

**FACTORS INFLUENCING ACCESS TO FORMAL CREDIT BY SMALL
SCALE WOMEN TEA FARMERS IN KENYA: A CASE OF THIKA
DISTRICT, KIAMBU COUNTY**

BY

BETTY MWENDWA MEEME

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DECLARATION

Student's Declaration

I hereby declare that the work contained in this project is my original work and has not been previously, in its entirety or in part, been presented at any other university for a degree requisite. All the references cited in the text have been duly acknowledged.

Sign..... **Date**

Name: Betty Mwendwa Meeme

C50/P/8969/2005

Supervisor's Declaration

This project has been presented with my approval as the supervisor of the student and Nairobi University

Supervisor----- Date-----

Dr. Kiemo

DEDICATION

I dedicate this project paper to my family and friends who came to my aid financially, ideally and through motivation.

ACKNOWLEDGMENTS

My mother Ann--This is my opportunity to arise and call you blessed (proverbs 31:28). Thank you for keeping, teaching and adoring my son while I did my project, I want to be a grandmother just like you when I grow up.

My father Meeme--you worked hard to provide me with every opportunity for my dreams to come true. Thank you.

Dr Kiemo-I must acknowledge the encouragement and support from supervisor, for his step by step by step guidance through the whole study process.

Finally I wish to acknowledge all or other institutions and individual who supported me during the study in one way or the other and I have mentioned their names in this report.

Thank you all.

ABSTRACT

Agriculture is the prime mover of the Kenyan economy. Rapid agricultural growth is a key to achieving the country's developmental and social goals. Women are responsible for 50% provision of staple food in Kenya directly or indirectly from incomes they earn from various sources to take care of their families. Access to resources to develop their agricultural activities have remained a constraint mainly because they have less access to information, technology, land, inputs and credit. That is why in the Vision 2030, under the Social Pillar, it has a mandate to institutionalize the Women Enterprise Funds and increase overall amounts and efficiency in projects launched by its beneficiaries.

Small-scale women farmers need production capital a scarce resource to improve their production. The inadequacy in financing and credit arrangements to women farmers in Kenya impede development of agriculture and rural sectors. The provision of credit can encourage the farmers to use modern technologies and procure inputs for farm use, thus bringing them to a higher level of productivity and increasing their incomes. This study sought to address the factors influencing access to credit by small scale women tea farmers in Kenya and in order to address the research gap, this study worked to establish the influence of the proposed variables; farmer characteristics, institutional factors, tradition and Custom/ Discriminatory Cultural Practices, collateral requirements and risk factors..

The broad objective of the study was to establish the factors influencing access of formal credit by small scale women tea farmers from Nduti tea factory, Thika District, Kiambu County. The specific objectives of this study were; to find out the effect of farmer characteristics on formal credit access by small scale women tea farmers in Nduti tea factory, Thika District, to establish the influence of institutional factors on formal credit access by small scale women tea farmers, to investigate the influence of cultural Practices on formal credit access to small scale women tea farmers, to establish the effect of collateral requirements on formal credit access to small scale women tea farmers and to investigate the influence of risks associated on formal credit access to small scale women tea farmers in Nduti tea factory, Thika District respectively.

The research study used a descriptive research design approach. The population of the study was Small scale women farmers holding a green leaf number. The sample size of the study was 117 of the population at the time of the study. The data was collected using a questionnaire and an interview schedule as the only data collection tools. Quantitative data collected by using a questionnaire was analyzed by the use of descriptive statistics using the Statistical Package for Social Sciences (SPSS) and presented through percentages, and frequencies.

On farmer characteristics, the study established that most of the women tea farmers had acquired good education having reached college level and had enough knowledge on issues related to tea farming. Besides, respondents indicated that they preferred the institutions of their choice on grounds that; they received better customer care services, they got less interest loan (Saccos), they got time extensions on repayments, they were trained on the usage of the formal credits, they received bonuses on early repayments while others said that the institutions were always free to handle their budgets. This implies that not all who applied for the formal credit got an equivalent

amount as indicated in their applications. The main reason for application of a loan being rejected was due to ; default of previous loans, poor timing of application, incomplete application forms, credit history, non-guaranteed application. Majority of the respondents were also in agreement that the main description of women's social situation in the village is that they are never equal to men, women are not entitled to any collaterals as a title deed, It is the sole role of the husband to control the tea farm, that most women were in total control of their tea farm and that like some do not have any bargaining access to the necessary resources in their land. On collateral requirements majority of the respondents access. the study established that house and house goods was the most popular ,animals land,, vehicles and agricultural equipments household goods as well as the animals in the farm forms the highest part of collaterals to access formal credit. On the extent of the effect majority of the respondents said that; guarantors, car log books, good credit history, copy of business license, KRA pin, land title and household goods are required by financial institutions to a very great extent on matters regarding formal credit access respectively suggesting that to small scale women tea farmers, house and

on Risk factors: The study was to find out whether respondents experience any type of risk in access or management of formal credit in the tea farm. Respondents stated that some of the risks involved are poor weather which affect yields, high interests charged and short durations given affect the in access or management of formal credit among the small scale tea farmers in Thika district. According to the findings, majority of the respondents strongly agreed that small scale women tea farmers have no other option than to risk in taking the formal credit Majority of the respondents were also in agreement that the repayment interest is high making it hard, the agricultural output is lower than expected making it difficult to repay the formal credit accessed and that the climate condition changes is anticipatable thus sometimes repaying at a loss. Other respondents moderately agreed that there are no risks hence they need to take the formal credit to buy farm inputs

The study concludes that most of the respondents had applied for funds from various institutions which most of the lending institutions in the region included; Faulu, Equity Bank, Mwalimu and Murata Saccos limited, KCB bank, Family bank, K-rep bank and each of the financial institutions had its own characteristics preferred by respondents. The study concludes that small scale women tea farmer's experienced different type of risks in access or management of formal credit in the tea farm which range from; poor weather which affect yields, high interests charged and short durations given. Most small scale women tea farmers had collate-able assets for the use in formal credit access and that house and household goods were the most popular. The study also concludes that major role of women was to pluck and sell the tea leaves in a nearby centre, cook for the workers if there, remove weeds from the tea bushes and apply fertilizer when time is due but not to be involved in financial and business a matter which well fits to men as a custom/tradition.

The study recommends that the farmers need to make use of the mobile services such as M-Pesa, M-Shwari, M-Kesho, Pesa Pap, use of Pay bill and Bank agencies. It is the sole role of the managers in to revise all areas of their aspect to make them favourable to the small scale women tea farmers to access formal credits. The study recommends that the institutional managers as well as those in the tea industry organize training programmes to the small scale farmers in general so as to help them cope with or counteract with the risks that come by limiting their ability to repay their loans because of the losses. There is a need for the institutions to consider the only

collaterals they would have in order to help them achieve access credit Gendered issues related to conflicts in land and other assets be addressed by the relevant authorities like the government so as to explain fully the position of a woman in the society and household.

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LIST OF ABBREVIATIONS AND ACRONYMS

KTDA:	Kenya Tea Development Authority
MFIs:	Micro Finance Institutions
MMSE:	Micro and Medium Enterprises
SPSS:	Statistical Package for Social Sciences

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Agriculture is the prime mover of the Kenyan economy. Rapid agricultural growth is a key to achieving the country's developmental and social goals but the Kenya agricultural sector has been growing erratically since the country gained independence. According to World Bank online database (2000), its growth is below potential and required rates. The performance of agricultural sector is also important in the country's food sector and also important in country's food security and poverty alleviation efforts since a large majority of the poor are located in the rural areas and depend directly on agriculture related economic activities for their major source of livelihood. According to World Bank (2000) report over 70% of country's population is rural and two thirds of these depend on farming for their live hood.

Kenya is characterised by a mixture of small, medium and large farms of which the majority are family smallholdings. This mixture comprises of cash crop farming and food crops. Kenya has a diverse climate where different crops are concentrated in different areas but production tends to be limited more by lack of access of farmers to credit than climatic factors (Stiglitz 1990) Ngunjiri (2007) has tried to illustrate the debate on academic and development circles regarding the viability of utilizing microcredit programs in alleviating poverty and empowering women in Africa. She has emphases that increased access to credit which is the focus of many women in development programs in Africa often does not transform the social and structural dynamics in which women live and work.

In her research feminization of poverty, Njunjiri notes that Kenya is one of the poorest countries in the world and also one of the most heavily indebted. She says that Kenyan women make up of 52% of the entire population of between 60% -70% of the poor.

Several factors have contributed to this feminization of poverty. They include: Property rights and control over assets. Legal regulations and customary rules often restrict women access to and control over assets that can be accepted as collateral such as land or livestock, women are much less likely to have land titled under their name, even when their families own land and are less likely to than men to have

control over land even when they do formally own it. Biased inheritance rights often bestow land to male relatives leaving both widows and daughters at a disadvantage (Agarwal 2003).

According to Zohra Baraka ex-impo ltd, voices of women entrepreneur, the general problem is that women do not have collateral. But most women do not own land; the most prized possession amongst the majority of Kenyans because traditional cultures does not allow inheriting land from fathers. The tradition of not allowing women to inherit land and own property means that women do not have collateral for loans further husbands of our commercial banks and other non-bank financial institutions concentrate their efforts in cities and towns because of several reasons, for example rural agricultural and entrepreneurial activities tend to have limited profitability especially in low potential areas where most of the rural poor are located.

The Government's *2005 MSE Sessional paper* recognizes this issue." Lack of access to credit is a major constraint inhibiting the growth of MSME sector, and more so for the women entrepreneurs: According to World bank (2008) *Gender in Agriculture*, rural women s access to financial resources is also limited by biased lending practices that emerge when institutions lack the knowledge to offers products tailored to women preferences and constraints

According to Kiiru and Pederson (1997) poor technological and infrastructural development discourages most institutions from providing services in rural areas. They argue that lack of drought protection and lack of policy coordinating on rural credit schemes and absence of clear land institutions from investing in rural areas in Kenya.

Fletschner (2010) argues that largely despite the widely accepted notion rural financial programmes have been largely designed, crafted , and implemented with male head household as the client and fail to recognize that women are active, productive and engaged economic agents with their own financial needs and constraints. Though millions of women throughout the world contribute to national agricultural output and family food security, detailed studies from Latin America, South Asia and Sub-Saharan Africa consistently indicate that rural women are more likely to be credit constrained than men of equivalent socio economic conditions.

In *Cultural norms and family responsibilities*. Ospina (1998) states that in the settings where men are portrayed and perceived as the main breadwinner, women's ability to offer family assets as collateral and their incentives to invest in productive activities are influenced by family dynamics that are likely to prioritize men's investments.

