

**INFLUENCE OF CREDIT REQUIREMENTS ON
ACCESSING CONSTITUENCY WOMEN ENTREPRISE
FUND AMONG WOMEN SELF-HELP GROUPS IN
THIKA WEST DISTRICT.**

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**A RESEARCH PROJECT REPORT SUBMITTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENT FOR THE AWARD OF MASTER OF ARTS IN
PROJECT PLANNING AND MANAGEMENT, UNIVERSITY OF NAIROBI.**

2012.

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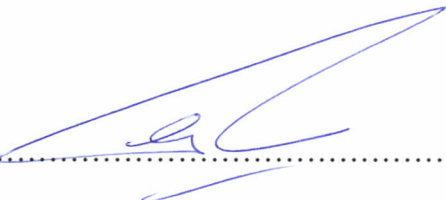
DECLARATION

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

Signature..........Date.....5/08/2012.....

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

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DEDICATION

This work is dedicated first to the Almighty God for the gift of life and ability to study. Second to my dear wife, Lilian for her immense support and encouragement and to my sons Alvin and Ethan for the peace of mind they gave me. I also dedicate it to my family members and all those who might have assisted in many ways. Lastly, I dedicate this work to my late dear mum, for her immense spirit of encouragement.



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ABBREVIATIONS AND ACCRONYMS:

CIDA	- Canadian International Development Agency
C-WES	- Constituency women enterprise scheme
GOK	- Government of Kenya
MDGs	- Millennium development goals
MFI	- Micro finance Institutions
NFPP	- Non-Financial Promotional Programmes
NGOs	- Nongovernmental organizations
SACCOs	- Saving and credit co-operative organizations
SED	- Small enterprise Development
SPSS	- Statistical program for social science
UN	- United Nations
UNDP	- United Nations Development Programme
UNFEM	- United Nations Fund for Women
UNCDF	- United Nations Capital Development Fund
WEDF	- Women Enterprise Development Funds
WEF	- Women Enterprise Funds
WEDTF	- Women Enterprise Development Trust Fund.

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ABSTRACT

The purpose of this study was to research on the influence of credit requirements on accessing constituency women enterprise fund among women self-help groups. The study was necessitated by the fact that despite the government effort to realize the 3rd millennium development goal of ensuring gender equality and women empowerment through women enterprise development fund programme as one of the flagship project under the social pillar of Vision 2030, women still remain stuck at micro-enterprise level because of the hurdles they face in accessing credit either through the government agencies or the financial lenders.

The research objectives of the study highlighted are; generating viable business idea; the process vetting of loan applicants; the business experience of beneficiary groups and the cost of funds. The study is significant in that it addresses the hurdles that self-help women groups' face in accessing the women enterprise funds such as it provides the right intervention to improve utilization of the funds. The research methodology that this study employed was qualitative approach and in particular descriptive survey. The study adopted probability sampling and specifically random sampling in order to sample the target population. The study employed the administered questionnaires as data collection instruments where piloting was done to test reliability of the research instruments.

The key findings of this study were that motivations of women in their informal groups are often tied to necessity and lack of other employment opportunities which drive them to initiate groups' project activities. Secondly, women groups rated the process of accessing fund as one the greatest hurdle because of the many stringent conditions to borrow. Thirdly, women in the informal sector reported that lack of skills and training in handling finances and also generating viable but sustainable business idea was also an obstacle to them. Last but not the least, where fund was accessible the cost of credit was found to be very expensive for most women groups which made the enterprises almost uneconomical to operate the financed projects.

CHAPTER ONE

INTRODUCTION

1.1 Background to the study.

In most countries, regions and sectors, the majority of business owner/managers are male (from 65% to 75%). However, there is increasing evidence that more and more women are becoming interested in small business ownership and/or actually starting up in business. In addition, rates of self employment among women are increasing in several EU countries. Although there are no official statistics relating businesses to the gender of their owner/manager, there is a good deal of evidence to suggest a significant increase in female entrepreneurship. One consequence of this is that women are a relatively new group of entrepreneurs compared with men, which means that they are more likely to run younger businesses. This in turn has some implications for the problems they face and their ability to deal with them, (Carter, 2000).

A key issue, therefore, is whether women entrepreneurs face specific problems in setting up in business that is different from those faced by male-owned businesses. Like young entrepreneurs, women may have particular problems with raising finance and may have had less chance than most men to accumulate the confidence, skills and contacts necessary to start and run a successful business. In addition, gender discrimination by finance and support providers, customers or employees may be an issue. Some previous research has suggested that it is more difficult for women to raise start-up and recurrent business finance than men and those women are more likely to encounter credibility problems when dealing with bankers (Carter & Cannon, 1992).

Women are the backbone of economic development in many developing countries. Global entrepreneurship monitor (GEM) reports that women entrepreneurs create jobs, wealth and innovation across 37 countries surveyed. In many of these countries the rate

of growth of women creating new business is greater than the rate of growth for men entrepreneurs, (Reynolds, et al 2002).

Women entrepreneurs in Kenya are creating employment and contributing to general economic growth 48% of all micro-small and medium sized enterprises (MSMES) which contribute 20% of Kenya's GDP have created 462,000 jobs annually since 2000. In spite of their contribution to the economic development, their freedom to lead and make strategic business decisions is greatly hampered by among other things culture, financial status and lack of education. The Millennium Development Goals (MDGs) are the latest development policy initiative from the United Nations (UN) in tackling global issues which have been welcomed by many anti-poverty campaigners, who see them as concrete commitments that can be monitored. MDG3 is to 'to promote gender equality and empower women. The first fact is that of the estimated 1.1 billion poor people in the world an estimated 60-70 per cent are women For instance, millions of poor women throughout Africa and South Asia are prevented by traditional custom and law from owning land however hard they work on it to grow food for their families. This deprives them on choices such as how to use the land, whether to branch out into new business ventures, apply for a loan using the land as collateral and so no. It makes it harder for them to climb out of the poverty trap than it is for men in their communities for which such options are available, (UN, 2002).

Although women's access to financial services has increased substantially in the past 10 years, their ability to benefit from this access is often still limited by the disadvantages they experience because of their gender. Some MFIs are providing a decreasing percentage of loans to women, even as these institutions grow and offer new loan products. Others have found that on average women's loan sizes are smaller than those of men, even when they are in the same credit program, the same community, and the same lending group. Some differences in loan sizes may be a result of women's greater poverty or the limited capacity of women's businesses to absorb capital. But they can also indicate broader social discrimination against women which limits the opportunities open

to them, raising the question of whether microenterprise development programs should do more to address these issues. And looking at the leadership of many MFIs, we see very few women. Their contributions whether setting the vision on a board of directors, designing products and services, or implementing programs are missing. Thus, as the industry becomes more sophisticated in developing targeted products and services, it makes sense to look at both targeting women and empowering women, (World Bank, 2005).

According to UN report (2005), the fund will enable the government realize the 3rd Millennium Development Goal (MDG) on “gender equality and empowerment of women”. In recognition of the critical role women play in socio-economic development, the WEF has been identified as a flagship project under the social pillar in the Vision 2030. It is expected that the fund will play a catalytic role in mainstreaming women in the formal financial services sector. The women enterprise fund was designed to address the perennial challenges women face in their desire to venture in income generating activities (enterprise development), namely: Cultural factors – Our society does not allow women to own assets which are required by banks to access credit. Some widows are disinherited by in-laws; high transaction costs e.g. interest rates and bank charges. Other challenges include access costs such as transport costs and myths about banks. The society’s negative perception about banks repossessing assets in case of default is not “poor” friendly, etc.

Women Enterprise Fund was established as a Semi Autonomous Government Agency in the Ministry of Gender, Children and Social Development, through a Gazette Notice in August 2007. The Fund was established to provide alternative financial services to women who are excluded from the formal and informal financial sectors. The principal objective of the fund is economic empowerment of women. Women Enterprise Fund loans reach the target beneficiaries through our partner financial intermediaries and directly through Constituency Women Enterprise Scheme (C-WES).

1.2 Statement of the problem

In its 1995 Human Development Report, the UNDP reported that 70 percent of the 1.3 billion people living on less than \$1 per day are women. According to the World Bank's gender statistics database, women have a higher unemployment rate than men in virtually every country. In general, women also make up the majority of the lower paid, unorganized informal sector of most economies. These statistics are used to justify giving priority to increasing women's access to financial services on the grounds that women are relatively more disadvantaged than men.

In Kenya only 1 percent of land titles are owned by women, with 5 to 6 percent held in joint names and that makes it very difficult for women to provide collateral for banks in order to access financial funding. Kenyan women have observed that there are several flaws involved in accessing funds from the banks and MFIs; Not surprisingly therefore, women rate access to finance as their key constraint, (World Bank, 2006).

In its 2009 Rapid Assessment Report, UNIFEM reported that the basic consideration by the Government of Kenya (GOK) for establishing the women enterprise fund was that women have insufficient access to affordable credit to develop their entrepreneurial activities into thriving businesses because of the many requirements by the banks. At the same time there are considerable obstacles for many women aspiring to access credit. This is mostly relevant for poorer and poorest women in rural and urban areas, with limited earning capacities, unable to afford market-based interest rates. Therefore, this study sought to research on the influence of credit requirements on accessing the constituency women enterprise fund (C-WES).

1.3 Purpose of the study

The purpose of this study was to research on the influence of credit requirements on accessing constituency women enterprise fund among women self-help groups.

1.4 Objectives of the study.

To carry out the study, the research was guided by the following objectives;

1. To examine the extent to which generation of viable business idea influenced access of constituency women enterprise fund among women self-help groups in Thika west district.
2. To establish whether the process of vetting loan applicants influenced access of constituency women enterprise fund among women self-help groups in Thika west district.
3. To analyze the extent to which the financial skill of the beneficiary groups influenced access of constituency women enterprise fund among women self-help groups Thika west district.
4. To establish how the cost of funds influenced access of constituency women enterprise fund among women self-help groups in Thika west district.

