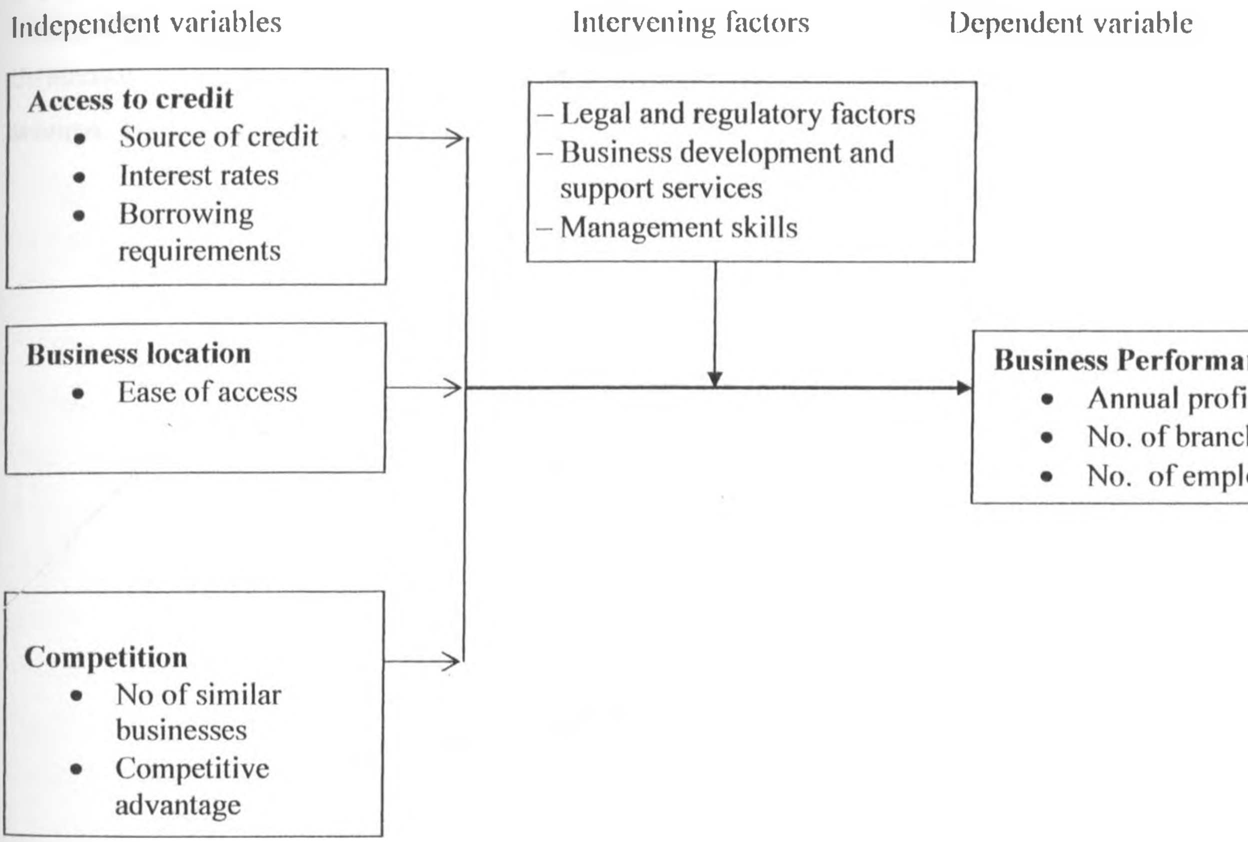
According to Chong GIN .H. (2008), business organization could measure its performance using the financial and no-financial measures. The financial measures include profit before tax and turnover while the non-financial measures focus on issues pertaining to customers' satisfaction and customers' referral rates, delivery time, waiting time and employee's turnover. Recognizing the limitations of relying solely on either the financial or non – financial measures, owners-managers of the modern SMEs have adopted a hybrid approach of using both the financial and non-financial measures. These measures serve as precursors for course of actions.

Some of the key indicator areas of performance include: customer-related numbers, new customers acquired, status of existing customers, attrition of customers, turnover generated by segments of the customers - possibly using demographic filters, outstanding balances held by segments of customers and terms of payment - possibly using demographic filters, collection of bad debts within customer relationships, demographic analysis of individuals (potential customers) applying to become customers, and the levels of approval, rejections and pending numbers, delinquency analysis of customers behind on payments, profitability of customers by demographic segments and segmentation of customers by profitability and sales-data analysis by product segments

2.5.Conceptual framework:

This shows the major variables and their influence on each other. The independent variables are the factors influencing performance of micro financed enterprises owned by women. The dependent variable is the business performance.

Figure 2.2: Conceptual framework



Enterprise performance depends of several interrelated components or variables for any organization to succeed. It should have strong financial structures and these are the fundamentals the microfinance institutions seek to provide. However even with availability of business finance from various sources, other factors such as: - actions of competitors, consumer behaviours terms of credit determine whether the business will perform successfully or not. This study limited itself to; access to credit, competition and business location which formed the independent variables

2.6 Chapter Summary

The chapter has literature related to factors that affect the performance of Micro-financed businesses which are owned by women. Both theoretical and empirical literatures were reviewed. Particularly, the chapter discussed theories that bring out the fact that there are gender disparities that determine the phase of development between men and women. Exposed to the same business environment women and men owned businesses perform differently. of microfinance and micro credit, income and economic empowerment among women. The conceptual framework was also discussed.