Socially accepted norms of behavior and roles women play in their families can have profound effects on the type of economic activities in which women can engage, technologies available to them the people and agencies with whom they can interact the places they can visit, the time they have available and control they can visit, they can exert over their own capital. According to Fletschner and Mesbah (2010) using data from Paraguay comparing husbands and wives knowledge of financial markets found that rural women are 15 to 12 percent likely than men to have basic information about financial institutions in their communities. And even when they have access to information on financial services and market opportunities available to them women may be less equipped to process it because of their lower levels of literacy and lack of exposure to other languages especially relative to male family members.

According to Kevane (2004) social norms also define the type of economic activities in which women can engage, the amount of time they can invest in them and the markets they can access. In most rural communities activities tend to be sharply segregated by gender.

Behavioral differences, according to Fletcher (2010) because of psychological characteristics or of attitudes influenced by social conditions men and women tend to exhibit systematic differences in their behavior of particular importance when assessing the adequacy of financial products available to rural women differ in their willingness to risks. Studies in psychology and economics have found that on average, women tend to be more averse to risk than men and that other things equal women are more likely to forego activities that offer higher returns if these opportunities require them to bear too much risk.

1.2 Statement of the Problem

Although women are responsible for 50% provision of staple food in Kenya directly or indirectly from incomes they earn from various sources, they are the ones who take care of their families (World Bank 1989). They operate under greater constraints than

men. This is mainly because they have less access to information, technology, land, inputs and credit. That is why in the Vision 2030, under the Social Pillar, it has a mandate to institutionalize the *Women Enterprise Funds* and increase overall amounts and efficiency in projects launched by its beneficiaries. (*Vision 2030, the NESC-Office of the President*).

Agricultural credit is one of the important interventions to solve rural poverty and plays an important role in agricultural development (Lianto 1993). Expanding the availability of agricultural credit has been widely used as a policy to accelerate agricultural and rural development (ADB, 1989). It is traditionally employed as a tool for providing the priority sectors with access to production to be increased (Lianto 1993). It is believed that expansion of credit programmes will have beneficial effects on agricultural production of small holders and rural incomes because credit could facilitate the purchase of costly inputs and the adoption of alternative crops (Zeller et al 1998).

Small farmers need production capital a scarce resource to improve their production. The provision of credit can encourage the farmers to use modern technologies and procure inputs for farm use, thus bringing them to a higher level of productivity and increasing their incomes (Lianto 1987). As such increases in household incomes are much needed for improving food security and eventually will come from the gains in agricultural productivity and through better technology and more productive crops. Therefore farm household's access to financial markets is important in influencing farm production and income, hence forming the foundation of this research.

Despite the fact that majority of the Kenya's population live in rural areas, a majority are involved in agricultural activities, there are minimal efforts to facilitate credit to farmers which is crucial in rapid development of this dominant section of the population. In Kenya banks fear giving credit to farmers because of fearing of the risks involved. The inadequacy in financing and credit arrangements to farmers in Kenya impede development of agriculture and rural sectors. Given that these sectors are mainstay of a large segment of population their poor performance makes the fight against poverty even more challenging. Therefore it's from these issues that the research was motivated to investigate what is the real problems currently affecting credit access to small scale women tea farmers. This study seeks to answer the

questions: what is the effect of farmer characteristics on formal credit access? What is the influence of institutional factors on formal credit access by small scale women tea farmers? What is the influence of cultural Practices on formal credit access? What are the effects of collateral requirements on formal credit access to small scale women tea farmers in Nduti Tea Factory? What is the influence of risks associated on formal credit access to small scale women tea farmers in Nduti Tea Factory, Thika District?

1.3 Objectives of the Study

The broad objective of the study was to establish the factors influencing access of formal credit by small scale women tea farmers from Nduti tea factory, Thika District, Kiambu County.

1.3.1 The Specific Objectives

- i. To find out the effect of farmer characteristics on formal credit access by small scale women tea farmers in Nduti tea factory, Thika District.
- ii. To establish the influence of institutional factors on formal credit access by small scale women tea farmers in Nduti tea factory, Thika District.
- iii. To investigate the influence of cultural practices on formal credit access to small scale women tea farmers in Nduti tea factory, Thika District.
- iv. To establish the effect of collateral requirements on formal credit access to small scale women tea farmers in Nduti tea factory, Thika District.
- v. To investigate the influence of risks associated factors on formal credit access to small scale women tea farmers in Nduti tea factory, Thika District.

1.4 Significance of Study

The lack of capital and the absence of attractive investment opportunities are considered to be important reasons behind inadequate economic development in many developing countries. This is why an attempt is made in most developing countries to encourage through development policy measures capital formation as well as the supply of financial means in the form of credit through formal financial institutions (Manig 1996). The findings will be important to financial institutions on how to adjust to meet the need of women farmers through policy adjustments.

The findings of the research would be of great use to policy makers and add value in decision making. In this case the results would help them revise the current or come up with new policies and guidelines that promote small scale farmers.

The findings will be of benefit to the government of Kenya to know the factors affecting women farmers in general and act accordingly. This would help them revise the current or come up with new policies and guidelines that promote the small scale farmers in Kenya.

The study results would also add to the body of knowledge on issues related to small scale tea farming. In this case, future researchers and academicians may use the results as a foundation of the research works in the same field.

1.5 Scope and Limitations of the Study

The scope of this study will be all the women who have a green leaf number KTDA and also members in Nduti tea factory portfolio. This is so because they are the key interest of the study hence form the unit of analysis of the study . The dependent variable of the study is access to formal credit by small scale women tea farmers whereas the proposed independent variables of the study are; farmer characteristics, institutional factors, tradition and Custom/ Discriminatory Cultural Practices, collateral requirements and risk factors.

For farmer characteristic we will look at : age, marital status, education level, size of farm, land tenure status, number of years in farming. under institutional factor: look at various reasons for application of loan application failed, characteristics of the institutions. On tradition and cultural practices, will look at the major roles of women. On collateral requirements looked at the collateable assets, collaterals required by institutions. On risk factors look at climatic conditions changes, repayment interest and low agricultural output.

The study was limited to only identifying the factors influencing credit access to women tea farmers in Thika district. It may therefore form the generalization in the whole country. The study encountered unwillingness by respondents to reveal information which was classified as confidential. To minimize this, researcher informed the respondents that the information they offered treated with utmost confidentiality and that it is only meant for academic purposes only.

1.6 Definition of Terms

Credit: According to the free online dictionary credit is a transaction between two parties in which one, acting as a creditor or lender, supplies, the other, the debtor or borrower with money, goods, services or securities in return for the promise of future payment.

Access: It is defined as the availability or potential for use at the individual, household, or community level. Access implies the right or ability to use a resource or input but is not an actual use measurement.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presented the literature reviewed on access of credit and the issues surrounding the concept as presented by other authors and academicians. The main areas presented are on credit concept, perspective of rural finance, empirical studies on determinants of access to credit and the theoretical framework of the study.

2.2 Credit in Rural

2.2.1 Definitions of Credit Concept

According to the free online dictionary credit means faith and it comes from the Latin credits. An agreement by which something of value, e.g. goods, services or money is given in exchange for a promise to pay at a later date. Credit is a transaction between two parties in which one, acting as a creditor or lender, supplies, the other, the debtor or borrower with money, goods, services or securities in return for the promise of future payment.

As a financial transaction, credit is purchase of the present use of money with the promise to pay in the future according to a pre-arranged schedule and at a specified cost defined by interest rate. Ellis (1992) asserts that credit is a sum of money in favour of the person to who control over is transferred and who undertakes to pay it back. Moreover, Beckman and Forster (1969), defined credit as the power or ability to obtain goods or services in exchange for a promise to pay later. Similarly it is a power or ability to obtain money by the borrowing process in return for a promise to repay the obligation in the future.

Financial institutions are private or governmental organization which serves the purpose of accumulating funds from savers and channelling them to individual households and business looking for credit. Financial institutions are composed of deposit type institution (i.e. bank and non-bank contractual saving institutions), personal and business financial companies, government and quasi-government agencies and miscellaneous lenders (Greenwald and Associates, 1983).

At certain stage in agricultural development agricultural credit clearly does become a strong force for further improvement when a person with energy and initiative who

lacks the resources for more efficient production is enabled by the use of credit to eliminate the one block on his path to improvement. Financial credit is the most flexible form of transferring economic resource to the poor. One can buy anything that is for sale with cash obtained through credit (Padmanabhan, 1996). According to the free on line dictionary, credit transactions have been indispensable to the economic development of the modern world. Credit puts to use property that would otherwise lie idle, thus enabling a country to more fully employ its resources.

The presence of credit institutions rests on the readiness of people to trust one another and of courts to enforce business contracts. The principal function of credit is to transfer property from those who own it to those who wish to use it, as in the granting of loans by banks to individuals who plan to initiate or expand a business venture. The transfer is temporary and is made for a price known as interest, which varies with the risk involved and with the demand for the supply of credit.

According to Kebede (1995) credit makes traditional agriculture more productive through the purchase of farm equipment and other agricultural inputs, the introduction of modern farming techniques. Credit can also be used as an instrument for market stability. Rural farmers can build their bargaining power establishing storage facilities and providing transport system acquire through credit. Credit plays a key role in covering consumption deficits' of farm family to work efficiently in agricultural activities. Credit can be further be used as an income transfer mechanism to remove the inequalities in income distribution among the small, middle and big farmers. Moreover, credit encourages savings and savings held with rural financial institutions that could be channelled to farmers for use in agricultural production. Credit also creates employment opportunities for rural farmers.

2.2.2 Types of Rural Credit

There is typically a dual rural credit market in developing countries. Formal credit markets institutions provide intermediation between depositors and lenders charging relatively low interest that usually are government subsidized. In informal credit markets, money is lent by private individuals, professional money lenders, traders, commission agents, landlords and relatives (Mohieldins, 2000).

Formal and informal credits are imperfect substitutes. In particular, formal credit, whenever available, reduces but not completely eliminates informal borrowing. This suggests that the two forms of credit fulfil different functions in the households inner-temporal transfer of resources despite the fact that credit is fungible, informal credit is used perhaps for consumption smoothing purposes, while formal credit is sought and used mostly for agricultural production purposes and investment in non-formal income generating activities. The empirical evidence also suggests that the imperfect substitutability between formal and informal credit reflects to some extent the existence of due dates and conditionality on informal loan contracts (Aliou Diagne, 1999).

The establishment of formal credit institutions in the agricultural based developing economics some 40 or more years ago was among other reasons linked to the belief that local or informal lenders such as merchants, landlord's abs shoe owners exploit small farmers by charging the exorbitant interest rates (Adams, 1984)

The informal rural credit market is very heterogeneous and is always a component of the prevailing political economic and social relations network, involving relatively low additional transaction costs for credit supply. The informal credit market was mainly relevant only for sectors that were not directly productive and through which expenditure for social obligations was met (Manig, 1996).