1.5 Research questions

The following research questions guided the researcher in carrying out the study;

1. To what extent did the generation of viable business idea influence access of constituency women enterprise fund among women self-help groups in Thika west district?
2. How did the process of vetting of loan applicants influence access of constituency women enterprise fund among women self groups in Thika west district?

3. To what extent did the financial skill of the beneficiary groups influence access of constituency women enterprise fund among women self groups in Thika west district?
4. How did the cost of funds influence access of constituency women enterprise fund among women self-help groups in Thika west district?

1.6 Significance of the study

The study documented findings which will contribute knowledge in creating awareness to the government and the lending institutions of the credit requirements hurdles that women face in accessing the constituency women enterprise funds so that they can put right intervention to improve utilization of the funds and hence reduce the poverty levels in women and attain the 3rd millennium development goal of gender equality and women empowerment.

The study finding is expected to help the beneficiary groups become more informed on what the government and lending institutions look for when lending to informal groups so that they can make informed choices and lobby for better terms of borrowing and friendly borrowing process.

The study findings also hopes make recommendations to the relevant government ministry and lending institutions on the feedback from majority of women in the country who have benefited from the scheme fund about the challenges they face and their take on the way forward so that the government will be in a position to make the lending process “work for women, not just for the funds lenders.” (Daily Nation, 2009)

1.7 Delimitations of the study

In this study sampling was done on the area that has benefited from the constituency women enterprise scheme fund and with the highest beneficiaries groups. All the

beneficiary groups sampled was administered the questionnaires. Given the time limit of the study, sampling was done on the geographical area of study.

During sampling and collection of data a local personnel who could effectively communicate in English and/or Swahili was required to assist in case of communication language barrier.

1.8 Limitations of the study.

- i. The area of the study was in the urban area where there is great mobility of people hence there was need to focus on the specific women meetings.
- ii. Time available to conduct the study was a constraint; therefore the study targeted scheduled group meetings to collect data.
- iii. The women enterprise fund had a very short history of less than five years and therefore the researcher focused on other related studies done on the same subject.

1.9 Assumptions of the study

- i. The sample of the beneficiary groups would be a true representative of the general population.
- ii. The respondents would be willing to give information on the questionnaires.
- iii. The respondents would spare time to respond to the questionnaires.
- iv. The district development officer would co-operate and provide information on the beneficiary groups in the constituency.
- v. That the outcome of the study would be of benefit in utilization of the constituency women enterprise fund.

1.10 Definition of significant terms

Credit requirements: This term was used in this study to denote the following major conditions; ability to write a viable business proposal which can be financed and is sustainable the ability to meet a range of borrowing criteria; skills to run a business or project profitably and capacity to meet borrowing conditions and administrative requirements by the lenders.

Constituency women enterprise fund C-WES: This is part of the women enterprise development fund allocated to each and every constituency in the country to the beneficiary women organized in groups.

Entrepreneurs: This is a person who recognizes a commercial opportunity in relation to surroundings acquires and organizes the necessary resources and coordinate activities required for exploiting the opportunity commercially.

Microfinance: This is an institution that that provide loans, saving and other basic financial services to low income earners.

Women: Is any female from the age of 18 years engaged in business or have intention of investing in Income Generating Activities (IGAs) in the informal sector.

Women enterprise fund: This is a fund provided by the Government of Kenya in order to empower women economically.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter introduces the literature review documented by past researcher relevant to the study which was reviewed. The literature areas that were reviewed include: women in Kenya, generation of viable business idea, the process of vetting loan applicants, financial skills of the beneficiary groups and the cost of funds, development of constituency women enterprise fund, objectives and purpose of the C-WES, target groups and the funding mechanism of C-WES. Finally the chapter looked at the conceptual framework and operational definitions of variables.

2.2 Women in Kenya

Women-owned businesses are making a significant contribution to the Kenyan economy. Their businesses account for about one-half (48 percent) of all micro-, small-, and medium-sized enterprises (MSMEs), which contribute around 20 percent to Kenya's GDP. Of the 462,000 jobs created annually since 2000 in Kenya, 445,000 jobs have come from the informal sector, where 85 percent of women's businesses are found. Although women constitute 52% of the total Kenyan population, majority of them have been excluded from the formal financial services – for example, few have bank accounts, can access loans, money transfer services, etc. The rural women are more disadvantaged than their urban counterparts, (Reynolds, 2002).

Despite their potential, women-owned businesses in Kenya are less likely to grow, are smaller, and are twice as likely to be operating from home as male-owned businesses. Women-owned MSMEs report earning only 57 percent of income those male business owners earns. They also have fewer employees. Women need funds, they need adequate capital, but they also need development of skills to manage the funds and the removal of some of those hurdles that stand on their way in accessing for funds. Arguments have

been made for and against targeting women on the grounds of efficiency and sustainability. Proponents of targeting women on the grounds of sustainability cite women's repayment records and cooperativeness. A collective wisdom has emerged that women's repayment rates are typically far superior to those of men. Lower arrears and loan loss rates have an important effect on the efficiency and sustainability of the institution. Many programs have also found women to be more cooperative and prefer to work with them for that reason as well. The experience of Sinai Aba Trust, Opportunity International's partner in Ghana, demonstrates a clear difference in men and women's repayment records in its Trust Bank program, a group-lending methodology similar to village banking, (Mends, 2000).

2.3 Generation of viable business idea

Growing up in a family or environment in which entrepreneurship is a common occurrence may also influence self-employment. For example, children of entrepreneurial parents are more likely to become entrepreneurs in their adult careers (Blau & Duncan 1967).

Indeed, recent research also suggests that an intergenerational link seems to affect business ownership, where individuals who had self-employed parents may have greater general business or managerial experience and be more likely to be a business owner (Lentz & Laband 1990; Fairlie 1999; Dunn & Holtz-Eakin 2000; Hout 2000; Fairlie & Robb 2007).

In their study of French women entrepreneurs, Orhan and Scott (2001) found that the women in the sample were influenced by their family environment. In their study of highly educated Swedish women entrepreneurs, Holmquist and Sundin (1990) find that these women business owners often had mothers who were entrepreneurs themselves. Being exposed to entrepreneurs in the same household is likely to provide women with a

role model, opportunities to exchange ideas and lessons learned, and the ability to learn from failures and successes. Other studies, however, present a more varied perspective on the influence of family. Cooper et al. (1994), for example, find that “having parents who had owned a business contributed to marginal survival, but not to growth” (389).

However, contrasting this study, Brüderl et al. (1992) find that a self-employed father did not increase the prospects of a venture’s survival. This is echoed by Kim et al. (2006) who find that levels of entrepreneurial involvement among family had no association with being a nascent entrepreneur.

2.4 The process vetting of loan applicants

It is estimated that per mid 2003, 3.8 million clients depended entirely on MFIs, financial NGOs, coops and the Kenya Post Office Savings Bank for financial service delivery whereas 1.1 million depended on informal associations and groups. The registered part of the supply side was made up of 3397 coops and similar member-based institutions, 56 microfinance institutions, 4 commercial banks, 2 building societies and the Post Office Savings Bank. In addition, the informal part of the sector was made up of 116,000 registered women groups and 1342 primary agricultural producer and marketing cooperative societies (World Bank 2006).

Application formats are generally considered to be too complicated, they are to be submitted in a language many clients do not speak well or not at all, and many applications have been rejected or put on hold because of all kinds of petty formalities, unrelated to the viability of the proposed activities or the capacity of the group to carry those out, often after initial positive recommendation at district level. At the same time it is important to look at the carrying capacity of clients. How much interest or which admin fee can they really pay comfortably? Banks and MFIs factor in such considerations when dealing with larger loan requests: they tailor make their loan product to the requirements of the client and the income earning capacity generated by the destination of the loan (Stevenson & St-Onge, 2005).

According to 2009 Rapid Assessment Report, the UNIFEM, reported that, whereas the WEF product is lowly priced, let us not forget that the opportunity costs for the groups related to accessing the product can be quite considerable: they need to come together to fill in the form, they may need to hire outside assistance to do so, they have to collect all kinds of supporting documents, and come to the district office to deliver the loan request and to be interviewed. When the request is finally approved, which may take half a year, they have to come back to the district office to collect the cheque and they have to go to the bank to cash the cheque. Afterwards they have to go back to the bank twelve times to deposit the monthly repayments and twelve times to the district office to deposit the payment slips. All of that incurs travel costs and costs time, which is often not factored in. And the further away from the district office and the bank, the higher these costs are, particularly so since they are not allowed to use the bank of their choice but are forced to use the bank of the Ministry's choice which not always is the most convenient option. Additional challenges are in the area of loan application forms and language. The forms are often not fully understood by the groups and they, more often than not, have to rely on Ministry staff or hire private assistance to complete the forms. The forms are in English and need to be completed in the same language, which certainly increases the problem. To the Assessment Team it is incomprehensible why Kenyan citizens have to fill in forms for a government program in what many consider an alien language. In fact, many group members cannot read their own application which easily can lead to lack of transparency and accountability further in the process. For many groups the 50,000 loan is a small affair. They take the loan nonetheless for a variety of reasons: leveraging their own capital, the zero rate interest rate, to accommodate the WEF that invited them to apply for a loan and because this small loan may provide them access to larger follow-up loans. Especially this last consideration makes some groups eager to repay the loan prematurely; before the full amortization period of 15 months that is. As stated before, the groups offering this short track are able to repay the loan from various financial resources.