CHAPTER THREE:
RESEARCH METHODOLOGY

3.1 Introduction

The aim of Research Methodology is to produce reliable and valid data that is free from personal biases as per Schindles (2003). This chapter therefore introduces and describes the Methodology used in carrying out the study. Specifically, the chapters focus on the research design, the target population, and sampling design. Methods and instruments of data collection and procedures for administering them in the field are highlighted. This chapter discusses how validity and reliability were established. The operational definition of variables as used in the study is given in this chapter as well as methods of analyzing the data as it relates to the research questions.

3.2 Research design

In this study, descriptive survey design was used. Descriptive research concerns collecting of data in order to answer questions concerning the current status of the performances of micro financed businesses owned by women entrepreneurs. According to Schindler (2003), a descriptive study emphasizes on estimation rather than testing, therefore information was gathered from the respondents regarding their knowledge, attitudes, and practices towards performance of micro financed women businesses. Data for this study was used to describe the "who, what, when, where and how" of women entrepreneurs and the performance of their micro financed businesses.

3.3 Target population

According to Mutai (2000), a target population refers to a group of individuals, objectives or items from which a sample is drawn The Imenti South District Trade Ministry office has registered approximately 1200 small and medium businesses owned by women entrepreneurs. Of these enterprises 300 are financed through Micro-finance credit. This formed the target population.

3.4 Sampling design and sample size

According to Kombo and Tromp (2006) sampling design refers to how cases are to be selected for observation. The researcher used probability sampling design. A simple systematic random sampling was used to take a sample from the target population. This was done in a way that ensured a good representation of the population in the sample. According to Gay (1992) and Sekaran (2007), a researcher can take samples of 10% of a bigger population and at least 20% for a smaller population and that a sample of above 30 to 60 is a good representation of the population. A sample size of 150 businesses was obtained.

Table 3.1: Sample size

Microfinance institution	No. of women owned enterprises	Sample size	Percentage of target population
SOUTH IMENTI TEA GROWERS SACCO	44	22	50%
FAULU KENYA	48	24	50%
KWFT	50	25	50%
K-REP	46	23	50%
EQUITY BANK	52	26	50%
SOUTH IMENTI DEVELOPMENT FUND	60	30	50%
TOTAL	**300**	**150**	**50%**

3.5 Data collection

This research used self administered drop and pick questionnaires with closed and open ended questions to ensure consistency and getting the independent respondent's view. According to Mbwesa (2006), self administered drop and pick questionnaire encourages high response rates because the respondents can complete the questionnaire in their own time. The tools that used to collect the data were questionnaire and analysis of existing documents or desktop research, and observation guide:

3.6 Validity and reliability

Patton (2001) argues that reliability and validity are two factors, which any qualitative researcher should be concerned about while designing a study, analyzing results and judging the quality of the study. White (2002) emphasizes the need to build into the research design the concept of validity and reliability. Validity is concerned with the idea that the research design fully addresses the research questions and objectives the researcher is trying to answer and achieve. Reliability is about consistency in research, and whether another researcher could use the same design and obtain similar findings. This however does not imply that the two researchers' interpretations and conclusions would be the same because the judgment of individual comes into play.

3.6.1: Reliability

According to Mugenda and Mugenda (1999), reliability is a measure of the degree to which a research instrument yields consistent results on data after repeated trials. A reliable instrument is one that produces consistent results when used more than once to collect data from the sample randomly drawn from the sample population (Mulusa 1990).

To increase the reliability of the data collected the researcher employed test – retest technique in which the instruments were administered twice but to different groups of the subjects. The pilot test of the instruments was done on a few microenterprises in Imenti North district to ensure that the desired data or results are obtained when the real study is conducted in Imenti south district.

3.6.2: Validity

Validity is the degree to which a test measures what it purports to measure (Borg and Gall 1989) it is concerned with whether the findings are really about what they appear to be about. Is the relationship between two variables a casual relationship?

Validity also refers to degree of accuracy and meaningfulness of inference based on research results. Validation of the data will be done using content validity. This measures the degree to which data collected using a particular instrument represents a specific domain of indicators or content of a particular concept; Mugenda and Mugenda, (1991).

In this case, a pilot study was carried out by administering the data collection instruments twice but to different groups of the subjects. The pilot test of the instruments was done on a few microenterprises in Imenti North district to ensure that the desired data or results are obtained when the real study is conducted in Imenti south district. An analysis of the findings was done. This clearly showed where amendments needed to be made. Ambiguities, were amended and improvement done as required for the success of this study.

3.7 Operational definition of variables

Operational definition of variables is operationalizing or operationally defining a concept to render it measurable. It is done by looking at the behavioral dimensions, indicators, facets or properties denoted by the concept, translated into observable and measurable elements to develop an index of the concepts. Measures can be objective or subjective.

Table 3.2: Operationalization Table

Research question	**Variables**	**Indicator**	**Measurement**	**Level of scale**	**Data collection**	**Approach of analysis**	**Type of analysis**	**Level of analysis**
To what extent has access to credit influenced the performance of businesses owned by women.	**Independent** Access to credit	▪ Sources of business finance ▪ Available credit facilities ▪ Barriers to credit facilities ▪ Interest rates charged by financial institutions ▪ Lending requirements	▪ Different sources of business financing ▪ Number of credit facilities available ▪ Interest rates of various financial institutions ▪ Loan application procedures ▪ Requirements to be met before being awarded credit ▪ Time it takes to acquire credit facility ▪ Challenges encountered in accessing the credit facility	▪ Nominal ▪ Interval scale	▪ Secondary data sources ▪ Interview/questionnaire	▪ Qualitative ▪ Quantitative	Non-parametric	Descriptive
	Dependent Business performance	▪ Profits ▪ Sales ▪ Employees ▪ Branch network ▪ Savings	▪ How much the business is able to save ▪ Number of employees ▪ Number of business branches ▪ How much profits are	▪ Interval scale	▪ Secondary data sources ▪ Interviews/questionnaires	▪ Quantitative ▪ Qualitative	Non-parametric	Descriptive