2.3 Perspective of Rural Finance

2.3.1 Traditional and new view of rural finance

In the 1950s, credit provision was considered a key instrument for breaking the vicious circle of low incomes low savings and low productivity. However, in that period emphasis was far more on market oriented on peasants. From mid 1960s and up to present time, small farmers and rural poor have increasingly become chief target of credit intervention. In addition, since the early 1970s a strong equity dimension emerged in the aims of credit schemes and small farm projects.

The traditional approach to credit policy is for funds for lending to farmers to be predominantly supply led. This means that they originate from the central bank or from external donors rather than from local saving in the rural economy (Ellis, 1992).

According to Assefa (2004), the new rural financial market approach assigned a different role to the government with less direct intervention in credit allocation and delivery.

Ellis (1992) stated that past credit policies made peasants unable to save, thus their demand for credit was made is highly sensitive to the level of the interest rate. A traditional view that smallholder farmers and poor rural people are unable to save has been shown to be wrong in several experiments. The main features of the rural poor in this context are: their income is uneven, the potential to save involves very small amount, they are naturally concerned with the security of saving is much more to do with lack of opportunity or distrust of alternative available, than to do with saving capacity. Households keep their assets in goats or cattle rather in the bank, especially when the bank discourages savings or appears to be run by untrustworthy officials.

On the other hand, the traditional view that market interest rates discourage farmers from making use of credit is wrong in most cases.

It rests on the mistaken assumption that credit demand by farmers is highly elastic with respect to price of credit, whereas for small farmers requiring short term loans to overcome cash flow problems, demand is reality inelastic.

2.3.2 History and origin of rural credit

The concept of credit in agriculture has been known since seventeenth century .When peasants in china used rural credit in farm production to increase their cash income and to improve their standard of living (Ming-te, 1994) likewise, in western countries, the German lanschaften was founded by Frederick the great in 1769 and its principles were used by the Federal farm loan system of united states. The Raiffeisen Agricultural bank and schulze –delitzch peoples bank were established in 1852 which were believed to be the origin of the establishment of cooperative institutions world Wide (Belsshaw, 1931).

According to Heidhnes & Schrieder (1999) the origin of the credit concept stems from necessity to break the vicious circle of low capital formation as presented in the diagram below.

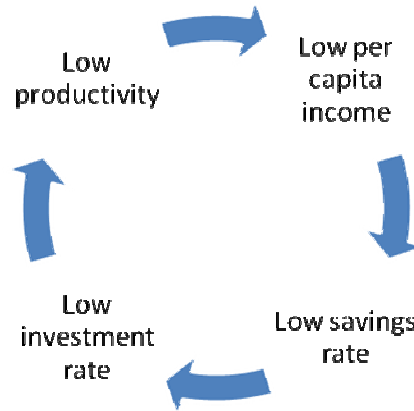


Figure 2.1: Vicious circle of low capital formation (Heidhnes & Chrieder 1999).

The diagram shows that the formation of capital is influenced by per capita income, saving rate, investment rate and productivity. Low level in any of these factors will impact on capital formation. Its argued that the role of credit programmes is to break this cycle, resulting in an increase in per capita income and thus an increase in savings rate, investment rate and productivity (Heidhnes & Chrieder 1999).

2.4 Provisions of credit for small farmers in developing countries

The provision of credit for small scale farmers in developing countries is centred on two main issues: the establishment of specialized agricultural credit institutions and outreach of rural credit institutions. Specialized agricultural credit institutions have existed for decades and their establishment was based on a political response from the government which is highly supervised and controlled (Adama 1984).The institutions had problems which were mainly operational such as limited out reach of credit which was available to the wealthy and large farmers only and high dependence on subsidies from external donors. Thus these institutions were unable to be sustained due to capital deficit and poor loan repayment (Yaron, 1992).The failure of several of these institutions pushed donors and government agencies to shift the focus of interventions from agricultural credit to rural finance, from farm credit assistance and state owned agricultural banks to micro enterprise financing (microfinance) and the promotion of non-governmental financial institutions (Yaron, 1992)

About 90% of the people in developing countries lack access to financial services (Robinson, 2001). A large proportion of the rural population are denied access to formal financial institution for reasons like incomplete information about rural access

and the viability of the credit services. Also there is a problem of limited influence by poor households who require credit markets or meet their collateral requirements, so the services are not provided (Robinson, 2001).

The lack of financial institutions in rural areas is also attributed to some problems that jeopardise the sustainability of the credit institutions. In some cases, government financial institutions provided subsidised credit but did not reach the poor households because it was taken by the local elites, thereby causing the unsustainability of financial institutions in giving the services (Robinson, 2001).

2.5 Women Issues

Women (land rights) are effectively foreclosed from owning land because men own as absolute proprietors the overwhelming majority of registered land in Kenya. This absolute sole ownership violates women's rights to property, housing and access to credit. Under the registered land act the first person to register title to a portion of land retains absolute ownership of that together with an all rights and privileges belonging or appurtenant thereto free from any other interest or claim.

Married women face particular hardships in violation of right to equality in marriage because they effectively cannot own matrimonial property or exercise any control over its transfer, sale or subdivision.

Although currently the constitution has changed to enshrine women right in property ownership, still status quo remains because this is only on paper and not in practice because it would create immense conflicts in traditional families.

2.5.1 Women Behavioural differences

Probably it is a result of innate psychological characteristics and or attitudes influenced by social conditions, which make men and women tend to exhibit systematic difference when assessing the adequacy of financial products. Studies in psychology and economics found that on average, women tend to be more averse to risk than men and that other things equal, women are more likely to forego activities that offer higher returns if these opportunities require them to bear too much risk (Fletshner et al, 2010). In other words compared with men and without adequate insurance, women are more likely to consider borrowing against collateral as a risk transaction and might be less interested in taking out loans even when credit is

available to them. The finding that women are on average , more risk averse than men suggests that women will have a stronger preference for financial products tailored to help them save in a secure environment , insure against risks or borrow without risking losing their assets.

2.5.2. Institutional Discrimination

According to World Bank (2008), rural women access to financial resources is also limited by biased lending practices that emerge when financial institutions in the area consider them small, less experienced and therefore less attractive clients or when institutions lack the knowledge to offer products tailored to women's preferences and constraints

2.6 Credit Consumption

Research on consumption is much more common and popular among economists and looks back to a long tradition in economics. The most central line of argumentation in favour of consumption follows the so called permanent income hypothesis (Friedman 1957) arguing that household expenditures are more stable across time than current incomes which may fluctuate considerably due to certain life events.

Household's financial decisions are driven by the fact that its income varies overtime. There are two types of variation in income. First there is a typical largely predictable, pattern by which an individual's income first rises. Then falls due to some circumstances .but there are also variations in income that are less predictable, Households face an array of shocks that affect their ability to participate and earn income in the market.

One principle for thinking about peoples preferences for consumption over time and how those preferences affect financial decisions is typically have a preference for smooth consumption i.e. , Consumption which does not vary over a long time. This logic works on the other side as well when a household faces a temporary income shortfall but expects to have higher income in the future. Such a household will want to keep its consumption up by drawing down savings or borrowing against those future increases in income.

The desire for smooth consumption over time can be explained by economist's usual assumption of diminishing marginal utility. This simply means that the less someone

has consumed of a good or services in general the more eager he is to increase consumption.

The same characteristic of peoples preferences for consumption that makes them prefer smooth consumption over time also makes them dislike facing risk to their consumption opportunities. That diminishing marginal utility of consumption implies that people are risk averse and will be willing to take costly actions to avoid risk.

2.8 Empirical studies on determinants of access to credit

2.8.1 Farmer characteristics

Many recent credit programs in developing nations have changed from low-interest to market-rate lending with very positive results. Not only are program costs dramatically lower, but borrowers have been able to pay market rates and graduate more easily and quickly to private financing. Also, charging market interest rates has increased the supply of investment capital for developing sectors. While subsidies are still needed, they usually are used to provide education and business training to enhance the financial management skills of the borrower (Korpivaara, 2001). Similarly, a National Federation of Independent Businesses survey found that U.S. small businesses care more about credit availability than credit price.

Encouraging clients through education on disaster risk reduction and designing loan products to develop disaster-proofing shelters. Also, MFIs can guide vulnerable client groups to have contingency plans on how to respond and disaster mitigation measures. Due to this the field officers has to spend lot of their time in educating, counseling, making repeated visits etc. which will increase the operational cost and in turn affect the operational efficiency of the institution (Hossain, 2003).

Despite the uncertainty over the effects of formal education, our basic premise is that better educated farmers will be more likely to form trusting relationships with sales banking institution. Some indirect supports for this stance is provided by Rust (2002), value systems and seek to eliminate conflict in their areas of responsibility.

Five different studies which have attempted to link Watkins and Marsick's (2003) learning organisation dimensions and performance improvement measures have been

identified from the review of the literature. One of the studies is by Selden (2000) (Selden and Watkins, 2001) evaluated the relationships between the seven learning organisation dimensions, company characteristics and knowledge and financial performance in family-run firms. Selden (2000) found that all of the seven dimensions of the learning organisation except promoting inquiry and dialogue were significantly correlated with knowledge performance. Of the seven dimensions of learning organisation, systems to capture learning (embedded systems) represented the most variance in knowledge performance.

Akin to Selden McHargue (2003) examined the relationship between non-profit service organisations characteristics and learning organisation dimensions and three performance outcomes, namely financial, knowledge and mission performance in non-profit service organisations. In this study, the seven dimensions of the learning organisation were found significantly related to knowledge performance. Systems to capture learning (embedded systems) established the strongest relationship with knowledge performance. McHargue strongly believes that non-profit organisations can be learning organisations and this in return will facilitate them to better serve their clients and communities as well as society. The transfer of tacit knowledge process consecutively showed a positive influence on knowledge performance.

Physical distance of farm households from formal lending institutions is one of the factors that influence access to formal lending and affects access to formal credit. According to Hussein (2007), farm households are discouraged to borrow from credit sector if it is located further. This is because both temporal and monetary cost transactions, especially transportation cost, increase with lender-borrower distance which raises the effective cost of borrowing at otherwise relatively lower rate in the sector

Most loans are made to high-risk borrowers at concessionary terms. RLF funds take a subordinated lien position to leverage their capital through joint lending with private lenders. Borrowers receive education in business operations and market development. RLF loans most often go to manufacturing firms and are used to purchase fixed capital (Place, 2002).

According to Amjad & Hasnu (2007) the amount of formal credit used per acre by smallholder farmers increases as the size of land holdings increases, then falls for the largest farm size operators. This corresponds with Yadev et al. (1992) findings that formal sector borrowing per unit of cultivated land initially increases then falls with farm size.