MFIs and bank usually required collateral in the form of title deeds or motor vehicle log books which the women simply do not have. The insistence on operating a savings account for at least six months before a loan application could be submitted and the continued regular savings obligation during the loan repayment period. MFIs and bank usually required collateral in the form of title deeds or motor vehicle log books which the women simply do not have. The insistence on operating a savings account for at least six months before a loan application could be submitted and the continued regular savings obligation during the loan repayment period. Some MFIs are providing a decreasing percentage of loans to women, even as these institutions grow and offer new loan products. Others have found that on average women's loan sizes are smaller than those of men, even when they are in the same credit program, the same community, and the same lending group. Some differences in loan sizes may be a result of women's greater poverty or the limited capacity of women's businesses to absorb capital. But they can also indicate broader social discrimination against women which limits the opportunities open to them, raising the question of whether microenterprise development programs should do more to address these issues (Noni, 2001).

2.5 Financial skills of the beneficiary groups

Hulme and Mosley in their study demonstrated that the better-off the borrower, the greater the increase in income from a micro-enterprise loan. Borrowers who already have skills are able to make use of credit. The poorest are less able to take risks or use credit to increase their income. Indeed, some of the poorest borrowers' interviewed became worse off as a result of micro-enterprise credit, which exposed these vulnerable people to high risks. For them, business failure was more likely to provoke a livelihood crisis than it was for borrowers with skills. Specific crisis include bankruptcy, forced seizure of assets and unofficial pledging of assets to others members of the borrowing group. There have even been reports of suicide following peer-group pressure to repay failed loans (Hulme & Mosley, 1996, pp 120-122).

Education refers to the formal acquisition of skills and credentials. Becker (1975). Kim, Aldrich and Keister (2006) found that the educational background is positively associated with being a nascent entrepreneur.

Examining women's self-employment and their entrepreneurial skill gains is critical and timely. Women entrepreneurs are among the fastest growing groups of business owners. The number of women starting and owning businesses increased dramatically over the last few decades. Between 1997 and 2004, the growth in the number of women-owned businesses (at least 51 percent of the owners were women) was nearly two and half times the rate of all U.S. privately held firms (22.9 percent versus 9 percent), and employment in these firms grew more than three times faster than all firms (39 percent versus 11.6 percent) according to estimates from the Center for Women's Business Research, (Langowitz 2003; Center for Women's Business Research, 2004).

Further, the number of self-employed women more than doubled between 1979 and 2003 (Fairlie, 2004). Women's share of total incorporated and unincorporated self-employment is now approximately 35 percent. Furthermore, the types of businesses women tend to own are changing. While women have traditionally founded businesses in the retail and service sectors (Loscocco & Robinson 1991; Moore & Buttner 1997; Anna, Chandler et al. 1999), they are increasingly represented in non-traditional industries such as high-technology, construction, transportation, public utilities, business consulting, and other types of services (Langowitz 2003; Center for Women's Business Research 2004).

An explanation for why women have emerged as an important entrepreneurial group and why they have moved beyond traditional sectors can be found in examinations of changes in women's human capital—especially their educational attainment and occupational representation. Goldin (2005; 2006) shows how women have changed their educational enrollment from majors focused on consumption to those focused on investment. Specifically, women started to have a more expanded horizon whereby they would

increasingly plan “for careers rather than jobs” (Goldin 2006, 16). These altered expectations, in turn, led women to increase and redirect their investments in gaining educational skills. These changes began in the late 1960s and early 1970s, but the trends continue. Today, women have surpassed their male counterparts in terms of educational attainment.

One implication of these changes is the increase and associated structural shifts in women’s self-employment. As women have become better educated and as they have had the opportunity to follow a career, they have been able to develop not only their educational, but also their occupational and entrepreneurial skills and therefore become more prepared to enter self-employment. Brush et al. argue that there is a “new generation of women entrepreneurs” emerging who see business ownership as a viable career option (Brush, Carter et al. 2004).

Most studies proxy human capital with educational attainment, either through the level of education/degree attained or the number of years of school. These ties directly to the view that businesses will choose to start and grow in areas where there is an abundant and well-educated labor pool (Markusen, Hall et al. 1986; Malecki 1997; Florida 2002; Hackler 2003; Chapple, Markusen et al. 2004; Hackler 2004). Therefore, entrepreneurial skill is at the center of explanations of economic growth and more specifically, it has been linked to entrepreneurial performance. Research has shown that educational attainment is significantly and positively associated with entrepreneurial performance (Lynskey 2004; Weaver, Dickson et al. 2006; Mayer, Hackler et al. forthcoming). Other studies note that self-employed workers “are found at both ends of the educational spectrum,” but the incorporated self-employed are much more likely to have advanced degrees (Hipple 2004, p. 17).

Education may play a role in the types of sectors women entrepreneurs choose for their ventures. For example, in a study of highly educated women entrepreneurs in Sweden,

Holmquist and Sundin (1990) found that female entrepreneurs with an education exceeding 12 years chose non-traditional trades.

2.6 Cost of funds

According to International journal (1998), women need access to small loans especially for working capital, innovative forms of collateral, frequent repayment schedules more appropriate to the cash flow of their enterprises, simpler application procedures and improved access to saving accounts. One of the most important things in business is the ability to secure proper funding, whether the need is for new business or an existing business requiring up-dated equipment, expansion of a marketing campaign working capital. There are number of ways in which business owners can acquire financial assistance. Many business owners are not familiar with the assortment of funding resources available to them. Such as angel investors, venture capitalists and traditional business lines of credit. Other forms of financing include but not limited to; secured-working capital loans which are obtained through traditional banking institutions, and require company or personal assets in exchange for cash. Unsecured working capital loans are available through the same traditional institutions but are based on the loans applicants credit worthiness (credit score). In any case all funding sources will look closely at your current cash flow, collateral and liquid assets which you should have already included in any shrewd business plan. Estimating your start-up costs is critical when trying to find investors or other sources of funding when attempting to start a business.

Accessibility to initial capital, even when available, is also a major hurdle for women entrepreneurs. Microfinance institutions (MFIs) and commercial banks choose where they locate, thus excluding entrepreneurs in remote regions, leading to regional disparities. Credit conditions when forming a group, paying membership fees, group registration fees and joining saving plans, result in delays in accessing initial capital, thereby worsening the women's household financial burden (Alila et al., 2002).

Where accessible, the cost of credit was found to be expensive for most MSEs; for instance, the interest rates charged by some MFIs is as high as 54 per cent per annum. This coupled with a short repayment period becomes a major constraint, resulting in forcing the entrepreneur to work almost round the clock to service the loans. The exorbitantly high cost of initial capital tends to make the enterprise almost uneconomical to operate as a business. This is common to most formal sources of credit as well as MFIs (Government of Kenya, 1999).

2.7 Women informal groups

The well known microfinance schemes in Bangladesh, such as those of BRAC and the Grameen Bank, tend to work through groups. Indeed, such schemes are often referred to as group based finance or solidarity group lending scheme. Because group member members are jointly liable for each individual's loans, this represents a form of social collateral. This contrasts to the physical collateral of land or assets which formal sector services usually require and which poor people are unable to offer. The rationale of group based lending is that if a member is having difficulty with repayments, others in the group will put pressure on that member to repay. Further, that if this pressure fail and the member defaults on the loan, the whole group will repay the loan on behalf of the member (Johnson & Rogaly, 1997).

In its 1995 Human Development Report, the UNDP reported that 70 percent of the 1.3 billion people living on less than \$1 per day are women. According to the World Bank's gender statistics database, women have a higher unemployment rate than men in virtually every country. It is generally accepted that women are disproportionately represented among the world's poorest people. In general, women also make up the majority of the lower paid, unorganized informal sector of most economies. These statistics are used to justify giving priority to increasing women's access to financial services on the grounds that women are relatively more disadvantaged than men. Women are over-represented in the informal sector worldwide. This basic fact has several dimensions. Firstly, the

informal sector is the primary source of employment for women in most developing countries. Existing data suggest that the majority of economically active women in developing countries are engaged in the informal sector. In some countries in sub-Saharan Africa, virtually all of the female non-agricultural labor force is in the informal sector: for example, the informal sector accounts for over 95 percent of women workers outside agriculture in Benin, Chad, and Mali. In India and in Indonesia, the informal sector accounts for nine out of every ten women working outside agriculture. In ten Latin American and four East Asian countries, for which data are available, half or more the female non-agricultural workforce is in the informal sector. Secondly, the informal sector is a larger source of employment for women than for men. The proportion of women workers in the informal sector exceeds that of men in most countries. Thirdly, women's share of the total informal workforce outside of agriculture is higher than men's share in 9 out of 21 developing countries for which data are available (UN, 2000).

2.8 Development of women enterprise development fund

The Women Enterprise Fund is an initiative of the Government of Kenya and positioned within the Ministry of Gender, Children and Social Development. In order to create affordable access to finance for Kenyan women facing difficulties accessing existing microfinance institutions (MFIs) and banks, the WEF was created. The Fund was publicly launched in late 2007 when it secured investment capital and running costs budgets from the Government. A special unit within the Ministry was formed to manage the Fund, the WEF Secretariat, and an Advisory Board was appointed to guide its operations. The Fund works through two operational channels. A considerable part of its capital resources has been made available to qualified financial institutions in order to develop and market special loan products to individual clients. The remaining part is channeled in the form of wholesale loans to women groups affiliated to the Ministry through its district offices and the specially created Constituency WEF Committees (CWEFCs).

By mid 2008 the participating financial institutions had converted nearly all the capital received from the WEF into affordable loans to selected and trained individual clients and in the second half of the year the Fund managed to make a head start with loan delivery to women groups.

