

**FACTORS INFLUENCING PERFORMANCE OF REVOLVING LOAN FUND  
PROGRAMMES: A CASE OF WOMEN GROUPS IN KIKUYU DISTRICT,  
KIAMBU COUNTY, KENYA**

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**A Research Project Report Submitted in Partial Fulfillment of the Requirements for  
the Award of the Degree of Master of Arts in Project Planning and Management of the  
University Of Nairobi**

**2014**

## **DECLARATION**

This research project is my original work and has never been submitted for an award of a degree in any other university.

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**REG. NO: L50/62526/2010**

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**DATE**

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

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## **DEDICATION**

This work is dedicated to my Husband David Njuguna and my children Esther Wanjiru, Edwin Muhia, Eric Gachira and Jackline Wanjiku, with whose understanding and encouragement this Academic endeavour would not have been possible. I can not forget my late Mother Hellen Wanderwa whose constant reminder about how far I have come in my studies gave me motivation to reach this far .

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## **ABBREVIATIONS AND ACRONYMS**

ARC	-	Appalachian Regional Commission
BRWA	-	Broad River Watershed Association
CFR	-	Code of Federal Regulations
D.S.D.O	-	District Social Development Office
EDA	-	Economic Development Administration
EDA	-	Economic Development Agency
GOK	-	Government of Kenya
HUD	-	Housing and Urban Development
MFI's	-	Microfinance Institutions
NGOs	-	Non-Governmental Organisations
OECD	-	Organisation for Economic Co-operation and Development
RDP	-	Reconstruction and Development Programme
RLF's	-	Revolving loan funds
SME	-	Small and Medium Enterprises
USDA	-	U.S. Department of Agriculture

## **ABSTRACT**

This study sought to establish the factors influencing performance of revolving loan fund programme among women groups in Kiambu County, Kenya. The objectives of the study were; to determine the influence of level of education among group members on the performance of revolving loan fund, to establish the extent to which management practices influence the performance of revolving loan fund, to assess how entrepreneurial competences influence the performance of revolving loan fund among women groups and to assess how demographic factors influence the performance of revolving loan fund among women groups. Descriptive research design was used in this study. The study was conducted within Kiambu County. Target population was 1275 respondents in the 85 active registered women groups in Kiambu County. The management and the members of the groups formed the target population. For purposes of this study, the target population was stratified into executive group officials, committee members and the general members. From each stratum the study utilized simple random sampling to select 128 respondents. Random sampling was preferred because it minimizes the sampling error in the population. The use of survey method of data collection was chosen for this study. The study further used semi structured questionnaires containing closed ended and Linkert scale questions to collect primary data. Questionnaires were administered to the respondents through drop and pick method. In this study, a pilot study was carried out on 10 respondents who were excluded in the actual data collection. The researcher administered the instruments personally to the respondents. The researcher applied for a permit from National Council for Science and Technology before embarking on the study. In this study, a descriptive approach to data analysis was used to analyze collected data to establish the factors influencing performance of revolving loan fund among women groups in Kiambu County, Kenya. Quantitative data collected was analyzed using SPSS and presented through percentages, means, standard deviations and frequencies. The information was displayed by use of tables. From the findings the study established that there is a dire need to provide education and business training to enhance the financial management skills of the borrower. The study also revealed that poor management practices had a negative influence on the performance of revolving loan fund. The study found that lack of entrepreneurial competences had a negative impact on the performance of revolving loan fund among women groups. The study found that demographic factors had a negative influence the performance of revolving loan fund among women groups. The study recommends that there women in “Chamas” need to educate as borrowing and repayment procedures as this can highly help to reduce loan default repayment rate. There is need to provide training on good management practices, this will help to reduce multi-practices within the group as the members will act as a check to one another thus in overall enabling the group members conduct to be good preventing corrupt cases that may arise.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the Study**

Collective action is well known as a positive force for improving risk management in many rural communities of the developing world. Group formation can contribute to building social capital, and this, in turn, can have positive effects on human welfare, especially as a result of income generation among the poor (Grootaert, 2011). For sub-Saharan Africa, Kenya is noteworthy in having a long history of formal cooperative movements involving smallholder farmers (Heyer, 1976). Work by Place et al. (2004) describes a wide variety of other, less formal, self-help groups that have recently emerged in rural sites of the Kenyan highlands. These groups, often numerically dominated by women, undertake many activities that include income generation, asset building, commodity marketing, and social/cultural functions.