A study by Atieno (2001) indicates that income level, distance to credit source, past credit participation and assets owned were significant variables that explain the participation in formal credit markets.

Hussein (2007) also indicated that farm households are more likely to prefer the informal sector to formal sector with respect to flexibility in rescheduling loan repayments in times of unexpected income shocks. This was also supported by Padmanabhan(1996),comparing the informal credit sector from the formal stated the proximity, comfortable atmosphere, quick credit, all time access, freedom of deployment repayment flexibility and lower transaction costs are advantages of the informal sector have made them almost indispensable, particularly the small farmers.

Access to formal credit can also be affected by household characteristics. As stated by Hussein (2007), the probability of choosing the formal credit sector was positively affected by gender, educational level, household labour and farm size. He further explained that education, credit information are likely to increase information base and decision making abilities of farmhouse holds including the ability to compare pros and cons of choosing appropriate credit.

A study by Ekumahe (2001) *Gender access to credit under Ghana's financial sector reform*: a case study of two rural banks found that even though the reforms does not specifically address gender accessibility to credit, it has facilitated the process to strengthen poor, women access to credit via introduction of new banking products.

A study by Mamudu (2009) over ten year period found that only 44% of credit go to women and the remaining 56% goes to men reasons they found are that education, application, procedures access to land, income level, farm size, membership to economic associations, savings, type of crop grown, interest rates and distance to banks are the socio economic, technical and institutional factors that influence in farmers access to credit.

2.8.2 Institution related Factors

Schmidt, 1987 revealed that the type of financial institution and its policy will often determine the access. Where credit duration, terms of payment, required security and provision of supplementary services do not fit the needs of the target group, potential borrowers will not apply for credit even where it exists and when they do, they will be denied access. A study by Pham (2007) found that woman can only access informal credit because formal credit needs collateral of which women don't have to qualify for the formal credit. A study by Coleman (2000) found that women owned firms are less likely to use external financing as a source of its capital. It does not appear however that lenders discriminate against women on the basis of gender in terms of access to capital also found that women owned firms are likely to put up more collateral than men owned firms.

2.8.3 Tradition and Custom/ Discriminatory Cultural Practices

Despite the role of formal and informal credit market in providing the easier access to credit, there are certain other factors such as rigid and strong social and cultural constraints that may also consider as major impediments to women's decision regarding borrowing especially in rural areas of Pakistan. Specific gender roles are rigidly demarcated according to which women are expected to render service within home, while men are responsible for their family's financial and physical needs and render services outside home. These rigid social and cultural norms restrict women mobility. Implication of such norms severely affects the women's participation in economic activities. Not only that the women are restricted in their participation in economic activities, but they also rarely consider their own role in economic activities as essential or significant. Their perception of role and status also gets distorted and they considered themselves insignificant in their social environment (Umoh, 2006).

A study by Kaber (2000) *conflicts over credit: re-evaluating the empowerment potential of loans to women in rural Bangladesh*, found that injustices of the way society is organized in Bangladesh that extremely able women even those from better-off households are unable to realize their entrepreneurial potential because their gender acts as a barriers to gaining access to the necessary resources. The study found that it's due to cultures and norms of the society towards women.

A study by Hashemi (1996 *rural credit programs and women empowerment in Bangladesh*), found that the challenges that face in accessing credit offered by Grameen bank are socio-cultural norms. They study also found that these socio-cultural norms discourage them from getting paid employment.

A study by Treichel (2006), *women owned businesses and access to bank credit*; Evidence from three surveys since 1987, found that gender related issues and size of loans affect women's access to credit.

A study conducted (Anyanwu, 2004) showed that there are very few women in business as they depend on their husbands as breadwinner; spouses control over income of their wives (Omorodion, 2007); and the gender hierarchy within the household means that women tend to have less control over how income and food are allotted within the household. Indeed, it has been argued that "gender-differentiated entitlements mean that women tend to have, less ownership of control over or access to resources than men" (Chen, 2004).

The second category is the socio-culturally induced constraint, which comprises of such factors as family and cultural expectations, multiple roles in the family and society, spouse influence and the tradition embedded in ethnicity. Most African cultures (Darley and Blankson, 2008) is built around the patriarchic archetypes (the belief that men are superior to women), and what more puzzling is that women tend to accept this role, especially in the rural areas. This means that only men can go to war, therefore, "women are not to undertake risky ventures", as one of our respondents recounted. This belief which has also been elaborately discussed in Faseke's (2001) *The Nigerian Woman* undoubtedly affects the attitude and behavior of women that tend to be inimical to micro-financing.

These impediments, confirmed by another study presented by (Darley and Blankson, 2008) summarized that socio-cultural constraints are a great hindrance to micro-credit access in most of the developing economies. The study asserted that internal constraints are those factors that are inert to the women micro-entrepreneurs, such as lack of mental access (phobia and anxiety) where the women themselves do not believe in micro-credits and MFIs due largely to ignorance, fear of the consequences of default, and the myth that "bank facilities are meant only for the rich." These

barriers and constraints are largely cultivated by environmental reinforcements planted and nurtured by the myths surrounding conventional banking practices in the country.

However, Pakistan Microfinance Network (2005) indicates that gender targeting is skewed in favor of male credit clients and has the lowest global proportion of female borrowers. The reason for low targeting of females clients may be that microfinance sector has not been able to achieve scale as happened in other part of the world. Grameen Bank still believes that this lack of access to credit is the biggest constraint for the poor women to undertake economic activities (as traditional financial institutions have failed to provide these services).

2.8.4 Collateral Requirements

The imperfections in rural markets and the additional constraints faced by the rural poor women more importantly, the lack of physical collateral restricts their access to formal sources of finance. Collateral depends on the type and nature of capital. A farmhouse may have a significant amount of capital but the liquidity value of that capital makes it unsuitable as a collateral asset. As indicated in the previous discussion on “Conditions” and elsewhere, Micro Credits use a combination of guarantees and collateral in the awarding of loans (Binswanger & Sillers, 1983).

The full collateral value of assets is limited and in most cases only 50 percent of non-real estate or forest right assets can be used. The relationship between borrowing capacity and assets and the results are quite surprising. Having more assets would increase access to credit if those assets could be used as collateral. A pledge of collateral would normally lead to more favorable interest rates and financial theory has long suggested that there is a fair substitution between collateral and interest rates (He, 2006).

Most important of course is the lack of distinct property rights on land. The land and forestry use rights allocated under the household responsibility system has probably done more to dampen agricultural credit than any other system or policy in China (Carter, & Olinto, 2003). The (current) inability to sell, transfer, or mortgage use rights places a great strain on the ability of the farm household to acquire debt because the rights technically belong to the village. If a mortgaged right were claimed by the local

RCC, the RCC would then have to find a new user of that right and would receive only the rental value which can range between 60 and 1,100 Yuan depending on the land use, quality and climate, etc. Farm machinery and implements and farm houses can be used for collateral, but in many villages such assets are not available and with a net exodus of villagers, the demand for homes in the rural areas is not high (Carter, 1988).

2.8.5 Risk Related Factors on accessed funds

Moreover, commercial banks regard farming as the most risky investment areas and avoid them in a bid to reduce loan transaction costs and raise their profitability. Farmers know the specific risks profits of the agricultural enterprise they are engaged in and try to manage these risks using several strategies. For any risk management technique employed, the experience of the smallholder farmer is the core requirement for good results (Bankakademie Micro Banking Center, 2005). Yehuala (2008) observed that, farmer's experience in credit use from formal institutions played a significant role in accessing formal credit. For example, the People's Bank of Zanzibar, still remains wholly state- owned and controlled by the Revolutionary Government of Zanzibar, also has no credit line for farmers and fishermen and most of its lending activities are directed to the commercial sectors, government departments and parastatals. In this case, women farmers are the most affected since most of them do not own other business that can be recognized by the banking institutions. Thus banks tend to advance loans only to those who offer lower risk and better security, which implies that only rich and wealthy people receive loans at cheaper rates, leaving the small and poor borrowers to seek loans from the unorganized credit market.

2.9 Theoretical Review

A theoretical framework is essential to understanding factors that may influence or associate with the identified problem (Khasakhala, 1984). This study will be guided by the following theories-

2.9 Community Development Theories

2.9.1 Introduction

Community development has a variety of strategies available to meet the needs of those persons and groups who are less advantaged, usually in poverty. Community

developers help all communities but their passion lies disproportionately with people who do not have adequate personal resources to meet their needs or with communities with large populations of people who need assistance. These people and communities receiving attention from community developers are extensively varied in most other respects than being poor, the poor are both rural and urban, they are ethnically a minority or not they live in places with weak and strong economies.

2.9.2 Individual Deficiency Theory

The theory explains that individuals are responsible for their own poverty situation. Typically politically conservative theoreticians blame individuals in poverty for creating their own problems and argue that with hard work and better choices the poor could avoid their problems. Other variations of the individual theory of poverty ascribe poverty to lack of generic qualities such as intelligence that are not so easily reversed. This theory stemmed from old beliefs.

Neoclassical economics reinforces individual's sources of poverty. They say that conditions leading to poverty is that individuals seek to maximise their own well-being by making choices and investments, and that assuming that they have perfect information they seek to maximize their well-being. When some people choose short term and low pay off returns economic theory holds the individual choices for example to forego education or other training that will lead to better paying jobs in the future. The economic theory that the poor lack incentives for improving their own conditions is popular in most studies.

2.9.3 Cultural Belief Systems Theory

This theory suggests that poverty is created by the transmission over generations of a set of beliefs, values and skills that are socially generated but individually held. Individuals are not necessarily to blame because they are victims of their dysfunctional subculture or culture. Culture is socially generated and perpetuated reflecting the interaction of individual and community. Technically, the culture of poverty is a subculture of poor people in regions or social contexts where they develop a shaped set of beliefs, values and norms for behaviour that are separate from but embedded in the culture of the main society. Oscar Lewis was one of the main writers to define the culture of poverty as a set of beliefs and values passed from generation to generation.

Cultures are socialized and learned, and one of the tenets of learning theory is rewards follow to those who learn what is intended.

2.9.4 Theory of economic, political and social distortions or discrimination.

This theory looks not to the individual as source of poverty but to the economic, political and social system which causes people to have limited opportunities and resources with which to achieve income and well-being. Much of the economic literature of poverty suggests that economic system is structured in such a way that poor people fall behind regardless of how competent they may be, partly the problem is the fact that minimum wages do not allow single mothers or their families to be economically self-sufficient (Jencks, 1996:72). The problem of the working Poor is increasingly seen as a wage problem linked to structural barriers preventing poor families from getting better things.