2.8.1 The objectives and purpose of the women enterprise development fund (WEDF).

The objectives of the WEF are broader than facilitating credit delivery to qualified women clients. The main aim is to provide loans to existing micro-finance institutions (MFIs), registered nongovernmental organizations (NGOs) involved in micro financing, and savings and credit co-operative societies (SACCOs) for on-lending to women enterprises. The Fund also aims to address gender-related obstacles and challenges to an equitable development of the country and has formulated a range of objectives to that end that include research, advocacy and lobby activities to pursue policy reforms and practice changes deemed necessary to foster equal opportunities for men and women, boys and girls. The other objectives of the WEF is to support women oriented micro, small and medium enterprises to develop linkages with large enterprises and also to support capacity building of the beneficiaries of the fund and their institutions.

2.8.2 Target groups

The study focused on women groups only who were beneficiary of the constituency women enterprise fund scheme in Thika West district specifically in Thika Town Municipality. This study targeted women who fall in the age bracket of 18 and above and were Kenyan registered in one of the beneficiary groups in the geographical area of study. The beneficiary women members must have been engaged or had intention of investing in Income Generating Activities (IGAs).

2:8.3 Funding mechanisms of the WEDF

Usually the government allocates sh1 billion per constituency and sh50, 000 per group. The first mechanism through which women enterprise fund is be disbursed is through Micro Finance Intermediaries:- The on-lending component of the Fund will be through Financial Intermediaries such as banks, Non Government Organizations (NGOs), Savings and Credit; Co-operatives Organizations (SACCOS) and Micro Finance Institutions (MFIs), from which the Women will access funds to start or expand viable businesses. The financial Intermediaries will on-lend the funds allocated to them from which the Women will access directly either as individuals or as organized entities such as groups, cooperatives, and companies. Kshs.640 million has been allocated to this component.

The second mechanism is through Constituency Women Enterprise Scheme. The Constituency Women Enterprise Scheme usually has an allocation of 1 million per constituency. It will target viable enterprises of women groups within the constituency. It will be managed by the Divisional Women Enterprises Fund Committee (DWEFC).

This is good money, however there's need for an intensive awareness campaign that would sensitize women on the need to borrow money for development. The Government needs to help women especially the rural poor who need more than money and who are not served by traditional micro-lenders. The ministry should identify this group of people, provide training and mentoring that is needed.

2.9 Conceptual framework

For the purpose of this study, a conceptual model shown below outlines independent and dependent variables and intervening variables related to influence of credit requirement on accessing constituency women enterprise fund in Thika West District.

Independent Variables

Dependant

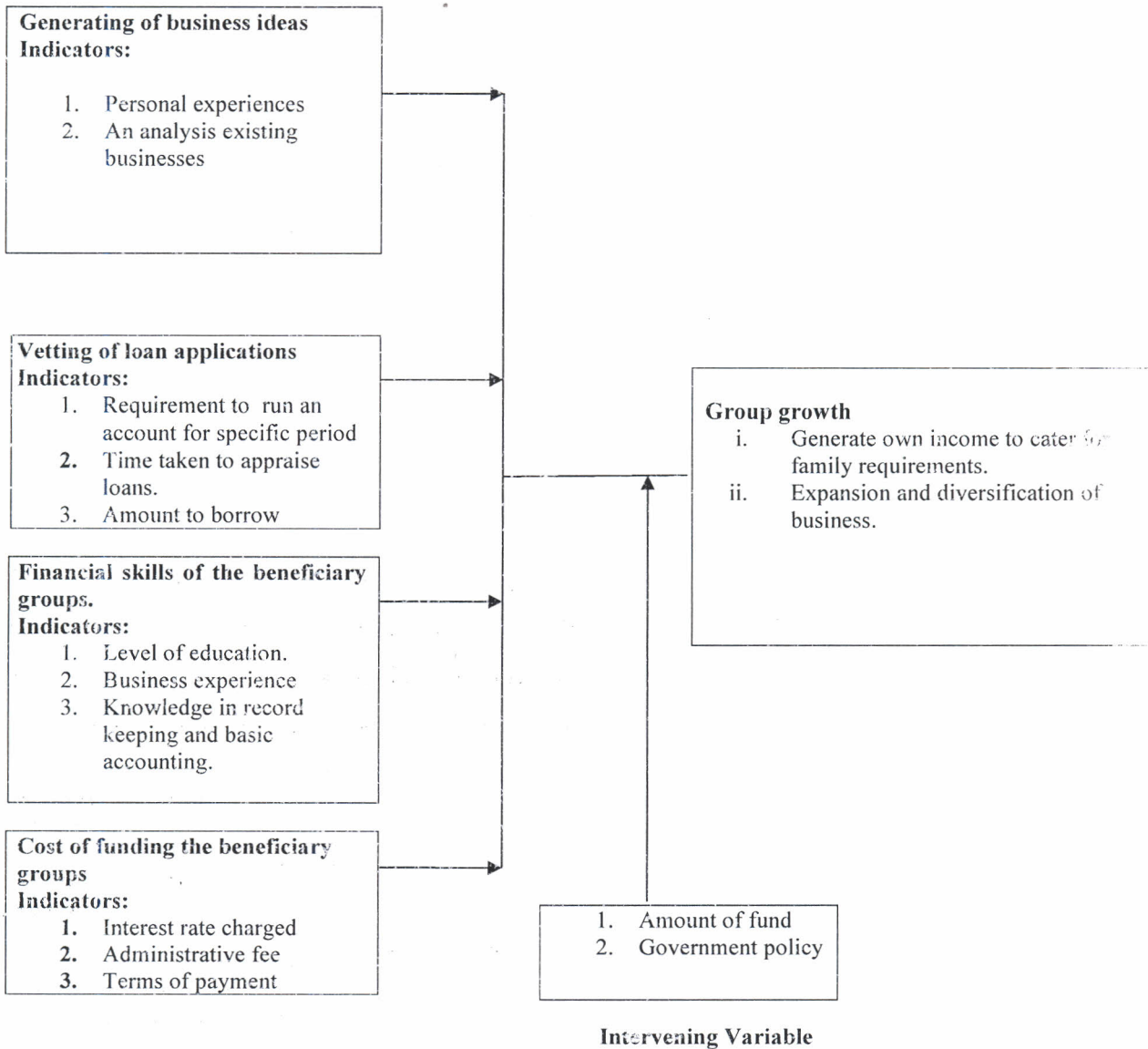


Fig. 1 Conceptual framework

2.9.1 Explanation of variables

The influence of credit requirements forms the independent variable while the constituency women enterprise fund forms the dependent variable of the model. Although the independent variable has direct influence on constituency women enterprise fund there are however, intervening variables that indirectly affect accessibility of the funds. For instance in appraising of women loan applications, there are set procedures and policies to be followed such as women should borrow only as organized and registered groups and set limit for borrowing. All these conditions are vetted by a selected committee which over see the process of accessing the women fund. This consequently affects access of constituency women enterprise fund because a group which would require more funds and has the capability to pay is restricted by the laid policies to borrow.

On the other hand, government policy was selected as a second independent variable for the purpose of the study to determine if it indirectly affected the accessibility of women enterprise funds. From the findings it was found that the government policy did hinder access of women enterprise fund because of the borrowing policy. Women could only borrow as a group even when they had a capacity to borrow as an individual. Secondly, the social security policy of co-guaranteeing each other would mean that the group members would bears the burden of those who default paying the loan.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter focused on research methodology that was be employed in the study. It elaborates on the following area: research design to be employed, target population, sampling procedure, methods of data collection, validity and reliability of the research instruments, methods of data analysis and operational definitions of variables.

3.2 Research design

This study will employ a quantitative research approach and in particular the descriptive survey which involves the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy to procedure, (Kothari 1985). According to Mugenda, (2003), descriptive research determines and reports the way things are. The study critically examines the variables and finds out the relationship between them.

3.3 Target population

The target population composed of 30 registered women groups. Each group had an average membership of 15 women members. Therefore the target population was about 450 members spread within the district who had benefited from Women Enterprise Development Fund, Constituency Women Enterprise Scheme (C-WES).

Thika west district has two divisions namely Thika Town Municipality and Juja. The study was carried out in Thika west district specifically in Thika Town Municipality. This is because it is an urban area with fairly high rate of population growing because of the

increased commercial activities and which has become a target of trade for most financial and micro financial institutions. On the other hand, most of the commercial activities women engage in this region are informal. The informal sector is the primary source of employment for women in most developing countries (UN, 2000).

However, unequal access to land and properties and market dynamics means that women are unable to secure loans for their businesses. To counter this women have formed informal associations to help each other. Therefore, this geographical area formed a good location for the research study.

3.4 Sample Size and Sampling procedures

In order to conduct this study the researcher adopted probability sampling method and in particular the random sampling. In this study random sampling procedures was employed, giving every member of the population equal chances of being included in the study.

Mugenda and Mugenda, (1999), defined sampling as the process of selecting a number of individuals for a study in such a way that the individuals selected represent a large group from which they were selected.

According to Kraemer (1987), there are formulas for determining sample size, but the main thing is to be practical. For a small population of interest, you would most likely need to sample about 10-30% of that population; for a large population of interest (over 150,000), you could get by with a sample as low as 1%. To get the required sample size for this study, a list of all the groups was made and random numbers assigned to each group. They were then placed in a lottery box and one of them was being picked on the actual study. The process was repeated, each time ensuring that the number remained constant by returning the drawn number after every draw. This was done for a number of times until the required number of samples was collected.

According to Mugenda and Mugenda, (1999) the sample size of 10% of the target population is enough. The target population for this study is 30 women groups and therefore the 10% according to Mugenda and Mugenda, of the target population is about three samples. Therefore, in this study the selection of the sample size came to about three samples giving a total number of 45 members which became the sample size.