Research question	Variables	Indicator	Measurement	Level of scale	Data collection	Approach of analysis	Type of analysis	Level of analysis
			generated from the business ▪ Monthly sales volumes					
The influence of Business location on business performance	**Independent** Business location	▪ Location of the business	▪ Street where the business is located ▪ Ease of access to the business ▪ Human traffic-number of potential customers passing by the business ▪ Operational costs associated with the locality of the business e.g. rent, transport and license	▪ Interval scale ▪ Nominal	▪ Secondary data sources ▪ Interview/ questionnaire	▪ Qualitative ▪ Quantitative	Non-parametric	Descriptive
To what extent does competition influence business performance	**Independent** Competition	▪ Market share ▪ Competition intensity ▪	▪ Number of similar businesses ▪ Threat of new entrants ▪ Responses to competition ▪ Competitive advantage	▪ Nominal ▪ Interval scale	▪ Secondary data sources ▪ Interview/questionnaires	▪ Qualitative ▪ Quantitative	Non-parametric	Descriptive

3.8 Method of data analysis

In all the research questions, the data from the questionnaire was examined, coded and organized into relevant values, and entering it into the computer after creating computer files. Once coded and entered, the data was assessed for consistency and relevance before the actual analysis is done. The study employed both quantitative and qualitative approaches to achieve its objectives. Collected data was analyzed using descriptive statistics. This helped to measure the various variables of the study. For easy analysis of the data electronically, statistical package for social sciences (SPSS) was used. The analyzed data was then presented using frequency tables. .

3.9 Chapter summary

This chapter has dealt with the research design used .The researcher applied the descriptive survey design. The target population was 1200 small and medium businesses owned by women entrepreneurs. The sampling procedure was stratified simple random sampling and the methods of data collection used were self administered questionnaires. Records were also analyzed. The researcher has also described the data analysis techniques and methods which were applied.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter presents analysis, presentation and interpretation of the findings of the study. Findings are mainly presented in form of frequency tables. The chapter is divided into subsections where general characteristics of the respondents such as age, gender, marital status, educational background, business activity and duration of time in business. The data is also analyzed around key variables like access to credit, business location, competition and business performance in Imenti South District. Presented below are key findings of the study incorporating methodologies of mixed types.

Out of 150 questionnaires distributed for the study; 148 respondents filled and returned them representing a return rate of 98.67% which is statistically acceptable representation of the target population.

4.2 General information

This section gives findings around general socio-demographic characteristics of the respondents such as age, gender, marital status, educational background among others.

4.2.1: Distribution by age

From table 4.1, 81.7% of enterprises are owned by people aged 35 years and below, 11.5% are owned by individuals aged between 36 and 45 years.

Table 4.1: Distribution by age

Age	Frequency	Percent
Below 25 Years	53	35.8
26 - 35 Years	68	45.9
36 - 45 Years	17	11.5
Above 45 Years	10	6.8
Total	**148**	**100.0**

The findings in Table 4.1 indicate that young entrepreneurs today are being driven by ever increasing unemployment rates to start businesses which is commendable the growth of the developing world economies. In contrast, only 6.8% of businesses were owned by individuals aged above 45 years an indication that entrepreneurship is also attractive to the old folks who have spent much time in the corporate world.

4.2.2 Marital status

Respondents were requested to indicate their marital status. The results are shown in Table 4.2

Table 4.2: Marital status

Marital status	Frequency	Percentage
Married	62	41.9
Separated	20	13.5
Widow	2	1.4
Single	64	43.2
Total	**148**	**100.0**

Table 4.2 demonstrates that majority of the respondents (43.2%) were single. This finding corresponds to the observation that majority of the business were owned by young people of whom majority are perceived to have not settled down in marriages. 41.9% of the respondents were married, 13.5% separated and 1.4% widowed.

4.2.3 Number of dependants

Respondents were requested to indicate their number of dependants in their households. The results are shown in Table 4.3.

Table 4.3: Number of dependants

Number of dependants	Frequency	Percentage
None	71	48.0
1 -2	28	18.9
3 - 4	36	24.3
5 - 6	12	8.1
More than 7	1	.7
Total	**148**	**100.0**

Table 4.3 demonstrates that majority (48.0%) of the respondents had no dependants owing to the observation that majority of the women were still single, 24.3% supported 3 to 4 persons, 18.9% of the respondents financially supported 1 to 2 dependants and 8.1% of the respondents interviewed supported 5 to 6 persons. Indeed, 0.7% of the respondents supported more than 7 dependants. Supporting large number of dependants might reduce profits from the business and reduce the performance of the business.

4.2.4 Level of education

Formal education may provide entrepreneurs with a greater capacity to learn about new production processes and product designs, offer specific technical knowledge necessary for business expansion, and increase business profitability. Table 4.4 shows the levels of education of respondents.