A parallel barrier exists with political system in which the interests and participation of the poor is impossible or deceptive. Recent research has confirmed the linkage between wealth and power and has shown how poor people are less involved in political discussions, their interests are more vulnerable in political process and they are excluded at many levels.

2.9.5 Feminist Theory

Feminist theory is defined as that part of the new scholarship on women that seeks to provide a system of ideas about women that seeks to provide a system of ideas about human life that features women as object and subject (Ritzer, 1983). Contemporary feminist theory is based on five questions. Where are the women in any situation being investigated?, if they are not present and Why?. If they are present, what exactly is their role? How do they experience the situation? What do they contribute to it? And what does it mean to them?

The feminist question has been kept alive in the body of feminist theory formulated between 1960 and the present (Ritzer, 1983). This body of ideas can be classified according to the first two basic questions of feminist scholarship. The answers to the first question provide the major categories of varieties of feminist theory. The main description of women's social situation is that:

1. It is different from men's
2. It is unequal to men's
3. It is that of an oppressed group and the male constructed patriarchal social system

The feminist theories are used in this study because they have narrowed down their subjects of analysis to women in specific social situations. In this study the social situation is access of credit to women farmers.

2.10 Conceptual Framework

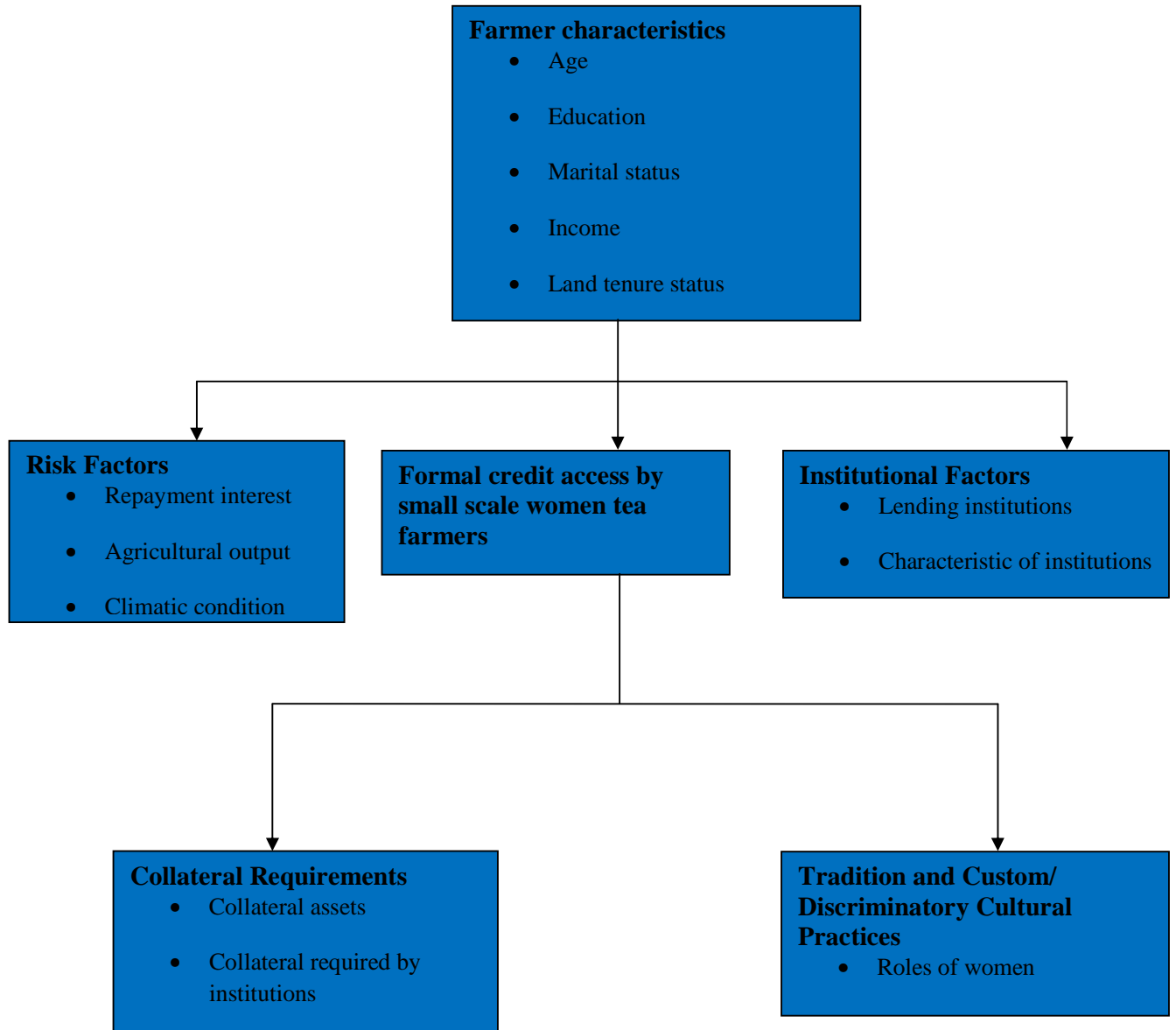


Figure 2.2: Conceptual Framework

Source: Author (2013)

The figure above presents the conceptual framework of the study. The dependent variable of the study is access to formal credit by small scale women tea farmers whereas the proposed independent variables of the study were; farmer characteristics,

institutional factors, tradition and Custom/ Discriminatory Cultural Practices, collateral requirements and risk factors.

It would therefore follow that farmer characteristic measures are age, education level, size of farm . Small scale women tea farmers who are aged and educated are more experienced and hence may be aware on where and how to easily access formal credit.

A lending institution with more than one collateral requirements and tedious procedures in access to formal credit will tend to attract few borrowers while the lending institutions with few collateral requirements and optimized procedures will attract many small women tea farmers.

It was also proposed that where tradition and custom/ discriminatory cultural practices prevail to a great extent, women are more affected than men. When women are less valued in the society, the institution is part of the society in which discriminated small scale women tea farmers could have difficulties accessing formal credit and the vis-à-vis.

Where women are requested to provide various collaterals so as to access formal credit, this would mean that the women may lack all or get all of the requested collaterals towards access to formal credit.

Whenever risk factors on formal credit access are many, small scale women tea farmers will tend to fear accessing the same from lending institutions; and; if there are low risks, many of the borrowers will not fear accessing the formal credit. On the other hand, higher risks will affect yields and monthly payments.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter will provide the methodology of the study. It gives the specific procedures that are followed in undertaking the study. The research design, population, sampling design, data collection methods and data analysis is described in this chapter.

3.2 Research Design

This study used descriptive research design approach. The research was conducted through a survey of women farmers in Nduti tea factory in Thika district. The descriptive research design approach has been credited due to the fact that it allows analysis the relations of variables and also allows greater flexibility in terms of money and time as well as avoiding the hardship of hunting for respondents more than once to produce high response rate.

3.3 Population

The population of this study comprised of all small scale women practising farming at Nduti tea factory. From the records in the Nduti tea factory on membership, there were a total of 117 registered women farmers in the region all of whom partly owned the tea plantations or leased or were in partnership, or their husbands had given them sections to manage and each had a green leaf number.

3.4 Sampling Method and Procedures

Convenience random sampling technique was adopted; the sample was women farmers from Nduti Tea factory who practice tea farming. Purposive sampling was whereby all the women who owned, leased, or else were considered for the study. The sample size of the study constituted of all the 117 women obtained from records from Nduti tea factory in Thika district.

3.5 Response Rate

Status	Frequency	Percentage
Responded	98	84
Not responded	15	13
Responded but faulted	4	3
Total	117	100

A total of 117 questionnaires were given out to the respondents who constituted of small scale women tea farmers from Nduti tea factory in Thika District. Out of this, 98 of the questionnaires got responses, 15 questionnaires were never returned while three were returned but in faulty status. This therefore suggested that the response rate of the study was 84%.

3.6 Data collection methods

An interview questionnaire was developed for the research. The questionnaire was designed to collect data needed to meet the objectives of the research. Two levels of respondents were used in our research: the individual farmers and key informants. The interview for individual farmers had two components, a survey interview for sample of the farmers using our developed questionnaire and in-depth interviews for a small sample which were chosen from the large sample. Those previously interviewed, helped ascertain issues which were not brought out and which was covered in depth interview.

The key informant interviews were conducted to obtain the necessary data on the availability of credit services in our research area and the processes involved in obtaining credit. The key informants interviews were used to validate the results obtained from farmers interviews. To address the objectives of the key informant interviews a guideline was prepared prior to the interviews.

3.7 Data Collection Procedures and Instruments

The researcher used both primary and secondary data. Primary data from interviews, focus groups, self-administered questionnaires and data derived from interview responses with individual farmers and key informants. Secondary data includes the companies' publications, journals, periodicals and information obtained from the internet. Secondary data was collected by use of desk top research techniques from

published reports and other documents from Kenya tea development agency itself because they keep records. Both primary and secondary data was collected.

3.8 Data Analysis and Reporting

Both qualitative and quantitative techniques were used in data analysis. Quantitative data was analysed using descriptive statistics such as Mean, Percentage, Tabulation and Frequency. Before processing the responses, the completed questionnaires were edited for completeness and consistency while the incomplete ones were eliminated. The data was then coded to enable the responses to be grouped into various categories. A descriptive analysis was employed. Descriptive statistics such as means, standard deviation and frequency distribution was used to analyze the data. Quantitative data was analyzed using the Statistical Package of Social Science (SPSS).

3.9 Ethical Issues

Due to sensitivity of some information collected, the researcher holds a moral obligation to treat the information with utmost propriety. Some respondents were reluctant to disclose some information, the researcher reassured the respondents of confidentiality of the information given and that the research report was for purely academic/examination purpose. The researcher was obliged to avail a copy of the completed project to the respondents upon their request.

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 Introduction

This chapter gives a detailed analysis of data collected from the findings. The general purpose of the study was to establish the factors influencing access of formal credit by small scale women tea farmers from Nduti tea factory, Thika District. The findings are discussed according to the objectives of the study.

4.2 Farmer Characteristics

Table 4.1: Age, marital status and education of respondents

		Frequency	Percentage
Age	30-40	50	51.0
	40-60	46	47.0
	Over 60	2	2.0
	Total	98	100.0
Marital status	Single	25	25.5
	Married	66	67.3
	Divorced	3	3.1
	Widowed	4	4.1
	Total	98	100.0
Level of education	No formal schooling	1	1.0
	High School	30	30.6
	College level	50	51.0
	Primary School	17	17.3
	Total	98	100.0

The table above presents the results findings on age bracket, marital status and the level of education of the respondents. According to the results displayed in the table 4.1 above, majority of the respondents as presented by 51% were aged between 30-40 years, 47% were aged between 40-60 years while the rest as shown by 2% were over 60 years of age. According to the data findings displayed in the table 4.2 above, majority of the respondents presented by 26% were single, 67% were married, 4% were widowed while the rest as shown by 3% were divorced. On this question, majority of the respondents as shown by 51% in the table above had college level education, 31% had high school level education, and 17 had reached primary level education while the rest as shown by 1% had no formal schooling. Besides, education levels, the study established that all the respondents reached were Christians.