3:5 Research Instrument

The data collection instruments used in the study employed questionnaires. The researcher administered the questionnaires to all women members under study. The research used questionnaires as the research instrument for this study one, because they were the most appropriate instrument especially when administered to a large number of intended respondents and secondly because the data would be collected within a short time. Third, because it would be possible to make any clarification that the respondents might have had regarding the questions. The respondents filled the questionnaire with the help of the researcher and the research assistants. The questionnaires used both open-ended and close-ended questions to collect data. The open ended questions were used so that they could allow the respondents to provide their own answers and in order to gather in-depth information from them. The close-ended questions were used where there were series of answers that would allow the respondents to choose one and also because of their efficiency and specialty.

3:5.1 Piloting of Research Instruments

The piloting of the data collection instruments was conducted in the same geographical area with 2 women groups and one District Development Officer of which none of their responses were considered in the major study and in the final data analysis.

3.5.2 Validity of the research instruments

Validity of the research instruments refers to whether the indicator or set of indicators the research design is devised to measure really addresses the research question and objectives the researcher is trying to answer and achieve. It answers the, does the research instrument or test measure what is intended to measure, (Mbwesa, 2006).

Validity in this study was concerned with idea that the research design fully addresses the research question and objectives of the research study and that the research design adequately samples the subject matter under investigation. To ensure content validity of the research instrument the researcher used the judgments of the experts, lecturers from the University and my supervisor in order to ensure that the measure provided adequate coverage of the concept under study.

3.5.3 Reliability of the research instruments

According to Bryman (2008), reliability is fundamentally concerned with issues of consistency of measures, that is, whether another researcher can use the same research design to obtain the same findings. However, this does not imply that any two researchers' interpretations and conclusions would be the same because the judgment of individual researcher would be different.

In this study this involved conducting a pilot study of the questionnaires in order to test reliability, suitability, dependability and predictability of the research instruments. In this study reliability analysis was done to ensure the degree of consistency of the research instrument adopted to see whether it could produce the same results on a repeated trial.

According to Mugenda, (2003) reliability measures the degree to which a research instrument yields consistent result or data after repeated trials.

3.6 Data collection procedure

According to Kothari (2003), primary data is data collected from the immediate source for the purpose of research and secondary data is any data which is already collected and analyzed by a person or organization other than the researcher himself or herself. Data collection entails consulting primary and secondary data sources in order to draw out information, facts, evidence, proofs or truths regarding the research problem.

The researcher recruited two research assistants to be able to collect data from the sampled groups. The necessary permission was obtained from the relevant authorities before the start of the exercise. They were trained on how to administer the questionnaires, record the responses as well as preparing data for analysis that is, sorting data and coding. They were also trained on how to collect data using open-ended and closed-ended questions.

The research assistants were used in conducting the pilot study during reliability test of the research instrument in the same geographical region.

3:7 Data analysis techniques

According to Robson (2002) data in their raw form do not speak for themselves and thus the need to process and analyze the raw data.

In this study the quantitative data was analyzed using descriptive statistics methods such as percentages and proportions. Quantitative data was represented descriptively using tabulations. Numerical data was represented descriptively to measure association or relationship between variables. The statistical package for social sciences (SPSS) version 12.0 was also used to analyze the raw data and to present the analyzed data through cross-tabulations. The percentage and proportions of each question was calculated with the purpose of determining the mean intensity and degree of dispersion that is standard deviation. The steps used in data analysis were coding, editing and data entry.

3.8 Ethical Issues

The study participants were informed of the aims of the study. Participation of the respondents was on voluntary consent and they were willing to participate. Also the respondents were assured of confidentiality, privacy and anonymity. The responses given by the respondents were used for academic reasons only.

3.9 Operationalization of variables

To operationalize the research, the matrix below defines how independent variables were measured. Operationalization is the process of taking a conceptual definition and making it more precise by linking it to one or more specific, concrete indicators or operational definitions. These are usually things with numbers in them that reflect empirical or observable reality.

Table 3.1 Operational definition of independent variables

Independent Variables	Indicators	Measurement of scale	Tool of data collection	Tools of analysis	Type of analysis
Generating business	-Personal experiences	-Nominal	Questionnaire	-Frequency	Descriptive
Viable Idea	-Analysis of the existing businesses	- Nominal		- Percentage	
Process of vetting of loan applicants	-Requirement to have an account for specific period. -Time taken to appraise loan -Amount to borrow	- Ordinal -Ordinal -Ordinal	Questionnaire	-Frequency -Percentage	Descriptive
Financial skills of beneficiary	-Financial training.	-Ordinal	Questionnaire	-Frequency -Percentage	Descriptive
Cost of funding the beneficiary groups	-Interest rate charged -Terms of repayment.	- Ordinal -Ordinal	Questionnaire	-Percentage -Frequency	Descriptive

CHAPTER FOUR

ANALYSIS, DATA PRESENTATION AND INTERPRETATION.

4.1 Introduction

This chapter focuses on data presentation, analysis and interpretation of the collected data. It entails demographic information, generation of viable business idea, and the vetting process of the applicants, the financial skills of the beneficiary groups and the cost of funds.

4.2 Response rate

Response rate refers to the percentage of subjects respondents who responded to the questionnaire (Mugenda, 2003). Out of the 45 questionnaires given out 43 respondents filled the questionnaire were received which accounts to 95.5 % response rate.

A response of 50% is adequate for analysis and reporting, a response of 60% is good and a response of 70% and over is very good (Mugenda, 2003). Thus the questionnaires received were adequate enough for analysis and reporting.

4.3 Demographic Information

The preliminary section of this study was done through questionnaire. This majorly dealt with the background of members of the women groups. The respondents were asked to provide information about their age, marital status, number of children one has, level of education, occupation, duration of experience, residence, duration of the group and group membership. The findings of these details portray the characteristics of the respondents showing that the sample was fairly representative and also gives the study finding validity. The variables of this section are as tabulated below;

Table 4.1: Distribution of the Respondents

In the Table 4.1 below, the respondents were asked to respond to the questionnaire on distribution of the members of the groups. This question was included in the question because from the preliminary information collected during pilot study indicated that there some women groups which had incorporated few men in them who had shown interest in the fund.

Respondents distribution	Frequency	Percentage
Male	2	4.7
Female	41	95.3
Total	43	100.0

From the Table above 4.1 the distribution of female members represented 41(95.3%) while the distribution of male members represented 2(4.6%) in the target population.

The result findings indicated that while the fund was only meant to benefit women members alone there was no restriction to groups which incorporated men members in them. This implies that men like women would very much appreciate if the government implemented programme which incorporate both men and women to encourage exchange wealth of knowledge and business skills.

Table 4.2: Age Distribution of the respondents

The respondents were asked to give their age in the questionnaire. The age of the respondents in this study was used in order to determine respondents' characteristics. The results were presented in the table below.

Age of respondents	Frequency	Percent
In years.		
18-20	2	4.7
20-25	5	11.6
26-30	6	13.9
31-35	8	18.6
Above 35	22	51.5
Total	43	100.0

Their responses were analyzed and presented in table 4.2 above. Most of the population lies above 35 years which account to 51.5%, 31\35 years, 26\30 years, 20\25 years and 15\20 years which accounted to 18.6%, 13.9%, 11.6% and 4.7% respectively. From the findings above 51.5 % of all the respondents were above 35 years of age.

This shows that mostly mature women were capable of articulating issues raised by the researcher. It also means they were able to identify their common problem and find ways of addressing it.

Table 4.3: Marital Status of the respondents

The second personal characteristic captured through questionnaire was marital status of the respondent. Three categories were used; married and not married. The results were presented in the table below. This was an important indicator in that it showed the common problems that women faced in their attempt to come together to address them.

Marital status	Frequency	Percent
Married	31	73.3
Not married	12	26.7
Total	43	100.0

From the table 4.3 above most of the respondents were married women. This was represented by 33 respondents representing 73.3%.12 respondents representing 26.7% were not married.

This implies that almost all the respondents' categories were found to be facing the same issues of bringing up a family. This common problem makes them to come together to form informal groups so that they can improve their social and economic status.

Table 4.4: Formal Education of the respondents

The third demographic aspect of groups characteristics captured was formal education received. This was an important aspect since it was an indicator showing the level of schooling and the level of articulation of issue raised by researcher.

Formal education	Yes	No	Row Totals
Butele group	13	2	15
Mapatano group	12	1	13
Forward ever group	14	1	15
Column Totals	39	4	43

The respondents in the Table above 4.4, the bigger population 39 of the total had received formal education which accounted to 90.6% while the least 4 respondents representing 9.4% had no formal education.

This implies that the highest percentage had received formal education which helped the groups to articulate their own issue and address the challenges through groups' projects initiatives such as revolving funds. Entrepreneurial skill is at the center of explanations of economic growth and more specifically, it has been linked to entrepreneurial performance.

Table 4.5: Level of education of the respondents

This demographic characteristic of the respondents was included in the questionnaire to indicate the level of education they were currently holding. The purpose was to establish gap in education among women members which formed a good indicator on their ability to manage the funds disbursed to them.

Level of Education	Frequency	Percentage
Primary	15	34.8
Secondary	28	65.2
University	0	0.0
Total	43	100.0

From the respondents from table 4.5 above, the most of the respondents had secondary education, that is 20 of the respondents which accounts to 46.5%. The least was 8 had attended the village polytechnics, 15 had only primary education while none had reached the university level. This accounted to 18.6% and 34.8% respectively.

This implies that the majority of the respondents could be able to read and write. This also shows that most groups had enough members who could articulate their issues. This made it easier for them to conduct membership recruitments and registrations, group registrations and fund management. In the tertiary education there were no members which would require further investigation as to why highly educated women did not join the enterprise scheme fund.

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Table 4.6: Sources of income of the respondents

The table below shows the responses of the respondents on sources of their livelihood. The question was intended to find out whether this indicator had an influence on generation of business idea. The findings were presented in the table below.