There is far less evidence, however, of similar forms of collective behavior occurring among rangeland inhabitants in Africa. This is logical given the vast expanses of rangeland areas, the low densities of pastoral populations, and the more loosely structured social organizations that have evolved among pastoral societies to accommodate a need for more household-level independence and opportunism to exploit patchy, harsh environments. In recent decades, however, some trends towards sedentarization in higher-potential rangelands may help create subpopulations that are more suitable or amenable to undertake collective action. This prominently includes the swelling numbers of former pastoralists, or semi-settled active pastoralists, now residing near small towns and villages (Coppock, 1994). In

1999, a routine field reconnaissance unexpectedly revealed the existence of some very dynamic women's groups living in small towns near Isiolo in north-central Kenya. Results from preliminary interviews suggested that these women, though largely illiterate, were highly organized and engaged in a wide variety of social and economic activities (Desta and Coppock 2002).

The central theme of the Commission for Africa Report (2005) is how to make African economies grow and how to ensure poor people can participate in and benefit from that growth. It argues for policies for growth that must actively include and take care not to exclude the poorest group, with particular focus on women and young people. One argument is that Africa's challenges will not be effectively resolved unless the exclusion faced by women is tackled across the board. This means that women must be included and the full power of their development skills unleashed. Similarly, the research report in this paper sees women as an integral part of the solution to Africa's problems (Napier, 2003). The research focuses on women in South Africa who are currently being excluded from the formal economic mainstream particularly in terms of finance for housing purposes.

Housing has been recognized as a priority area in Africa following government's objectives of development and growth through the Reconstruction and Development Programme (RDP). On one hand, the once-off capital housing subsidy is only adequate for building a starter home. In addition, the subsidy is also fraught with many other problems such as cumbersome procedures (Mthwecu, 1999; Smit, 2003). This means that the low-income household beneficiaries still need to access additional finance in order to extend, improve or build decent houses that meet their needs (Thurman, 1999).

On the other hand, most low-income households are unable to meet the criteria used by formal financial institutions to qualify for loans to supplement their earning (Mjoli-Mncube, 1999). Financial institutions perceive the low-income earners to be highly risky. Sadly enough, low-income households often lack regular income or employment records to convince financial institutions that they are in a position to repay their loans (Mjoli-Mncube, 1999; Mthwecu, 1999). As a result, the self-employed, informally employed and unemployed people, of whom the majority are women, are excluded (Mjoli-Mcube, 1999; Budlender, 2002).

There is large number of people in Africa, who are living below the poverty line, the majority of whom are women (Budlender, 2002; Khan, 2003). The trend has now been towards encouraging savings among low-income. It is against this background that women-centered savings schemes have emerged and developed in poor urban communities, often supported by intermediary institutions such as Non-Governmental Organisations (NGOs). The idea is to use accumulated daily or regular savings as vehicles to mobilise communities and raise finance for small business enterprises and emergency purposes (Korpivaara, 2001; Boonyabancha, 2001). Despite the savings not usually being enough relative to the cost of savings schemes, they are an attempt by the poor to create stronger foundations at community level for tackling their problems.

Saving schemes create a central space for the participation of women in developmental issues concerning informal settlements. The experience of saving, lending and financial management provides a platform for the acquisition of further development skills (Mpetsheni and Romarovsky, 1996; Mitlin, 1997; Bolnick and Mitlin, 1999a; Marshall, 2002). For individuals, acquiring membership of a savings scheme enables them

to save small amounts on a daily or regular basis. The activity of daily savings strengthens bonds between members, ensures accountability and transparency, and enables the poor to secure access to credit (Bolnick and Mitlin, 1999a).