Table 4.4: Level of education

Level of education	Frequency	Percentage
Up to Primary Level	14	9.5
Secondary Level	55	37.2
College/University Level	79	53.4
Total	**148**	**100.0**

Table 4.4 illustrates that majority (53.4%) of the respondents had post secondary level of education. In addition, 37.2% had 37.2% secondary education and 9.5% had up to primary level of education. This observation clearly indicates that the entrepreneurs were well educated and this places their businesses in a particularly good position in terms of skills and knowledge acquisition. Highly educated entrepreneurs are more willing to accept new ideas, ability to adapt to change, but also has a strong ability to obtain the required information. This coupled with professional business training improves business management and creates a better basis for business growth and profitability.

4.2.5 Business activity

Respondents were requested to indicate the business activity they were involved in. Table 4.5 summarizes the various kinds of business activities respondents were engaged in.

Table 4.5: Business activity

Type of business activity	Frequency	Percentage
Service (Such as salon, hotel)	65	43.9
Trade (Such as second hand cloth selling, retail shop)	73	49.3
Farming (Vegetable growing, fruit farming etc)	10	6.8
Total	**148**	**100.0**

According to the table, 49.3% of the women were involved in trade, 43.9% engaged in service industry with the least (6.8%) engaged in farming activities. This confirms to the fact that women concentrate in Micro-enterprises that fit their traditional gender roles such as personal services in beauty industry, garment making and food production and processing.

4.2.6 Period of time in business

Table 4.6 shows that half (50%) of the women entrepreneurs had operated their businesses for at least less than three years an indication of lack of experience in the business. Inadequate business experience may affect business performance and growth

Table 4.6: Period of time in business

No. of years in business	Frequency	Percentage
One - Three years	74	50.00
Four - Six years	33	22.30
Seven - Nine years	18	12.16
Above nine years	23	15.54
Total	**148**	**100.00**

An entrepreneur's human capital characteristics of the new enterprises are a key determinant of performance. Previous experience is an important part of human capital. The entrepreneur's prior work experience in the accumulated knowledge of customer problems, market knowledge, service mode, market knowledge to create the entrepreneurs 'knowledge corridor', is often read out of its previous knowledge and close contact opportunities. Therefore, the work experience for the business success has an important influence on the performance of the business.

4.3 Access to credit

4.3.1 Sources of capital

Women sourced capital from different sources. Table 4.7 shows the most widely used source of capital for women business owners was personal savings (37.84%) followed by loans from microfinance institution (27.70%). In general, business loans from commercial banks (18.24 %), profits (10.81%) and shylocks were the less preferred sources of capital.

Table 4.7: Sources of capital

Source of capital	Frequency	Percentage
Loans from micro finance institutions	41	27.70
Loans from commercial banks	27	18.24
Personal savings	56	37.84
Shylocks	8	5.41
Profits	16	10.81
Total	**148**	**100**

The findings in Table 4.7 could imply that credit was not easily accessible to women making women to rely on their personal savings which might not be enough. The use of less capital and consequently setting up smaller enterprises is a general tendency for women owned enterprises. However, the study did not establish whether restricted access to finance forces women entrepreneurs to start with a smaller size business, whether this is their choice or whether other societal barriers are responsible for starting small.

4.3.2 Interest rates

As women sourced for capital, different financial institutions gave out money at varied interest rates as shown in Table 4.8.

Table 4.8: Interest rates

Interest rate	Frequency	Percentage
Less than 10%	21	14.19
Between 10 - 14%	21	14.19
Between 15 - 19%	100	67.57
Between 20 - 24	2	1.35
Above 24%	4	2.70
Total	**148**	**100**

According to Table 4.8. majority (67.57%) of the financial institutions charged interest rates ranging from 15 – 19%. However, it was also noted that some sources had exorbitant interest rates above 24% particularly shylocks whose interest rates went as high as 240% per annum. Such excessive rates might could make repayment of loans cumbersome and decrease business profitability.

4.3.3 Rating of interest rates

Respondents were requested to rate the interest rates charged on the loans. Table 4.9 shows their rating.

Table 4.9: Rating of interest rates

Rating	Frequency	Percentage
High	85	57.43
Fair	59	39.86
Low	4	2.70
Total	**148**	**100.00**

From the table, majority (57.43%) indicated that the interest rates charged were generally high though 39.86% felt that the rates were fair. High interest rates could negatively affect accessibility of credit facility among women entrepreneurs.

4.3.4 Effect of interest rates on business performance

Interest rates charged on loans borrowed from different sources had several effects on the women owned enterprises as shown in table 4.10.

Table 4.10: Effects of interest rate on business

Effect of interest rate on business	Frequency	Percentage
Caused difficulties in loan repayment	78	52.70
Reduced profits	83	56.08
Slowed down business growth	47	31.76
No effect on business	27	18.24
	N=148	

According to table 4.10, 52.7% of the respondents indicated that the high interest rates had caused difficulties in loan repayment. Majority (56.08%) opined that the interest rates had reduced their profits slowing down their business growth (31.76%). However, 8.24% of the respondents indicated that the interest rates charged on loans had not affected their business performance.

4.3.5 Investment of full loan amount into business

Respondents were requested to indicate whether they invested the full loan amount into business or it was used for other purposes.

Table 4.11: Investment of full loan amount into business

Investment	Frequency	Percentage
Yes	123	83.11
No	25	16.89
Total	**148**	**100.00**

Table 4.11, shows that majority (83.11%) invested the full loan amount into their businesses an indication that they used the money for the intended purposes. Conversely, there was a small percentage (16.89%) of respondents who diverted the loaned money to other projects like school fees payment and purchase of household appliances. Diversion of loaned capital into other projects leaves a business with a burden of loan repayment for money not invested into the business resulting into decreased business performance and ultimately into reduced profitability.