Sources of income	Frequency	Percentage
Casual labourer	2	4.6
Contract	1	2.3
Permanent employment	1	2.3
Business	37	86.0
Housewife	2	4.6
Total	43	100.0

From the respondents from table 4.3.7 above the biggest population of the respondents 37 were in business which was represented by 86%. This was followed by 2 respondents as casual labourers, other two as house wives and 1 as permanently employed and another 1 on contract basis. This accounted to 4.6 % and 2.3% respectively. From the findings 86 % of women were already engaged in business to earn an income which may have driven them into forming groups in order to boost their joint income as well as learn from one another.

Table 4.7: Residence of the respondents

The table below show geographical characteristic was included in the questionnaire in order to show the economic status of the respondents and its relationship with generation of viable business idea.

Residence	Frequency	Percentage
Parents house	2	4.6
Own house	9	20.9
Rented house	32	74.4
Total	43	100.0

From the findings of the respondents in the table 4.7 above, the biggest population of the respondents lived in rented houses this was represented by 32 respondents representing 74.4%.this was followed by 9 respondents in their own houses and 2 respondents in their parents' houses this accounts to 20.9% and 4.6% respectively.

This implies that the biggest populations of women were not economically stable and perhaps this was their main objective in forming groups to improve their socio-economic status. The residence of the respondents was important because it would help the researcher get clear a picture of the socio-economic status of the respondents and be able to relate this to the research problem.

Table 4.8: Age of the group of the respondents

The table below indicates the length in duration of the groups after formation. The groups were categorized in the range of 5 years to how long they have been in existence after they were formed.

Age of the groups	Frequency	Percentage
0-5 years	1	33.3
5-10 years	2	66.7
Over 10 years	0	0.0
Total	3	100.0

From the respondents in the table 4.2.9 above, the biggest population of the group was operational between 5-10 years, this accounted to 66.7% while only one group was operational between 0-5 years, and this accounted to 33.3%.

This implies that most of the groups had enough experience in their projects. This indicator was also important as it indicated the group dynamics and lifelong.

4.4 Generation of viable business idea and accessing C-WES

The researcher collected data from the respondents concerning the above research objective that is generation of viable business ideas to show how it influenced access of constituency women enterprise fund among women self help groups. The findings were analyzed and presented in cross tables below.

Table 4.4.1: Source of influence and accessing constituency women enterprise fund.

The respondents were asked to indicate the sources of influence for starting their business. The indicators of influence were categorized in five main areas as shown below;

Source of influence	Frequency	Percentage
Parents	9	24.3
Necessity	26	70.3
Visiting fairs and trade shows	1	2.7
Reading magazines and newspapers	1	2.7
Attending seminars and training	0	0.0
Total	37	100.0

From the respondents in Table 4.4.1 above, the biggest population of those who started businesses as a result of necessity was 26(70.3%). This was followed by 9(24.3%) respondents as a result of parents influence and then as a result of reading magazines 1(2.7%) and as a result of visiting trade fairs and shows 1(2.7%). Attending seminars and training did not get any responses and therefore it was zero.

The findings above shows that the majority of the respondents were influenced to start businesses as a result of necessity while attending group seminars and training did not

receive any respondents. These findings indicate that lack of other employment opportunities and necessity are the key drivers for women to start informal groups and to enter into businesses.

Table 4.4.2: Adequacy of fund and accessing C-WES

The groups members were asked to rate whether the fund accessed to them through constituency women enterprise fund scheme was adequate or not. The following responses from the groups sampled were collected through a questionnaire and analyzed as follow;

Adequacy of funds	Yes	No	Total Rows
Butele group	0	15	15
Mapatano group	1	12	13
Forward ever group	0	15	15
Total Columns	1(2.4%)	42(97%)	43(100%)

The Table 4.4.2 above indicates the respondent responses, the majority of the respondents said that the funds were not enough for their project .This was represented by 42 members of the group representing 97.6 % while only 1 member out of the total population said that it was enough representing 2.4%. This question intended to discuss the influence of government policy on amount of borrowing. It was established that it is the vetting board which lays out policies on the amount to borrow after evaluating the groups. The first loan of ksh. 50,000 were to be repaid in six months and second loan of ksh. 100,000 were to be repaid in one year to groups of minimum members of 15. This

implies that the government policy need to be reviewed in order to disburse more funds to enable the groups to meet their needs and do more as the funds were limiting them.

Table 4.4.3: Availability of alternative source of financing and accessing C-WES

The respondents in the groups sampled were asked to give their responses on whether they had alternative source financing their projects due inadequacy of the fund received.

Alternative source	Yes	No	Total Rows
Butele group	0	15	15
Mapatano group	0	13	13
Forward ever group	15	0	15
Columns Totals	15(34.9%)	28(65.1%)	43(100.0%)

From Table 4.4.3 above it was it indicates that the majority of the respondents representing 28(65.1%) had no alternative source of financing their project while 15(34.9%) of the total respondents representing had at least an alternative source of financing the project due to the inadequacy funds received.

Inadequacy of funds received was rated high by the respondents showing that lack of an alternative source of financing the project would influence the success of the projects initiated. For many groups the 50,000 loan is a small affair. They take the loan nonetheless for a variety of reasons: leveraging their own capital, the zero rate interest rate, to accommodate the WEF that invited them to apply for a loan and because this small loan may provide them access to larger follow-up loans. Especially this last consideration makes some groups eager to repay the loan prematurely; before the full

amortization period of 15 months that is. As stated before, the groups offering this short track are able to repay the loan from various financial resources.

Table 4.4.4: Involvement of respondents in another project before and accessing C-WES

The respondents were asked in the questionnaire to respond to whether they had been involved in projects before enrolling into constituency women enterprise scheme fund. The analysis was done in the following table.

Involvement in project before	Yes	No	Total rows
Butele group	8	7	15
Mapatano group	10	3	13
Forward ever group	9	6	15
Columns Totals	27(62.8%)	16(37.2%)	43(100.0%)

From the Table 4.4.4 above, 62.8 % of the respondents were involved in others projects before they were enrolled in the constituency women enterprise scheme fund while 16 respondent representing 37.2% were new entrants to group activities.

This indicates that most of the respondents were aware about the group's activities and group dynamics. It also indicates that they had been active in other projects before and that were familiar to challenges they face as women and as groups. This made them organize themselves into groups where they could co-guarantee each other due to lack collaterals and be able to borrow through social security.

Table 4.4.5: Success of the project and accessing C-WES

The respondents were also asked to respond to the questionnaire on the success of the group projects they had initiated.

Success of the project	Yes	No	Row totals
Butele group	8	0	8
Mapatano group	9	1	10
Forward ever group	7	2	9
Columns Totals	24(88.9%)	3(11.1%)	27(100.0%)

From Table 4.4.5 above, it is evident that the biggest part of the population of the respondents who had engaged in other projects before said the projects were successful, this was represented by 24 respondents representing 88.9 % while only 3 of the total respondents who was involved in projects before reported that their projects did not succeed.

From the findings most of the group projects succeeded. The respondents owed this due to the fact that they had alternative sources of finance which was their everyday activities, that is table banking or merry go-rounds. They used these funds to boost their income as well as to lend to one another in which the members invested this into individual business ventures. This enabled the individual members start their own small ventures and also made it easier as a group to generate viable project idea since they business experiences before.

4.4.6: Objectives of starting the project as means of generating viable business idea

Members women were asked to give the objectives of starting the groups to isolate how objectives of starting a group influence women accessing the funds. The majority of groups reported that the main objectives of forming groups were to create basis for social networks and also as basis for group based finance or solidarity group lending scheme in which group members could get cheap loans from the solidarity group and in which members are jointly liable for each individual's loans, which represents a form of social collateral.

From the analysis of how the groups came up with group activities it indicated that the group members brainstormed the activities by writing them down in order of priority and finally analyzing which activity would benefit them more. It was revealed that most of the group ideas were heavily borrowed from the past group experiences and necessity.

An analysis of how the groups used the constituency women enterprise fund received indicated that majority of the groups initiated new project such as bee keeping and pig farming. However one of the group said that the fund received was helped them boost the revolving fund for the members, a project which already existed. Majority of the groups reported that initiating new project was challenging especially choosing a project that will have a good pay-back.

4.5 Vetting process of the loan applicant and accessing C-WES

The researcher collected data from the respondents on the vetting process of the loan applicants to establish whether this objective had an influence on the access of constituency women enterprise fund among women self help groups. The data was analyzed and presented in the cross tables below.

Table 4.5.1: Requirement to have project proposal and accessing C-WES

The members were asked to respond to the questionnaire on the requirements they were supposed to meet in the vetting process. They were asked to give their responses in two categories such as yes or no to the requirements sampled.

Conditions and Terms	Yes		No	
	Freq.	Percent.	Freq.	Percent.
Introduction letter.	3	20.0	0	0.0
Account opening.	3	20.0	0	0.0
Group savings.	0	0.0	3	20.0
Group registration.	3	20.0	0	0.0
Financial Statements.	3	20.0	0	0.0
Total	12	80.0	3	20.0

From Table 4.5.1 all the groups were required to meet the following conditions before accessing the funds from the C-WES except saving for a period of time, that is to do account opening, to get letter of introduction, to get at least three months bank financial statements and to have registered their groups.

Table 4.5.2: Understanding of terms and conditions and accessing C-WES

The respondents were asked to give their responses on their understanding of the terms and conditions in the application format of the loans. The respondents gave their responses which were presented as follow.

understanding of terms			
and conditions	Yes	No	Totals
Butele group	5	10	15
Mapatano group	3	10	13
Forward ever group	4	11	15
Total columns	12(27.9%)	31(72.1%)	43(100%)

From Table 4.5.2 above it was evident that the biggest population of the respondents 31 representing 72.1% did not understand the language used to write terms and conditions of the C-WES loan while 12 respondents representing 27.9%% understood the terms and conditions of the C-WES loan..