Table 4.2: Monthly household Income

	Frequency	Percentage
10000 or below	46	46.9
10001-25000	25	25.5
25001-30000	22	22.4
30001-50000	4	4.1
50001-100000 (Above)	1	1.0
Total	98	100.0

The research study sought to establish the monthly household income of the respondents. On this question, majority of the respondents as shown by 47% had income levels of below 10000 ksh, 26% had incomes of between 10001-25000 kshs, 22% had incomes of between 25001-30000, 4% had income levels of between 30001-50000 while the rest as shown by 1% had income levels of over 100000 respectively.

Table 4.3: Land Tenure Status

	Frequency	Percentage
Owner	30	30.6
Lease	55	56.1
Partnership	13	13.3
Total	98	100.0

The study was to establish the land tenure status of the respondents sampled. According to the results displayed in the table above, majority of the respondents as presented by 56% said that they had leased, 31% said they were owners and 13% were in partnership hence shared the profits accrued respectively.

Table 4.4: Farm Size

	Frequency	Percentage
Less than an acre	40	40.8
1-5 acres	45	45.9
More than 5 acres	13	13.3
Total	98	100.0

The researcher also requested the respondents to state the size of their farms/lands. On this question, majority of the respondents as presented by 46% said 1-5 acres, 41% said less than one acre while the rest as shown by 13% said theirs was more than 5

acres respectively.

4.2.1 Number of years in farming

The study also wanted to know about the experience of the farmers in tea farming. According to the responses of most of the small scale women tea farmers, it was clear that most of them were actually brought up in tea plantations hence having experience since birth. Others said that they had an experience of 5yrs, 7yrs, 9 yrs, 10 yrs and even more. This was an implication that most of the respondents had knowledge on the issues surrounding the tea industry.

4.3 Institutional Factors

The study was to establish from the respondents the number of lending institutions in the region (Thika district). On this question, most of the respondents indicated bank, Mwalimu and Murata Saccos limited, KCB bank, family bank, Krep bank, etc as the major lending institutions in the region. This clearly implied that the availability of formal credit lending institutions was very high hence enough.

Table 4.5: Whether respondents ever applied for a formal credit in any of the institutions

	Frequency	Percentage
Yes	95	97
No	3	3
Total	98	100

Respondents were to state whether they had ever applied for a formal credit in any of the institutions. According to the study findings, majority of the respondents as shown by 97% were in agreement that at one time applied for a formal credit in any of the institutions whereas only 3% who said that they never applied for a formal credit in any of the institutions. This implied that most of the small scale women tea farmers had to depend on formal credits in their farms development.

Table 4.6: Extent to which respondents depend on lending institutions

Extent to which respondents depend on lending institutions	very large extent	Large extent	Moderate extent	Little extent	not at all
Banks	50%	25%	23%	2%	0
Shylocks	50%	27%	13%	5%	5%
Lending enterprises	22%	50%	13%	10%	5%
Cooperative societies	25%	62%	12%	1%	0

The results in the table above present the findings on the extent to which respondents depend on the sources for a formal credit. According to the findings, majority of the respondents presented by 62% depended cooperatives, 50% said on banks as sources of formal credit to a very great extent, 50% said shylocks, 50% mentioned lending enterprises respectively. Besides, respondents indicated that they preferred the institutions of their choice on grounds that; they received better customer care services, they got less interested loan (Saccos), they got time extensions on repayments, they were trained on the usage of the formal credits, they received bonuses on early repayments while others said that the institutions were always free to handle their budgets.

Table 4.7: Whether the institution granted the respondent an equivalent amount the last time of application

	Frequency	Percentage
Yes	57	58
No	41	42
Total	98	100

The study sought to establish whether the institution granted the respondent an equivalent amount the last time of application. On this question, majority of the respondents as shown by 58% said their institutions granted the respondent an equivalent amount the last time of application while the rest as shown by 42% said that they were not granted the respondent an equivalent amount the last time of application. This implies that not all who applied for the formal credit got an equivalent amount as indicated in their applications.

Table 4.8: Various reasons for application formal loan applications failed

	Frequency	Percentage (%)
Default of previous loans	46	47
Incomplete application forms	85	87
Non-guaranteed applications	65	66
Limited viability of proposed project	66	67
Timing of application	87	89
Credit history	77	79

Respondents were required by the study to indicate the various reasons for application rejection and criteria for formal loan allocation by the institution. According to the study results displayed in the table above, majority of the respondents (89%) said it was not due to poor timing of application, 85% said incomplete application forms, 79% said credit history, 66% said limited viability of proposed project, 65% said non-guaranteed applications while the rest as shown by 46% said was due to default of previous loans respectively. This therefore implied that all the reasons stated were actually barriers towards formal credit access by small scale women tea farmers.

Table 4.9: Extent of agreement on institutional factors effect on access of formal credit by small scale women tea farmers in the region

Agreement on institutional factors effect on access of formal credit by small scale women tea farmers in the region	Strongly agree	Agree	Moderately agree	Disagree	Strongly disagree
Institution involved in community strategies	30%	65%	5%	0	0
Use of current technologies	25%	63%	13%	0	0
The institution I prefer have not continuously trained and given information to women tea farmers on management of resources	26%	63%	11%	0	0
Availability of value added products and services	26%	62%	10%	1%	1%
Repayment time/period provided	17%	55%	18%	10%	0
customer handling	18%	54%	18%	10%	0
Interest rate by the institution	25%	50%	23%	2%	0
The amount provided is never enough	38%	50%	13%	0	0

To many required documents	25%	50%	13%	12%	0
Distance to the lending institution	13%	50%	38%	0	0

The study was to establish the respondents level of agreement on institutional factors effect on access of formal credit by small scale women tea farmers in the region. According to the results displayed in the table above, majority of the respondents as strongly agreed that; their institution is involved in community development strategies, Use of current technologies, the institution have not continuously trained and given information to women tea farmers on management of resources, availability of value added products and services, repayment time/period provided, poor customer handling, interest rate by the institution, the amount provided is never enough, too many required documents and the distance to the lending institution influenced access of formal credit by small scale women tea farmers in the region as shown by 65%, 63%, 63%, 62%, 55%, 54%,50%,50%, 50% and 50% respectively.

4.4 Tradition and Cultural Practices

4.4.1 Various roles of woman in tea farming

On the various roles women have in tea farming, most of the respondents indicated that the major role was to pluck and sell the tea leaves in a nearby centre, cook for the workers if there, remove weeds from the tea bushes and apply fertilizer when time is due. Others also stated that they have full control/guardians of finances as regards to tea farming and hence made payments to the workers respectively. Most of the respondents also indicated that it is not them who should own the tea farms according to their customs rights but their husbands to those who are married but to those who are single sometimes applies. According to most of the respondents women are just but to cook, wash and manage on behalf of the man but not to be involved in financial and business a matter which well fits to men.

Table 4.10: Level of agreement on the culture and custom factors that influence access of formal credit by small scale women tea farmers

Agreement on the culture and custom factors that influence access of formal credit by small scale women tea farmers	Strongly agree	Agree	Moderately agree	Disagree	Strongly disagree
The main description of women’s social situation in my village is that women are never equal to men	22%	65%	12%	1%	0
I am not entitled to any collateral as a title deed since I am a woman	24%	63%	13%	0	0
It is the sole role of my husband to control the tea farm	25%	60%	10%	4%	1%
I am in total control of my tea farm	33%	45%	21%	1%	1%
Like other women, I do not have any bargaining access to the necessary resources in our land	33%	45%	9%	1%	1%
I am only responsible for a portion of the tea farm	41%	36%	8%	2%	2%

The study was to establish the level of agreement on the culture and custom factors that influence access of formal credit by small scale women tea farmers. According to the study findings in the table above, majority of the respondents strongly agreed that they are only responsible for a portion of the tea farm as shown by 41%. Majority of the respondents were also in agreement that the main description of women’s social situation in the village is that they are never equal to men, women are not entitled to any collaterals as a title deed, It is the sole role of the husband to control the tea farm, that most women were in total control of their tea farm and that like some do not have any bargaining access to the necessary resources in their land as shown by the percentages of 65%, 63%, 60%, 45% and 45% respectively.

4.5 Collateral Requirements

Table 4.11: Whether the respondent have collate-able assets

	Frequency	Percentage
Yes	94	96
No	4	4
Total	98	100

The study was to find out from the respondents whether they had collate-able assets in their households. According to the results displayed in the table above, majority of the respondents as shown by 96% said that they had collate-able assets for the use in

formal credit access while only 4% who indicated that they do not have collate-able assets for the use in formal credit access.

Table 4.12: Forms of assets the respondents have

	YES	
	Frequency	Percentage
Land	32	33
House & household goods	93	95
Animals	90	92
Vehicle	23	23
Agricultural equipment	9	9

The study was to establish the form of collateral assets the respondents had. On this question, the study established that house and house goods was the most popular at 93%, animals at 90%, land at 32% hence not so much for collaterals, vehicles at 23% (not so much a collateral) and agricultural equipments at 9% (not so much a collateral asset) respectively. This therefore suggests that to small scale women tea farmers, house and household goods as well as the animals in the farm forms the highest part of collaterals to access formal credit.

Table 4.13: Extent to which collaterals required by the financial institutions in the enhancement of formal access to credit

Extent to which collaterals required by the financial institutions in the enhancement of formal access to credit	Very Great extent	Great extent	Moderate extent	Little extent	No extent at all
Guarantors	78%	5%	2%	2%	2%
Car log books	63%	8%	17%	1%	0
Good credit history	59%	19%	10%	1%	0
Copy of business license	56%	21%	10%	2%	0
KRA pin	54%	20%	10%	3%	2%
Land title	45%	35%	85%	1%	0
Household goods	44%	9%	30%	6%	0
Guarantor assets	33%	12%	39%	4%	1%

The results in the table above presents the findings on the extent to which collaterals are required by the financial institutions in the enhancement of formal access to credit by small scale women tea farmers in this region. On this question, majority of the respondents said that; guarantors, car log books, good credit history, copy of business

license, KRA pin, land title and household goods are required by financial institutions to a very great extent on matters regarding formal credit access as shown by 78%, 63%, 59%, 56%, 54%, 45% and 44% respectively. The study also established that majority of the respondents moderately agreed that guarantor assets is also a requirement towards access to formal credit by small scale women tea farmers as shown by 33%.