With the use of group-based collateral, and the successful repayment of small loans as a precondition for larger finance, members can take low-interest loans for emergencies, small business initiatives and for own life improvements. Subsequently, the vulnerability of individual households and the community as a whole can be minimized (Bolnick and Mitlin, 1999b). The mobilizing of people via savings schemes is therefore a successful way of attempting to reach poor women who make up about 60 per cent to 70 per cent of the world's urban poor, in a gender sensitive way that empowers them. (UNCHS, 2002) Women-centered savings schemes undertake many tasks, enumerating and strengthening savings practices, presenting requests and information to project funders and Government. It is therefore not surprising that the position of women is of particular concern in the Commission for Africa Report (2005). The significance is not merely as a matter of human rights but also because of overwhelming evidence that women make a greater contribution to economic life than their counter folk.

Revolving loan funds (RLF's) operate, in principle, by issuing new loans as old loans are repaid. Although best suited to increasing credit access for viable firms that lack alternative funding sources, many RLF's are assisting local businesses in need of capital but financially nonviable (Nduma, Kristjanson, and McPeak 2001). Two major problems arise when RLF's are used to transfer this kind of public subsidy to failing businesses: (1) RLF's require periodic refunding to avoid continued erosion of their capital base and in lending money to high-risk borrowers, RLF's experience high loss rates.



A Revolving Loan Fund (RLF) is a pool of public- and private-sector funds that recycles money as loans are repaid. Funding sources are the Economic Development Administration (EDA), Department of Housing and Urban Development (HUD), U.S. Department of Agriculture (USDA), Appalachian Regional Commission (ARC), State and local governments, and nonprofit philanthropic foundations. Funding by either a grant or long-term/low-cost loan is used to start, replenish, and expand RLF's. Funding recipients are State or local government agencies and nonprofit entities structured to make loans (Microcredit Summit Campaign, 2003).

They must demonstrate economic need and have a plan that both meets program requirements and spurs growth. Frequently stated objectives of RLF's are to: provide a dependable finance source for long-term economic development, fill a credit gap for business start-ups, expansions, and retentions, spur economic growth by making loans as affordable as possible, customize loans to the financial needs of each individual business, and enhance commercial lenders' return on shared loans (Lynn, 1998).

Most loans are made to high-risk borrowers at concessionary terms. RLF funds take a subordinated lien position to leverage their capital through joint lending with private lenders. Borrowers receive education in business operations and market development. RLF loans most often go to manufacturing firms and are used to purchase fixed capital (Lazarony, (1999). Small businesses are what drives the economy. Small businesses create jobs, expand the tax base, and help communities grow. For these reasons and others, many local governments advocate for revolving loan funds, or RLFs, to foster business growth.

RLFs are designed to fund businesses that cannot get traditional bank loans, either because their owners are seen as credit risks or because the business has not established credit on its own. Because they are subsidized or administered by government agencies, many RLFs offer lower interest rates than conventional loans. The interest rate for a particular applicant will vary according to the business's financial condition and its ability to maintain sufficient profits. As these loans are repaid, money is put back into the fund and made available for additional loans (Hassen, 2003).

While commercial lenders -- banks and brokers -- are in the loan business to make money, government agencies offer RLFs to generate jobs and support the community. Agencies may extend RLFs to: Locally owned startups or expansions that create jobs; Businesses that employ local workers; Firms that redevelop land and vacant facilities for commercial use; Companies that need to procure new equipment and technologies; High-tech firms and businesses owned and operated by minorities, women, and members of other economically disadvantaged groups (Couto, Richard 1994).

Revolving Loan Fund (RLF) was established to provide a source of financing, which may not otherwise be available, for expanding or start-up businesses (Porteous and Naicker, 2003). Used to fill a financing gap in a business development project, the RLF offers an option to complete a financing package. A gap occurs when the business is unable to fully finance its projects with equity, conventional financing or other private and public sources. While the RLF is not a substitute for conventional financing, it can fill the gaps in existing local financial markets and attract additional capital, which would otherwise not be available for economic development (Funk, Sherman 1985).