This implies that majority of the respondents were unable to understand the language used to write the terms and conditions of the loan despite their acceptance by signing of those terms. Majority had to seek outside assistance to fill the application forms and to

interpret the terms and conditions in the loan applications. The language used to write terms and conditions was very complicated with legal terms which required legal interpretations for the group members to understand.

Table 4.5.3: Opinion about the vetting process and accessing C-WES

The respondents were asked to give their opinion on the process of vetting loan applicants on whether the process was either timely, friendly or whether it was cost effective. Their responses were presented in the table below.

Opinion about the vetting process	Yes	No	Total Rows
Timely	1(2.3%)	42(97.7%)	43
Friendly	37(86%)	6(14%)	43
Cost effective	8(18.6%)	35(81.4%)	43
Total columns	100%	100%	100.0%

From the table 4.5.3 above those the majority of the respondents felt that the vetting process took too long before they got the funds which represented about 97.7% while only 2.4% were comfortable about the time it took to get the funds. 86% of the respondents felt that the process was friendly while 81.4% felt that the overall process was costly in terms meeting related expenses.

4.5.4 Knowledge and understanding of terms and conditions in the process of vetting loan applicants

From the Table 4.5.2 represents the information on whether the members understood the terms and conditions before undertaking the loan. This question was intended to discuss the impact of terms and conditions for the loan on the vetting process.

The other question asked was to explain who drafted the proposal for the members. It was established that the members drafted proposal with the help of their group trainer. After drafting the proposal and filling the loan application they were supposed to return the documents to the Gender and children affairs and social development office through hand delivery.

Analysis of the duration of submitting the loan applications indicated that majority of the groups took at least two months before submitting the application. This period was necessary for them so that they could also meet other preliminary requirements like drawing membership, group registration, opening of a group account.

On the other hand analysis of the appraisal process the members indicated that after submission of the loan applications it took them another two months to get the response of loan approval. The members also reported that the loan disbursement was done through a cheque which took them another four days waiting for the clearance. However, the members indicated that the process was not timely and that it be shortened.

4.6 Financial skills of the beneficiary groups and accessing constituency women enterprise fund

The researcher collected data from the respondents about their financial skills to determine to what extent it influenced the access of the constituency enterprise fund of the beneficiary groups. The findings were analyzed and presented in the tables below.

Table 4.6.1: Training programme of the beneficiary groups and accessing C-WES

The respondents were asked to respond whether they had received the training before receiving the fund.

Received training	Yes	No	Total Rows
Butele group	14	1	15
Mapatano group	12	1	13
Forward ever group	15	0	15
Total columns	41(95.4%)	2(4.6%)	43(100%)

From Table 4.6.1 majority of the respondents to have received training before receiving the funds. This was represented by 41 of the total respondents representing 95.4% while 2 of the respondents representing 2.4% did not attend the training because various personal commitments.

This implies that most members of the group attended the 8-weeks training as laid out on the government policy which is a must for groups to undergo before accessing the C-WES funds. This also meant that the members of the group would wait a little longer to get the funds which they had eagerly waited for hence influencing quick accessibility of the funds.

Table 4.6.2: Adequacy of the training and accessing C-WES

Government provided training to women groups before accessing the women enterprise fund for a period of eight weeks so that they acquire financial skills to handle and manage the fund disbursed. The respondents were asked to respond in the questionnaire on how adequate the training they received was adequate. Their responses were analyzed and presented in the table below.

Adequacy of training	Yes	No	Total Rows
Butele group	13	1	14
Mapatano group	11	1	12
Forward ever group	14	1	15
Total columns	38(92.6%)	3(7.4%)	41(100%)

From table 4.6.2 above it was evident that most of the respondents said that the training received was adequate to run start the project. This was represented by 38 respondents representing 92.6% while 7.4% of the respondents were not sure whether the training was adequate for them.

From the findings above shows that women responded that the training they received was adequate to handle and manage the fund received.

4.6: Financial skills of the beneficiary groups

The members of the group were asked about the kind of financial training they received before accessing the fund. The study found out that women were trained on record keeping, how to manage the fund and how to repay the loan. This question was intended to discuss the influence of government policy requirement of 8-weeks training on members before accessing the fund. This implied that most respondents had at least

enough knowledge to work to the fund received and were happy about the training while some felt that training especially on how to invest into small ventures with little fund would be important

4.7 Cost of funds and accessing constituency women enterprise fund

The researcher also collected data from the respondents on cost of funds to establish to what extent it influenced access of the constituency women enterprise fund among women self groups. The findings were analyzed and presented in cross tabulations below.

Table 4.7.1 Opportunity costs to be met in accessing C-WES

The respondents were asked to give their responses on the opportunity costs members had to meet before accessing the fund in the questionnaire. The groups sampled were asked to give their responses in yes or no answers to the questions asked. Then the total frequencies of the indicators were analyzed as follow.

Opportunity Costs	Yes		No	
	Freq.	Percent.	Freq.	Percent.
Registration fee.	3	20.0	0	0.0
Account opening Fee.	3	20.0	0	0.0
Group savings.	3	20.0	3	20.0
Negotiation fee.	3	20.0	0	0.0
Statement fee.	0	20.0	0	0.0
Total	12	80.0	3	20.0

From the Table 4.7.1 above it indicates that 80 % representing the yes answers to the opportunity costs the women groups had to meet while 20 % represented the no answer. From the responses above, they show that the groups had most opportunity costs to meet before accessing the fund. Where accessible, the cost of credit was found to be expensive for most women groups because of the costs involved before accessing the fund.

4.7.2 Value of cost and duration of accessing constituency women enterprise fund

The group members were asked about the cost they had to meet before accessing the funds. The study found out that there are several opportunity costs for the groups related to accessing the product were quite considerable besides getting inadequate fund to meet their objectives. Some of the costs the study found out were preliminary to be met before accessing fund to the groups were registration fees for groups of ksh 1000, administrative membership fee of ksh. 100, account opening fee of ksh 500 and at least 3 months financial statement fee of ksh 100 per page. Other related charges the members incurred were service charges and negotiation fees for the loan.

The study also found out that besides these costs, it took the members of the group two months to fill and submit the loan application and another two months to get their loan appraised. The study also established that the amount of funding to the groups was not enough to start the projects and therefore the members had to contribute their own money.

CHAPTER FIVE

SUMMARY OF FINDINGS, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS.

5.1 Introduction

This chapter provides the summary of the findings from the study, discussion to relate the study to the literature reviewed, conclusion, discussions, recommendations and offer suggestions for further research.

5.2 Summary of the Findings.

The research study sought to investigate the influence of credit requirements on accessing constituency women enterprise fund. The research specifically explored the research objectives provided in chapter one.

The first objective which was to examine the extent to which generation of viable business idea influenced access of constituency women enterprise fund among women self-help groups, the study revealed that majority of the groups started their projects through members brainstorming the project ideas from their past experiences. The main objective why the members of the groups started those groups was in order to form social networks and boost their income through such activities like revolving funds or merry-go-rounds. However, all the women groups found it challenging starting new project because the funds received from the Constituency women enterprise scheme was not enough.

The second objective was establishes whether the process of vetting loan applicants influenced access of constituency women enterprise fund among women self-help groups. The biggest percentage of the respondents revealed that there was so many requirements in the vetting process determine the group illegibility for the loan. However,

the study also established that majority of the members did not understand the language used to write the terms and conditions of the loan and therefore they had seek outside assistance to fill the loan request form and for interpretation. Their responses were that it took them more than six months before receiving before receiving the fund made the group members to take too long before submitting the application and delaying the process of getting the fund on time hence making difficult to plan for the fund.

The third objective was to find out to extent does the financial skill of the beneficiary groups influenced access of constituency women emerprise fund among women self groups. All the respondents revealed that they attended the 8-weeeks training programme as required by by the government policy before receiving the fund. The response was that the training was adequate for them to manage their projects although there were no follow-up trainings and workshops to address the challenges faced during projects implementation. Although the training benefitted the groups, their responses were that it took most of their time because of several requirements such as group interviews, recruitment of members, and group registration among others. This took them too long before accessing the fund because of the stringent lending policies and requirements.

Lastly, the researcher found out that cost of funds was very high considering the amount of loan received which the government. The exorbitantly high cost of initial capital tends to make the enterprise almost uneconomical to operate as a business.

5.3 DISCUSSION OF THE RESEARCH FINDINGS

In the first objective was to examine the extent to which generation of viable business idea influenced access of constituency women enterprise fund among women self-help groups. From the study it was learnt that both necessity and opportunity drove women to start their businesses. The motivations of women in the informal sector are often tied to necessity and lack of other employment opportunities as evidenced by a response from one member of Butele women group:

“I started my business in 2001 at the local market because I had a problem with financing my children's education and I had no source of income.”

However from the findings about 24.3 percent of the respondents were influenced to get into business by the family background whose parents were entrepreneurs.

Growing up in a family or environment in which entrepreneurship is a common occurrence may also influence self-employment. For example, children of entrepreneurial parents are more likely to become entrepreneurs in their adult careers (Blau & Duncan 1967).

The second objective established that the vetting process also influenced the access of women enterprise funds among women self- help groups as revealed in the table 4.43 where the groups rated the process to be time consuming and not cost effective. Application formats are generally considered to be too complicated; they are to be submitted in a language many clients do not speak well or not at all. Women need access to small loans especially for working capital, innovative forms of collateral, frequent repayment schedules more appropriate to the cash flow of their enterprises, simpler application procedures and improved access to saving accounts. One of the most important things in business is the ability to secure proper funding, whether the need is for new business or an existing business requiring updated equipment, expansion of a marketing campaign working capital. There are number of ways in which business owners can acquire financial assistance (International journal, 1998).