4.6 Risk Factors

Table 4.14: Whether respondents experience any type of risk in access or management of formal credit in the tea farm

	Frequency	Percentage
Yes	82	84
No	16	16
Total	98	100

The study was to find out whether respondents experience any type of risk in access or management of formal credit in the tea farm. The results displayed in the table above shows that majority of the respondents shown by 84% said they experienced different type of risks in access or management of formal credit in the tea farm while the rest as shown by 16% said they do not experience any type of risk in access or management of formal credit in the tea farm. Respondents stated that some of the risks involved are poor weather which affect yields, high interests charged and short durations given affect the in access or management of formal credit among the small scale tea farmers in Thika district.

Table 4.15: Level of agreement on risk factors influencing access of formal credit by small scale women tea farmers in Thika district

Agreement on risk factors influencing access of formal credit by small scale women tea farmers in Thika district	Strongly agree	Agree	Moderately agree	Disagree	Strongly disagree
The repayment interest is high making it hard.	3%	80%	2%	2%	2%
The agricultural output is lower than expected making it difficult to repay the formal credit accessed	10%	61%	17%	1%	0
The climate condition changes is anticipatable thus sometimes repaying at a loss	21%	53%	10%	3%	2%
There are no risks hence I need to take the formal credit to buy my inputs	11%	34%	39%	4%	1%
I have no other option than to risk in taking the formal credit	41%	36%	8%	2%	2%

The results in the table above presents the findings on respondents level of agreement on risk factors influencing access of formal credit by small scale women tea farmers in Thika district. According to the findings, majority of the respondents strongly agreed that small scale women tea farmers have no other option than to risk in taking the formal credit as shown by 41%. Majority of the respondents were also in agreement that the repayment interest is high making it hard, the agricultural output is lower than expected making it difficult to repay the formal credit accessed and that the climate condition changes is anticipatable thus sometimes repaying at a loss as shown by 80%, 61% and 53% respectively. Other respondents moderately agreed that there are no risks hence they need to take the formal credit to buy farm inputs as shown by 39%.

CHAPTER FIVE
SUMMARY OF KEY FINDINGS, CONCLUSIONS AND
RECOMMENDATIONS

5.1 Introduction

The chapter presents the discussion of the major findings from the respondents in which they have been arranged according to the study objectives. The objectives of the study were; to find out the effect of farmer characteristics on formal credit access by small scale women tea farmers in Nduti tea factory, Thika District, to establish the influence of institutional factors on formal credit access by small scale women tea farmers, to investigate the influence of cultural Practices on formal credit access to small scale women tea farmers, to establish the effect of collateral requirements on formal credit access to small scale women tea farmers and to investigate the influence of risks associated on formal credit access to small scale women tea farmers in Nduti tea factory, Thika District respectively.

5.2 Summary of major findings

5.2.1 Farmer characteristics

On small scale women tea farmers characteristics, the study established that majority of the respondents as presented by 51% were aged between 30-40 years and that 67% of them were married. Majority of the respondents as at (51%) had reached college level education and that all were Christians. Majority of the respondents presented by 47% had income levels of below 10,000 kshs. The study established that majority of the respondents as presented by 56% said that they had leased, 31% said they were owners whereas only 8% who are in partnership. Majority of the respondents as presented by 46% had 1-5 years and that it was clear that most of them were actually brought up in tea plantations hence having experience since birth an implication that most of the respondents had knowledge on the issues surrounding the tea industry.

5.2.2 Institutional Factors

Most of the respondents said there were more than to mention lending institutions which included among others; Equity Bank, Mwalimu and Murata Saccos limited, KCB bank, family bank, K-rep bank. Majority of the respondents as presented by 97% were in agreement that at one time they applied for a formal credit in the institutions which therefore implied that most of the small scale women tea farmers

had to depend on formal credits in their farms development. Majority of the respondents presented by 62% depended cooperatives, 50% said on banks as sources of formal credit to a very great extent, 50% said shylocks, 50% mentioned lending enterprises respectively. The study also established that respondents preferred the institutions of their choice on grounds that; they received better customer care services, they got less interested loan (Saccos), they got time extensions on repayments, they were trained on the usage of the formal credits, they received bonuses on early repayments while others said that the institutions were always free to handle their budgets.

Majority of the respondents as presented by 58% said their institutions granted the respondent an equivalent amount the last time of application but a clear picture is that not all who applied for the formal credit got an equivalent amount as indicated in their applications. According to the study results displayed in the table above, majority of the respondents (89%) said it was not due to poor timing of application, 85% said incomplete application forms, 77% said credit history, 66% said limited viability of proposed project, 65% said non-guaranteed applications while the rest as shown by 46% said was due to default of previous loans respectively. According to the study results displayed in the table above, majority of the respondents (89%) said it was not due to poor timing of application, 85% said incomplete application forms, 77% said credit history, 66% said limited viability of proposed project, 65% said non-guaranteed applications while the rest as presented by 46% said it was due to default of previous loans.

Majority of the respondents as strongly agreed that; their institution is involved in community development strategies, Use of current technologies, the institution have not continuously trained and given information to women tea farmers on management of resources, availability of value added products and services, repayment time/period provided, poor customer handling, interest rate by the institution, the amount provided is never enough, too many required documents and the distance to the lending institution influenced access of formal credit by small scale women tea farmers in the region.

According to the results most of the respondents strongly agreed that; their institution is involved in community development strategies, use of current technologies, the

institution have not continuously trained and given information to women tea farmers on management of resources, availability of value added products and services, repayment time/period provided, poor customer handling, interest rate by the institution, the amount provided is never enough, too many required documents and the distance to the lending institution influenced access of formal credit by small scale women tea farmers in the region.

5.2.3 Tradition and Cultural Practices

The study established that women have various roles in tea farming as cultural practice, most of the respondents indicated that the major role was to pluck and sell the tea leaves in a nearby centre, cook for the workers if there, remove weeds from the tea bushes and apply fertilizer when time is due. Others also stated that they have full control/guardians of finances as regards to tea farming and hence made payments to the workers respectively. Most of the respondents also indicated that it is not them who should own the tea farms according to their customs rights but their husbands to those who are married but to those who are single sometimes applies. According to most of the respondents women are just but to cook, wash and manage on behalf of the man but not to be involved in financial and business a matter which well fits to men. According to the study findings in the table above, majority of the respondents strongly agreed that they are only responsible for a portion of the tea farm as shown by 41%. Majority of the respondents were also in agreement that the main description of women's social situation in the village is that they are never equal to men, women are not entitled to any collaterals as a title deed, It is the sole role of the husband to control the tea farm, that most women were in total control of their tea farm and that like some do not have any bargaining access to the necessary resources in their land as shown by the percentages of 65%, 63%, 60%, 45% and 45% respectively.

5.2.4 Collateral Requirements

According to the results displayed in the table above, majority of the respondents as shown by 96% said that they had collate-able assets for the use in formal credit access. the study established that house and house goods was the most popular at 93%, animals at 90%, land at 32% hence not so much for collaterals, vehicles at 23% (not so much a collateral) and agricultural equipments at 9% (not so much a collateral)

asset) respectively suggesting that to small scale women tea farmers, house and household goods as well as the animals in the farm forms the highest part of collaterals to access formal credit. On the extent of the effect majority of the respondents said that; guarantors, car log books, good credit history, copy of business license, KRA pin, land title and household goods are required by financial institutions to a very great extent on matters regarding formal credit access as represented by 78%, 63%, 59%, 56%, 54%, 45% and 44% respectively.

5.2.5 Risk Factors

On risk factors, the study established that majority of the respondents majority of the respondents as represented by 84% said they experienced different type of risks in access or management of formal credit in the tea farm while the rest as represented by 16% said they do not experience any type of risk in access or management of formal credit in the tea farm. Respondents stated that some of the risks involved are poor weather which affect yields, high interests charged and short durations given affect the in access or management of formal credit among the small scale tea farmers in Thika district. Majority of the respondents strongly agreed that small scale women tea farmers have no other option than to risk in taking the formal credit as shown by 41%. Majority of the respondents were also in agreement that the repayment interest is high making it hard, the agricultural output is lower than expected making it difficult to repay the formal credit accessed and that the climate condition changes is anticipatable thus sometimes repaying at a loss as shown by 80%, 61% and 53% respectively. Other respondents moderately agreed that there are no risks hence they need to take the formal credit to buy farm inputs as shown by 39%.

5.3 Conclusions

The following were the conclusions from the study;

5.3.1 Farmer Characteristics

On farmer characteristics, the study established that most of the women tea farmers had acquired good education having reached college level education and majority were aged between 40-50 years implying that they had enough knowledge on issues related to tea farming. The study also concludes that most of the small scale tea farmers had income levels of below 10,000 Kshs and that they had leased the shambas on which the tea plantations are in. Only a few who owned the tea farms and others were in partnership. Most of the small scale women tea farmers were actually brought

up in tea plantations hence having experience since birth an implication that most of the respondents had knowledge on the issues surrounding the tea industry. The distance of the institution also mattered so much on the decision to take a formal credit from a preferred institution. The results on education in the literature review according to Rust (2002) revealed that the basic premise is that better educated farmers will be more likely to form trusting relationships with sales banking institution.

5.3.2 Institutional Factors

The study concludes that most of the respondents had ever applied for funds from various institutions which included; Faulu, Equity Bank, Mwalimu and Murata Saccos limited, KCB bank, family bank, K-rep bank and other local microfinance institutions also which therefore implied that most of the small scale women tea farmers had to depend on formal credits in their farms development and each of the financial institutions had its own characteristics preferred by respondents. The study also concludes that most of the small scale women tea farmers depended on banks as sources of formal credit to a very great extent, shylocks, individuals and cooperative societies to a great extent. The study concludes that small scale preferred the institutions of their choice on grounds that; they received better customer care services, they got less interested loan (Saccos), they got time extensions on repayments, they were trained on the usage of the formal credits, they received bonuses on early repayments while others said that the institutions were always free to handle their budgets. Some institutions granted the respondent an equivalent amount the last time of application but a clear picture is that not all who applied for the formal credit got an equivalent amount as indicated in their applications. The study concludes that most of the small scale farmers' loan application failed not due to poor timing of application, but incomplete application forms, credit history, limited viability of proposed project, non-guaranteed applications or default of previous loans. The study concludes that their institution is involved in community development strategies, use of current technologies, the institution have not continuously trained and given information to women tea farmers on management of resources, availability of value added products and services, repayment time/period provided, poor customer handling, interest rate by the institution, the amount provided is never enough, too many required documents and the distance to the lending institution influenced access

of formal credit by small scale women tea farmers in the region and that's why they liked taking formal credits from the institutions. Schmidt (1987) also confirmed that the type of financial institution and its policy will often determine the access. Where credit duration, terms of payment, required security and provision of supplementary services do not fit the needs of the target group, potential borrowers will not apply for credit even where it exists and when they do, they will be denied access.