4.3.6 Requirements hindering credit access

Some loan pre-qualification requirement by microfinance institutions may hinder accessibility to credit facilities from these institutions. Table 4.12 summarizes these requirements.

Table 4.12: Requirements hindering credit access

Requirements hindering credit access	Frequency	Percentage
Forming a group	98	66.22
Paying membership fees	17	11.49
Group Registration fees	10	6.76
Joining saving plans	23	15.54
Total	**148**	**100.00**

From the table, formation of a group (66.22%) seems to be the most difficult requirement for respondents seeking credit facility from the microfinance institutions. Microfinance institutions demand that those seeking credit facilities should be members of a particular group where collective responsibility of the group serves as collateral on the loan. Other requirements included payment of registration fees (11.49%), joining saving plans (15.54%) and group registration (6.76%).

4.3.7 Challenges faced by women entrepreneurs in accessing credit

Women entrepreneurs were asked to indicate some of the challenges they faced in accessing credit from financial institutions. Table 4.13 summarizes some of the major challenges.

Table 4.13: Challenges faced by women entrepreneurs in accessing credit

Challenge	Very challenging (%)	Challenging (%)	Not challenging (%)
Lack of collateral security for finance	48.6	21.1	30.3
Bureaucracies involved in loan disbursement	38.9	26.4	34.7
Repayment schedules	39.6	25	35.4
Lengthy and vigorous procedures for loan applications	46.5	20.8	32.6
	N=148		

From the table, majority of the women entrepreneurs considered collateral (48.6%) and lengthy and vigorous procedures for loan applications (46.5%) as the very challenging obstacles in accessing credit from financial institutions. Other challenges included bureaucracy involved in loan disbursement (38.9%) and loan repayment schedules (39.6%).

4.4 Business location

This section gives an analysis of the influences of the location of the business on the performance of the business.

4.4.1 Business location

Business location is important in the growth and success of a business. Table 4.14 shows the various business locations of women owned microenterprises.

Table 4.14: Business location

Business location	Frequency	Percentage
Within the Centre	115	77.70
At the outskirts	20	13.51
In the rural areas	13	8.78
Total	**148**	**100.00**

According to the table, majority (77.70%) of the businesses were located within the centre of Nkubu Municipality which is found in Imenti South District. Fewer businesses were located in the outskirts (13.51%) and in the rural areas (8.78%). This implies that the business had the potential to grow and succeed.

4.4.2 Ease of business location

Table 4.15 demonstrates how easy or difficult it was to locate business at different locations.

Table 4.15: Ease of business location

Ease of business location	Frequency	Percentage
Very easily	65	43.92
Easily	68	45.95
Not very easily	15	10.14
Total	**148**	**100.00**

According to the table, majority of the businesses were easily accessible (45.95%) and 43.92% were very easily accessible. Only a small percentage (10.14%) considered there businesses not very easily accessible. This further evidence that business location did not influence performance of women owned enterprises.

4.5 Competition

This section gives an analysis of the influences of the competition within the market on the performance of the business.

4.5.1 Number of competitors

Respondents were asked to indicate the number of competitors or businesses dealing with substitute products/services that were situated within the market.

Table 4.16: Number of competitors

Number of competitors	Frequency	Percentage
None	29	19.59
1 - 9	83	56.08
10 - 19	12	8.11
20 -29	11	7.43
More than 30	13	8.78
Total	148	100.00

According to the table, majority (75.67%) of the respondents had less than 10 competitors. This is evidence that competition was not so intense and this supports the finding that businesses were not affected competition.

4.5.2 Effects of competition

When traders are faced with competition, several strategies are put in place to minimize its effects. Table 4.17 summarizes some of the measures taken as a response to completion however small it might be.

Table 4.17: Effects of competition

Effect	Yes (%)	No (%)
Price cuts	61.4	38.6
Changing business	8	92
Relocation	12.9	87.1
Partnering with competitors	22.9	77.1
Advertising and promotion	21.4	78.6

According to the table most (61.4%) business women responded to competition through reducing products/services prices. Other popular ways of responding to competition included relocation (12.9%), partnering with competitors (22.9%) and initiation of vigorous advertisement and promotion (21.4%). Changing business line was observed to be the least (8%) popular method of responding to competition.

4.5.3 Competitive advantage

Respondents were supposed to indicate their strengths, their competitive advantage as they carried out their businesses as shown in Table 4.18.

Table 4.18: Competitive advantage

Competitive advantage	Frequency	Percentage
Financial structure	24	16.22
Business type	25	16.89
Business location	41	27.70
Customer loyalty	58	39.19
Total	**148**	**100.00**

According to Table 4.18, women entrepreneurs boasted of customer loyalty (39.19%) as their competitive advantage. Other women suggested business location (27.70%), business type (16.89%) and financial structure (16.22%) as their competitive advantages. This further indicates that competition among women owned enterprises within Imenti South District was not intense and did not influence business performance.

4.6 Business performance

This section describes the performance of business in relation to profits accrued, number of employees and the branch network of the enterprises

4.6.1 Annual profits

Profitability of a business can be used to measure performance of a business. Table 4.19 summarizes annual profits among women owned enterprises.

Table 4.19: Annual profits

Annual Profits in 000' Kshs	Frequency	Percentage
Below 50	15	10.14
50 - 100	20	13.51
100 - 200	21	14.19
200 - 300	24	16.22
Above 300	68	45.95
Total	**148**	**100**

From the table, 10.14% of the business recorded below ksh 50,000 as the annual profit. 13.51% ranged between 50,000 to 100,000 and 14.19% recorded profits ranging from 100,000 to 200,000 annually. The table also demonstrates that 16.22% made profits ranging from 200,000 -300,000. Majority of the businesses recorded profits of above 300,000 per year. Even though the businesses were perceived to be making profits, calculated on a monthly basis, the profits seem little depicting the small sizes of the enterprises.