The third objective was to find out to which extent did the financial skill of the beneficiary groups influenced access of constituency women enterprise fund among women self groups. However, even when women do manage to obtain financing for their business, lack of skills and training in handling finances can be an obstacle. The WEF program provides an opportunity to address issues of business and financial management and provide women with the needed skills through its technical assistance component of 8-weeks training programme before accessing fund to women.

Lower education levels put Kenyan women entrepreneurs at a disadvantage compared to men. While the gender gap in primary education in Kenya has decreased in recent years, the gap remains high at secondary and tertiary education levels. This is showed that women are much less likely to enroll in public universities, national polytechnics, and technical institutes, accounting for only about 34.8 percent of those enrolled in tertiary education. Lower education and a curriculum that does not emphasize entrepreneurship skills decrease the chances that women will have the knowledge needed to excel in business, and where accessible, the cost of credit was found to be expensive for most women groups because of the costs involved before accessing the fund thereby contribute to the country's overall economic growth. Therefore, entrepreneurial skill is at the center of explanations of economic growth and more specifically, it has been linked to entrepreneurial performance. Research has shown that educational attainment is significantly and positively associated with entrepreneurial performance (Lynskey 2004; Weaver, Dickson et al. 2006; Mayer, Hackler et al.).

Lastly, on the cost funds the findings has found out that cost of funds influenced access of women enterprise funds. Accessibility to initial capital, even when available, is also a major hurdle for women entrepreneurs. The exorbitantly high cost of initial capital tends to make the enterprise almost uneconomical to operate as a business. This is common to most formal sources of credit as well as MFIs (Government of Kenya, 1999).

Credit conditions when forming a group, paying membership fees, group registration fees and joining saving plans, result in delays in accessing initial capital, thereby worsening the women's household financial burden (Alila et al., 2002).

5.4 Conclusions of the study.

To conclude the study findings on the first objective which was to examine the extent to which generation of viable business idea influences access of constituency women enterprise fund among women self-help groups, the study found out that generation of viable idea do influence accessibility of the fund. This is because the groups had to generate project idea to be financed which was presented in form of project proposal.

On the second objective the study concludes that the process of vetting loan applicants influenced access of constituency women enterprise fund among women self-help groups. This because the study findings found the process to be time consuming and difficult to plan for the fund. The turn-around time was almost half a year to get the funds.

The third objective was to analyze to what extent did the financial skills of the beneficiary influenced the access of the constituency women enterprise fund among women self help groups. The study findings conclude that financial skills of the beneficiaries to some extent influenced access of the fund though it was not a key factor considered by the vetting board to appraise who to qualify or not. Since it was a requirement by the vetting board for group members to attend 8-week training programme this to some extent delayed access of the fund on time. However, this may have discouraged many potential but willing individual women engaged in informal groups who would prefer to borrow as individual and would prefer shorter process and funds quickly.

Lastly but not the least, the last objective was to establish how the cost of funds influences access of constituency women enterprise fund among women self-help groups. The study findings conclude that this also influences majority of women from accessing the fund. This coupled with a short repayment period becomes a major constraint, resulting in forcing the entrepreneur to work almost round the clock to service the loans.

5.5 Recommendations of the study.

The study recommends that seminars to be held so as to train women and others for business ideas and how also to manage already existing ones. An exchange programme should be introduced so that women groups can exchange ideas and learn from others on experiences and challenges of starting viable business projects.

The government should come up with a scheme which is borrower friendly and is less procedural and beauracatic in order to benefit women groups and sensitize women on the borrowing terms and conditions. On skills it is essential for members to be trained on how to keep records and how to generate more finances from already what they have. The vetting process should be shortened in order to benefit women groups. The group members should also be relieved some of the costs of funds by eliminating some of requirements in accessing the fund.

5.6 Suggestions for further study.

- i. The researcher recommends that similar studies be conducted in other districts in Kenya to see if the findings can be replicated.
- ii The researcher also recommends that such research be conducted on youth groups and men groups.

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APPENDIX 1: LETTER OF TRANSMITAL

Nicholas Ndiritu Githinji
Po Box 971-0100
Thika.

TO WHOM IT MAY CONCERN

RE: REQUEST TO CONDUCT A REASRCH

I am above student from the University of Nairobi pursuing a Master degree in Project Planning and Management. I am currently doing a research on “Influence of credit requirements on accessing constituency women enterprise funds among women self-help groups in Thika West district, Town municipality”.

I am kindly requesting you to take your time and fill the questionnaire attached herewith. Your positive responses will be treated with a lot of confidentiality and only for the purpose of this research study.

Thank you in advance.

Yours Faithfully

Nicholas Ndiritu Githinji

APPENDIX 2: LETTER OF PERMIT

REPUBLIC OF KENYA



NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY

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254-020-310571, 2213123, 2219420

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NAIROBI-KENYA

Website: www.ncst.go.ke

Our Ref. NCST/RCD/14/012/797

Date: 28th June 2012

Nicholas Ndiritu Githinji
University of Nairobi
P.O.Box 30197-00100
Nairobi.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on "*Influence of credit requirements on accessing constituency women enterprise funds among women self help groups in Thika West District,*" I am pleased to inform you that you have been authorized to undertake research in Thika West District for a period ending 31st July, 2012.

You are advised to report to the District Commissioner and the District Education Officer, Thika West District before embarking on the research project.

On completion of the research, you are expected to submit two hard copies and one soft copy in pdf of the research report/thesis to our office.

A handwritten signature in black ink, appearing to read 'M. K. Rugutt'.

DR. M. K. RUGUTT, PhD, HSC.
DEPUTY COUNCIL SECRETARY

Copy to:

The District Commissioner
The District Education Officer
Thika West District.

APPENDIX 3: QUESTIONNAIRE

Questionnaire for the members of women groups.

SECTION A: BACKGROUND INFORMATION (Please tick the correct answer)

1. Distribution of members

Male [] Female []

2. How old are you?

18 – 20 yrs []

16 – 25 yrs []

26 – 30 yrs []

31 – 35 yrs []

Above 35 yrs []

3. Are you married?

Yes [] No []

4. Have you received any informal education?

Yes [] No []

If yes what level?

Primary level []

Secondary level []

University level []

Any other specify.....

5. For how long have you been out after completing your education?

1 – 3 yrs []

4 – 6 yrs []

7 – 9 yrs []

Over 10 yrs []

6. How do you earn your living?

Casual work []

Working on contract []

- Permanently employed []
- Business []
- Supported by parents []
- Any other specify.....

7. Where do you live?

- Parent's house []
- Own house []
- Rented house []
- Any other specify.....

8. How old is the group?

- 1 yrs []
- 2yrs []
- 3yrs []
- 4yrs []

9. How many members does your group have? Specify.....

SECTION B: GENERATION OF VIABLE BUSINESS IDEA

10. What influenced you to start a business?

- Parents []
- Personal experience []
- Visiting fair and trade show []
- Magazines and Newspapers []
- Seminars and trainings []

Others, specify.....

11. What was the objective of starting the group? Specify.....

12. How did you come with the project that was funded by the C-WES?

Specify.....

13. How did you come up with these activities?

Specify.....

What was the source of your finance to those activities?

Specify.....

14. How much money did you get from constituency women enterprise fund scheme (C-WES)?

Specify.....

15. What did you do with the C-WES fund received?

Specify.....

16. Was the C-WES received enough to finance the set budget for the project?

Specify

If it was not, did you have alternative source of financing?

Yes []

No []

17. Have you been engaged in another project activity before?

Yes [] No []

18. Did the project succeed?

Yes []

No []

19. In your own opinion would say that the fund has been able to:

i. Create employment for the members?

Yes []

No []

ii. Create employment for others?

Yes []

No []

iii. Make groups grow financially?

Yes []

No []

SECTION C: THE PROCESS OF VETTING LOAN APPLICANTS

20. Was the group required to have a project or business proposal to be financed?

Yes []

No []

21. What conditions were to be met before for applying loan in C-WEF?

- i. Opening an account Yes [] No []
- ii. Saving for period of period of time Yes [] No []
- iii. Official Letter of introduction of the group Yes [] No []
- iv. Account statements from bank Yes [] No []
- v. Registration of the group Yes [] No []

22. Did you understand the terms and conditions for the loan application?

Yes []

No []

If no what was the criteria?

Specify.....

23. Where were loan applications supposed to be submitted?

Specify.....

24. How were you supposed to send your loan application?

Hand delivery []

Postage []

E-mail []

Others specify.....

25. After how long did you submit your application?
Specify.....
26. After submission, how long did it take to appraise the loan application?
Specify.....
27. How did you come to know about the loan appraisal report?
Through a telephone call []
Through a mail []
Through email []
28. In your own opinion was process of vetting loan applicants:
I. Friendly Yes [] No []
II. Timely Yes [] No []
III. Cost effective Yes [] No []
29. How was the disbursement done? Was it through
Cheque []
Electronic Fund transfer (EFT) []
Cash []
Any other specify.....

SECTION D: FINANCIAL SKILLS OF THE BENEFICIARY GROUPS

30. Did you have any financial training before?
Yes []
No []
If yes what kind of financial training did you train on?
Specify.....
31. If yes was the training adequate to help start up the project?
Yes []
No []
32. On receiving the C-WEF fund did you receive any workshop training?
Yes []

No []

33. In your own opinion was the training relevant?

Yes []

No []

34. Did the training meet your entire financial gap in skills?

Yes []

No []

SECTION E: COST OF FUNDS

35. What were the opportunity costs the groups had to meet?

Account opening fee Yes [] No []

Group registration fee Yes [] No []

Financial statement fee Yes [] No []

Negotiation fee Yes [] No []

Group savings Yes [] No []

36. After initial application, how long did the loan take to disbursed?

Specify.....

37. How long was the repayment period?

Specify.....

38. Was the loan accorded enough to kick-start your project?

Yes []

No []