5.3.3 Risks Factors

The study concludes that small scale women tea farmer's experienced different type of risks in access or management of formal credit in the tea farm which range from; poor weather which affect yields, high interests charged and short durations given. The study also concludes that repayment of interest is sometimes high making it hard, the agricultural output is sometimes lower than expected making it difficult to repay the formal credit accessed, the climate condition changes is anticipatable thus sometimes repaying at a loss, there are no risks hence there is a need to take the formal credit to buy the inputs and that small scale women tea farmers have no other option than to risk in taking the formal credit. The results agree with the literature by (Hossain, 2003) that encouraging clients through education on disaster risk reduction and designing loan products to develop disaster-proofing shelters. Also, MFIs can guide vulnerable client groups to have contingency plans on how to respond and disaster mitigation measures. Due to this the field officers has to spend lot of their time in educating, counseling, making repeated visits etc. which will increase the operational cost and in turn affect the operational efficiency of the institution.

5.3.4 Collateral Requirements

The study concludes that most small scale women tea farmers had collate able assets for the use in formal credit access and that house and household goods was the most popular, animals, land, vehicles and agricultural equipments suggesting that to small scale women tea farmers, house and household goods as well as the animals in the farm formed the highest part of collaterals to access formal credit. At the same time guarantors, car log books, good credit history, copy of business license, KRA pin, land title and household goods are required by financial institutions for the small scale women tea farmers to access formal credit. A study by Pham (2007) found that woman can only access informal credit because formal credit needs collateral of which women don't have to qualify for the formal credit. Most important of course is

the lack of distinct property rights on land. The land and forestry use rights allocated under the household responsibility system has probably done more to dampen agricultural credit than any other system or policy in China (Carter & Olinto, 2003).

5.3.5 Tradition and cultural Practices/Norms

The study concludes that women have various roles in tea farming as cultural practice, most of the respondents indicated that the major role was to pluck and sell the tea leaves in a nearby centre, cook for the workers if there, remove weeds from the tea bushes and apply fertilizer when time is due. At least some of them have full control or guardians in the tea farms. The study concludes that most of the women are just but to cook wash and manage on behalf of the man but not to be involved in financial and business a matter which well fits to men. Majority of the respondents were in agreement that it is the sole role of the man to control the tea farm, women are not entitled to any collateral for example title deed, women farmers are only responsible for a portion of the tea farm, women are not in overall control of the tea farm and like other women, they do not have any bargaining access to the necessary resources in land or a formal credit and that the main description of women's social situation in the village is that women are never equal to men in terms of asset or liability management. The results agree with the literature reviewed by Umoh (2006) that there are rigid social and cultural norms restrict women mobility. Implication of such norms severely affects the women's participation in economic activities. Not only that the women are restricted in their participation in economic activities, but they also rarely consider their own role in economic activities as essential or significant. Their perception of role and status also gets distorted and they considered themselves insignificant in their social environment (Umoh, 2006).

5.4 Recommendations

The following are the study recommendations;

5.4.1 Farmer Characteristics

The study recommends that the banking institutions spread their services to many places in the region so as to cover most people who argue about distance. The study also recommends that the lending institutions also train their clients on matters related to the essence of formal credits in tea farming. This will also help increase their experience levels disregarding the fact of their ages and size of farm.

5.4.2 Institutional Factors

The study recommends that since the characteristics of an institution determine the small scale tea farmers' interest to take a formal credit, it is the sole role of the managers in to revise all areas of their aspect to make them favourable to the small scale women tea farmers to access formal credits.

5.4.3 Risks Factors

The study recommends that the institutional managers as well as those in the tea industry organize training programmes to the small scale farmers in general so as to help them cope with or counteract with the risks that come by limiting their ability to repay their loans because of the losses. In this case, the types of risks and their solutions strategies or mitigations should be established.

5.4.4 Collateral Requirements

On collateral requirements, the study recommends that most of the small scale women tea farmers did not have access to collaterals like land, vehicles among others, therefore there is a need to consider the only collaterals they would have in order to help them achieve their results in the tea firm which may help them have enough and also left over to repay the formal credits they would be having.

5.4.5 Cultural Practices

The study recommends that gendered issues related to conflicts in land and other assets be addressed by the relevant parties like the government so as to explain fully the position of a woman in the society and household. This would therefore help the men in the region realise that women can also help boost their economic positions in the tea farming sector. Men should also increase the role of women in tea farming for this have a positive influence on their efforts in achieving good results.

5.5 Recommendations for further studies

This study recommends that other studies on access to formal credit in the tea farming sector be conducted so as to establish whether the same results would be obtained. The studies to be conducted may include other factors not studied in this study. To bring out the right picture of the factors influencing access to credit by tea farmers especially the women, other regions should be included to find out if it happens in all the counties where tea is grown.

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APPENDIX 1: LETTER OF INTRODUCTION



UNIVERSITY OF NAIROBI
DEPARTMENT OF SOCIOLOGY & SOCIAL WORK

Fax 254-2-245566
Telex 22095 Varsity Ke Nairobi Kenya
Tel. 318262 Ext. 28167

P.O. Box 30197
Nairobi
Kenya

10th, 2012

TO WHOM IT MAY CONCERN

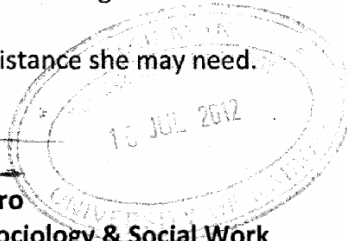
RE: BETTY MWENDWA MEEME

This is to confirm that the above named is a bona fide M.A. student in the Department of Sociology and Social Work. She has presented her project proposal entitled: **"Factors affecting formal credit access of small scale rural tea farmers."**

Ms. Meeme is required to collect data pertaining to the research problem from selected organizations to enable her complete her proposal which is a requirement of the Masters degree.

Kindly give her any assistance she may need.


Dr. Robinson M. Ocharo
Chairman, Dept. of Sociology & Social Work



c.c. Dr. K. Kiemo
Supervisor

APPENDIX 2: RESEARCH QUESTIONNAIRE

PART A: RESPONDENT CHARACTERISTICS

1. Area.....
2. Age:
 - a. 30-40
 - b. 40-60
 - c. Over 60
3. Marital status
 - a) Single
 - b) Married
 - c) divorced
 - d) widowed
4. Educational level
 - a) No formal schooling
 - b) Primary level
 - c) High school
 - d) College levelOther specify.....
5. Number of household members.....
6. Religion.....
 - Christian
 - Muslim
7. Average monthly household income
 - a) Ksh. 10000 and below
 - b) 10001-25000
 - c) 25001-30000
 - d) 30001-50000
 - e) 50000-100000
 - f) 100001 and above
8. Land tenure status
 - a) Owner
 - b) Lease
 - c) PartnershipOther specify.....
9. Farm size
 - a) less than acre
 - b) 1-5 acres
 - c) more than 5 acres
10. How many years in farming.....
11. What is the distance of your nearest bank/financial institution in your area?
 - 1-5 Kilometres
 - 6-10 Kilometres
 - 11-15 Kilometres
 - 16-20 Kilometres
 - More than 20 Kilometres

Part B: Institutional Factors

12. How many lending institutions are there in your area?
13. Have you ever applied for a formal credit in any institution?

Yes [] No []

14. Indicate the extent to which you depend on the following sources for a formal?

Institutions type	very large extent	Large extent	Moderate extent	Little extent	not at all
Banks					
Shylocks					
Lending enterprises					
Cooperative societies					

15. Why do you prefer the sources above?

16. Did the institution grant you an equivalent amount the last time you applied?

Yes [] No []

17. If No, what were the various reasons loan applications failed? (Can tick more than one)

Default of previous loans []

Incomplete application forms []

Non-guaranteed applications []

Limited viability of proposed project []

Timing of application []

18. Kindly indicate the extent of agreement on the following institutional based factors that affect access of formal credit by small scale women tea farmers in this region? Rate where 1 very great extent and 5 is to no extent

Statements	1	2	3	4	5
Interest rate by the institution					
Availability of value added products and services					
Repayment time/period provided					
The amount provided is never enough					
Distance to the lending institution					
To many required documents					
Poor customer handling					
Use of current technologies					
Institution involved in community strategies					
The institution I prefer have not continuously trained and given information to women tea farmers on management of resources					
Others					

Part C: Tradition And Cultural Practices

19. Indicate the various roles as a woman you have in tea farming

.....

20. Do you own the land/portion of tea farm you hold?

Yes [] No []

21. If no indicate who owns

22. Kindly indicate the extent of your agreement on the following institutional based factors that affect access of formal credit by small scale women tea farmers in this region? Rate where 1 very great extent and 5 is to no extent

I am not entitled to any collateral as a title deed since I am a woman					
It is the sole role of my husband to control the tea farm					
I am only responsible for a portion of the tea farm					
I am in total control of my tea farm					
Like other women, I do not have any bargaining access to the necessary resources in our land					
The main description of women's social situation in my village is that women are never equal to men					
Others					

23. What beliefs and customs are there in your society that either make women be discriminated or not

.....

Part D: Collateral Requirements

24. Do you have collate-able assets?

Yes No

25. If yes what form of assets do you have?

a) Land

b) House

c) Animals

d) Vehicle

e) Agricultural equipment

Others (specify) _____

26. To what extent are the following collaterals required by the financial institution in the enhancement of formal access to credit by small scale women tea farmers in this region? Rate where 1 very great extent and 5 is to no extent

Copy of business license					
KRA pin					
Land title					
Household goods					
Car log books					
Guarantors					
Good credit history					
Others					

Part E: Risk Related Factors

27. Do you experience any type of risk in access or management of formal credit for the development of the tea farm?

Yes [] No []

28. Kindly indicate the types of risks

.....

29. Please indicate the extent of agreement on the following risk based factors that affect access of formal credit by small scale women tea farmers in this region?
Rate where 1 very great extent and 5 is to no extent

The repayment interest is sometimes high making it hard.					
The agricultural output is sometimes lower than expected making it difficult to repay the formal credit accessed					
The climate condition changes is anticipatable thus sometimes repaying at a loss					
There are no risks hence I need to take the formal credit to buy my inputs					
I have no other option than to risk in taking the formal credit					
Others					

APPENDIX 3: INTERVIEW SCHEDULE

1. What credit services do you offer for small farmers in this area?
.....
2. What are the requirements for obtaining a loan from the credit you offer?
.....
.....
3. What is the maximum amount of loan that small farmers can borrow?
4. What interest rate do you charge?
5. How do you collect the payments from loans?
6. How long have you been giving credit to farmers?