4.6.2 Number of people engaged in the business

Number of employees of a business can be used to measure size of a business. Table 4.20 summarizes number of employees among women owned enterprises.

Table 4.20: Number of people engaged in the business

Number of people engaged in the business	Frequency	Percentage
1 - 3	112	75.68
4 - 6	26	17.57
Above 6	10	6.76
Total	**148**	**100.00**

In terms of number of employees, majority (75.68%) of the businesses had between one and three employees, 17.57% had between 4 to 6 employees and a small percentage (6.76%) had above six employees. The few number of people engaged in the business is further evidence that depicts the small size of the enterprises.

4.6.3 Number of branches

Number of branches of a business can be used to measure size and performance of a business. Table 4.21 summarizes number of business branches among women owned enterprises.

Table 4.21: Number of branches

Number of branches	Frequency	Percentage
None	121	81.76
One	11	7.43
2 - 4	16	10.81
Total	**148**	**100.00**

In terms of number of branches, majority (81.76%) of the businesses had no branches at all, 7.43% had between one branch and 10.81% had between 2 to 4. The few number of business branches among studied businesses is further evidence that depicts the small sizes of the enterprises.

4.6.4 Suggestions for improvement

Several suggestions were put across to the funding organizations to ensure business growth as shown in table 4.22.

Table 4.22: Suggestions for improvement

Suggestion for improvement	Frequency	Percentage
Reduce bureaucracies	119	80.41
Reduce interest rates	127	85.81
Extension of repayment loan period	97	65.54
Offer capacity building/training in business to businesswomen	78	52.70
Offer business support services	56	37.84
N=148		

From the table, suggestions put across included: reducing bureaucracies in loan application and disbursements (80.41%), reducing interest rates (85.81%), giving extension of repayment loan period (65.54%), offering training in business related areas (52.70%) and offering business support services (37.84%).

4.7 Chapter summary

This chapter detailed the data analysis, gave the interpretation of the findings and presented the findings in frequency tables. The purpose of this chapter was to represent the result of the procedures described in the methods and present evidence in form of tables, text and figures. The data analysis was done on the basis of the study objectives. Moreover, the analysis was done by handling each question in the data collection tool. Descriptive statistics were widely used in the analysis of the data.

CHAPTER FIVE

FINDINGS, CONCLUSION AND RECOMMENDATIONS.

5.1 Introduction

This chapter presents the summary of findings, conclusion drawn from the analysis and the recommendations by the researcher. The main objective of this study was to assess the factors influencing the performance of micro-financed small and medium businesses owned by women entrepreneurs in Imenti South district. The specific objectives of the study were to assess the influence of access to credit facility on performance of businesses owned by women entrepreneurs, to investigate the influence of enterprise' location on business performance of micro financed enterprises owned by women and to determine the influence of competition on performance of business enterprises owned by women.

5.2 Summary of the findings

5.2.1 Access to credit

Women sourced capital manly from personal savings (37.84%) followed by loans from microfinance institution (27.70%). In general, business loans from commercial banks (18.24 %), profits (10.81%) and shylocks were the less preferred sources of capital. This could imply that credit was not easily accessible to women making women to rely on their personal savings which might not be enough.

Majority (67.57%) of the financial institutions charged interest rates ranging from 15 – 19%. However, it was also noted that some sources had exorbitant interest rates above 24% particularly shylocks whose interest rates went as high as 240% per annum. Such excessive rates might could make repayment of loans cumbersome and decrease business profitability. In general, majority (57.43%) indicated that the interest rates charged were generally high 52.7% of the respondents indicated that the high interest rates had caused difficulties in loan repayment, reduced their profits (56.08%) slowing down their business growth (31.76%).

Formation of a group (66.22%) seemed to be the most difficult requirement for respondents seeking credit facility from the microfinance institutions. Microfinance institutions demand that those seeking credit facilities should be members of a particular group where collective responsibility of the group serves as collateral on the loan

Majority of the women entrepreneurs considered collateral (48.6%) and lengthy and vigorous procedures for loan applications (46.5%) as the very challenging obstacles in accessing credit from financial institutions.

5.2.2 Business location

Majority (77.70%) of the businesses were located within the centre of Nkubu Municipality in Imenti South District. Out of this majority (70.2%) of the businesses were located along a busy street while minority (29.8%) were located along less busy streets. 87% of the businesses along a busy street had good performance and 97.4% of the business along less busy street also recorded good performance. This clearly indicates that business location with the market centre did not influence business performance. Furthermore, majority of the businesses were easily accessible (45.95%) further evidence that business location did not influence performance of women owned enterprises.

5.2.3 Competition

Majority (75.67%) of the respondents had less than 10 competitors. This is a clear indication that the completion was not so intense and this supports the finding that businesses were not affected by competition. Women entrepreneurs boasted of customer loyalty (39.19%) as their competitive advantage. 92% of the businesses that had no competitors had good performance and 91% of the business that had 1 -9 competitors recorded good performance. 81.8% of the businesses that had 10-19 competitors had good performance and 100% of the business that had 20-29 competitors recorded good performance. Furthermore, 91.7% of the businesses that had more than 30 competitors had good performance. This indicates that competition among women owned enterprises within Imenti south district was not intense and did not influence business performance. This could imply that the district market is not exhausted and still has business opportunities and potential for growth and development.

5.2.4 Business performance

Majority of the businesses recorded profits of above 300,000 per annum Even though the businesses were perceived to be making profits, calculated on a monthly basis; the profits seem little depicting the small sizes of the enterprises. Majority (75.68%) of the businesses had between one and three employees. The few number of people engaged in the business is evidence that depicts the small size of the enterprises.

Majority (81.76%) of the businesses had no branches at all, 7.43% had between one branch and 10.81% had between 2 to 4. The few number of branches in business is further evidence that depicts the small sizes of the enterprises.

5.3 Discussions

This study established that women sourced capital manly from personal savings with business loans from commercial banks being less preferred sources of capital. This could be interpreted that credit was not easily accessible to women making women to rely on their personal savings which might not be enough. This finding agrees with Gundry et al (2002) who confirm that lack of access to capital has been a primary obstacle for women entrepreneurs. This is supported by Helm (1997) who agrees that stating that financial aspects of venture start-up management are the biggest obstacles for women. This is mainly attributed to challenges associated with start-up financing and credit, cash flow management that are usually present in the early operations and financial planning of businesses.

Moreover, majority (57.43%) indicated that the interest rates charged were generally high. Such high interest rates may result in difficulties in loan repayment, reduced their profits consequently slowing down business growth. This finding is in line with results from a study of NGOs and women small-scale entrepreneurs in the garment manufacturing sector of the textile industry in Nyeri and Nairobi by Macharia and Wanjiru (1998). In their study, Macharia and Wanjiru identified factors that inhibit credit availability to women which included: lack of start-up (seed) capital; lack of awareness of existing credit schemes; high interest rates; lengthy and vigorous procedures for loan applications; and, lack of collateral security for finance. These factors have become a major barrier to the growth potential of businesses owned by women.

It was observed that most (77.7%) of the businesses were located within the centre of Nkubu Municipality in Imenti South District and 70.2% out of these businesses were located along a busy street. This location made the businesses easily accessible which boosted sales that accounted for the good performance. This finding agrees with Keith (2008) who asserts that businesses situated in strip malls or even in standalone buildings but located along busy streets have increased exposure to passing traffic, boosting the visibility of the business and making passers-by more likely to stop in unlike those located in hard to find or difficult to access locations which may experience reduced productivity and performance.

According to Keegan (2005) in any industry competition works to drive down the rate of return on invested capital toward the rate that would be earned in the economist's perfectly competitive industry. This study established that Majority (75.67%) of the respondents had less than 10 competitors an indication that the competition was not so intense which could imply that businesses performance was not affected by competition.

5.4 Conclusions

Based on the findings of the study, it may be concluded that women owned enterprises are quite entrepreneurial and need to be supported to grow and expand. Government policies and relevant legislations have, to a large extent, only been on paper, not on the ground; there is little implementation of some of the policies that would have supported women's entrepreneurship. Finance was found to be less available and inaccessible from a number of MFIs and commercial banks operating in the sector. Conditions to be fulfilled, including the terms of repayment for most loans to MSEs, were said to pose major challenges to the entrepreneurs, especially at the micro level. Most of the financing in this sector is sourced from personal saving and microfinance using intermediaries to reach them.

It was noted that there was no significant relationship between business location and business performance. This is evidence that business location did not influence business performance. The study also established that competition did not influence business performance in Imenti south district. This could imply that the district market is not exhausted and still has business opportunities and potential for growth and development

5.5 Recommendations

A set of policy recommendations is proposed below based on the financing needs of women owned enterprises.

As market challenges prevail in WOE financing, governments have to play a major role in addressing challenges of WOEs in accessing finance. The policy measures required for easing access to finance start from simple introduction of simplified registration system for micro and small enterprise and legal reform for women's property ownership and end with arranging refinance to private financial institutions for women-SME lending. The private sector can also play an important role and share the experiences in other countries. Introduction of a credit approach including home-based mentoring and counseling can improve access to finance by the WOEs significantly, whilst at the same reducing the risk of portfolio management. Training of staffs and management for designing specialized products for women borrowers, which is not so fundamental in terms of implementation, can also play an important role.

Financial institutions should engage in deliberate efforts to develop financial and support programmes that meet the needs of women entrepreneurs. Existing financial and business development institutions, donors and NGOs should be encouraged to develop specialized programmes and schemes to address the needs women.

5.6 Areas of further research

There are lots of things which policy makers and researchers still have to understand for overcoming barriers to financing. It is to be clarified whether women lack negotiating skills, the expectation of women from banking relationships, level of understanding about the worth of own business by the women owners, understanding by women owners of the mechanisms of borrowing for purposes other than asset financing (working capital, receivables financing, export financing etc.) and the importance of injecting capital into their business, etc. It is also important to understand whether women consider alternate means of raising capital, like bringing in partners.

5.7 Summary

This chapter has presented the summary of the findings, discussions and study conclusions recommendations as well as areas of further study.

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APPENDICES

Appendix I: Introductory letter

Muthuri Gladys N,
P.O. Box 2689-60200,
Meru.

24th May 2009

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Dear Sir/Madam,

RE: RESEARCH ON FACTORS INFLUENCING THE PERFORMANCE OF MICROFINANCED ENTERPRISES. A CASE OF WOMEN ENTERPRENEURS IN IMENTI SOUTH DISTRICT

The researcher is a student at the University of Nairobi carrying out a study on the factors influencing the performance of microfinanced enterprises. a case of women entrepreneurs in Imenti south district. This is an academic study that is part of partial fulfillment for the award of the degree of Master of Arts in Project Planning and Management.

I kindly request your input through filling this questionnaire. Please note that your honest responses will be in strict confidence and will purely be used for academic purpose. Any additional information you may consider relevant for this research will be most welcome.

Your acceptance to complete this questionnaire is greatly appreciated.

Thanking you in advance for your co-operation

Yours truly,

Muthuri Gladys N.

Appendix II: Questionnaire for women owned enterprises funded by MFIs

This questionnaire attempts to survey the factors that influence performance of MFI funded women entrepreneurs in Imenti South District. The information will be treated with total confidentiality and used for research purposes only. Please complete every item as honesty as possible and make comments where necessary. You may not write your name in the questionnaire for confidentiality purposes.

Tick in the box next to the right response and fill in the black spaces accordingly.

SECTION A: BASIC INFORMATION

1 Please indicate your age bracket

a) Below 25 years ☐ b) 26-35 ☐ c) 36- 45 ☐

d) Above 45 ☐

2 Marital status

a) Married ☐ b) Separated ☐ c) Widow ☐

d) Single ☐

3. Number of dependents

a) None ☐ b) 3-4 ☐ c) 5-6 ☐

d) more than 7 ☐

4. Level of Education

Up to primary level ☐

Secondary level ☐

College/university level ☐

Others (specify) ____________________

5. Which business activity or sector are you involved in?

   a) Service (such as saloon, hotel) ☐
   b) Trade (such as second hand cloth selling,retail shop, cereals and other physical commodities.) ☐
   c) Farming (such fruit farming, vegetable growing,chicken rearing, dairy farming) ☐
   d) Others (specify) ....

6. When was your business started? Indicate the year____________

SECTION B: ACCESS TO CREDIT

7. What are the sources of capital to operate your business? Tick appropriately

   (i) Loans from micro finance institutions. ☐
   (ii) Loans from commercial banks. ☐
   (iii) Personal savings. ☐
   (iv) Shylocks ☐
   (v) Profits ☐
   (vi) Others ____________________________ ☐

8. If it is borrowed/loaned capital, from which financial institution did you borrow from?

   a) Microfinance institutions ☐ b) Bank ☐
   c) SACCOS ☐ d) Others specify____________

9. State the amount of business loans have you received from micro finance Institutions in the order given?

1st Loan ____________________ 2nd Loan ____________________

3rd Loan____________________ 4th Loan____________________

Current Loan ____________________

10. At what interest rate was this loan given to you by the financial institution? ....

11. What is your general view of the interest charged by financial institution?

☐ High

☐ Fair

☐ Low

12. In your own point of view, how has this interest rate affected the performance of your business?

....

....

....

13. Did you invest the entire loan amount given in the business?

a) Yes ☐ b) No ☐

14. If the response to the question above is No, state briefly how the loan is utilized?

a) ____________________

b) ____________________

c) ____________________

15. Which of the following requirements for access to loan facility would you say hinders you most from accessing the loan facility.

Forming a group,

Paying membership fees,

Group registration fees and

Joining saving plans,

16. Below are some of the challenges faced by women entrepreneurs in accessing credit from financial institutions

		Very Challenging	Challenging.	Not Challenging
(i)	Lack of collateral security for finance.	☐	☐	☐
(ii)	Bureaucracies involved in loan disbursement	☐	☐	☐
(iii)	Repayment schedules	☐	☐	☐
(iv)	Lengthy and vigorous procedures for loan applications	☐	☐	☐
(v)	Others (Specify)____________________			

SECTION C: BUSINESS LOCATION

17. How far from market centre is your business situated?

Within the centre ☐

At the outskirts ☐

In the rural areas ☐

Any others (specify) ☐

18. If situated in within the market centre, where is it located?

Along a busy street ☐

Along non-busy street ☐

19. How easy can your customers be able to locate your business?

Very easily ☐

Easily ☐

Not very easily ☐

SECTION D: COMPETITION

20. How many business dealing with substitute products/ services are situated near yours?

a) None ☐ b) 1 -9 ☐ c) 10 – 19 ☐

d) 20 – 29 ☐ e) more than 30 ☐

21. Businesses face competition of all kinds. Below are some responses to competition. Tick the ones that apply to your businesses.

(i) Price cuts ☐

(ii) Changing the business ☐

(iii) Relocation ☐

(iv) Partnership with competitors ☐

(v) Advertising /promotions ☐

(vi) Other ☐

22. What is the competitive advantage of your business?

a) Financial structure ☐ b) Business type ☐

c) Business location ☐ d) Customer loyalty ☐

d) Any other (specify)____________________

SECTION D: BUSINESS PERFOMANCE

23. How much capital in Kshs did you start the business with?

Kshs____________________________

24. How much is your capital for your business now?

Kshs ____________________________

25. What is your monthly sales turnover now?

Kshs____________________________

26. What was your monthly sale turn over at the start of your business?

Kshs____________________________

27. What is your net monthly profit in Kshs?

Below 50			☐
50	-	100	☐
100	-	200	☐
200	-	300	☐
Above 300			☐

28. How many people are engaged in the business?

(i) 1 - 3 ☐

(ii) 4 - 6 ☐

(iii) Above 6 ☐

29. How many branches does your business have?

(i) None ☐

(ii) 2 - 4 ☐

(iii) Above 4 ☐

30. What business improvements have you done since your business started being funded?

a)

b)

c)

d)

31. What would you recommend to your funding organization to ensure business growth after being funded?

a)____

b)____

c)____

d)____