The Grameen Bank Model of lending which has been in operation in Central Province of Kenya since the early 1980s is the basis of borrowing money from revolving loan fund. The money borrowed by women has helped in meeting basic needs, paying of education and medical bills and business start-ups. However, the fund mainly administered as a core activity among women groups, has faced many challenges core among them being government policies, education levels among the group members and poor entrepreneurial practices (Tomlinson, 1997). Some groups in Nyeri Central district have had high levels of default rates while others have managed to contain it to a bare minimum (Nduma, Kristjanson, and McPeak 2001). This raised the need for the study to gain insight to what really influences performance of revolving loan fund among women groups.

## **1.2 Statement of the Problem**

Rural economies are characterized by a preponderance of small businesses, fewer and smaller local sources of financial capital, less diversification, and fewer ties to nonlocal economic activity. These rural attributes may exacerbate businesses' funding difficulties. Nonetheless, studies have consistently concluded that rural financial markets generally work well for most firms and that credit problems are not endemic to rural areas (Baumann, 2003). Limited access to credit is usually a problem for specific business types or economic conditions. Rural firms are most likely to have financing difficulties for start-ups, those with limited or unusual collateral, and those that are adjusting to new technologies that are unlike other local businesses and that are seeking equity capital. RLF's are attractive because, in principle, they are self-renewing, make credit more available, are a low-cost way to provide credit assistance, lend to high-risk borrowers, effectively use their limited funds, and provide

benefits to local communities that exceed the cost of the assistance (Bolnick and Mitlin, 1999a).

Revolving Loan Fund (RLF) is established to provide a source of financing, which may not otherwise be available, for expanding or start-up businesses. Used to fill a “financing gap” in a business development project, the RLF offers an option to complete a financing package. A “gap” occurs when the business is unable to fully finance their projects with equity, conventional financing or other private and public sources. While the RLF is not a substitute for conventional financing, it can fill the gaps in existing local financial markets and attract additional capital, which would otherwise not be available for economic development (Funk, Sherman 1985).

Many recent credit programs in developing nations have changed from low-interest to market-rate lending with very positive results. Not only are program costs dramatically lower, but borrowers have been able to pay market rates and graduate more easily and quickly to private financing. Also, charging market interest rates has increased the supply of investment capital for developing sectors (Isserman and Terance, 1995). While subsidies are still needed, they usually are used to provide education and business training to enhance the financial management skills of the borrower.

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government policies, education levels among the group members and poor entrepreneurial practices. Some groups in Kikuyu district have high levels of default rates while others have managed to contain it to a bare minimum (D.S.D.O Kikuyu District). This has raised the need for the study to gain insight to what really influences the performance of revolving loan fund among women groups.

### **1.3 Purpose of the Study**

This study sought to establish the factors influencing performance of revolving loan fund among women groups in Kiambu County, Kenya. The findings will provide key insights on the implementation of revolving loan fund among women in Kenya.

### **1.4 Objectives of the Study**

The study was guided by the following specific objectives;

- i. To determine the influence of level of education among group members on the performance of revolving loan fund
- ii. To establish the extent to which management practices influences the performance of revolving loan fund
- iii. To assess how entrepreneurial competences influence the performance of revolving loan fund among women groups.
- iv. To assess how demographic factors influence the performance of revolving loan fund among women groups.

### **1.5 Research Questions**

The study sought to answer the following research questions?

- i. To what extent does level of education among group members influence on the performance of revolving loan fund?
- ii. To what extent does management practices influences the performance of revolving loan fund?
- iii. How does entrepreneurial competences influence the performance of revolving loan fund among women groups?
- iv. How does demographic factors influence the performance of revolving loan fund among women groups?

### **1.6 Significance of the Study**

It is anticipated that the results of the study will be beneficial to the following;

The management of revolving fund groups in Kenya will find the results of this study intriguing as a source of information on the challenges affecting the performance of their groups and what they need to do in order to enhance the performance of the funds. Those who are already members of the groups need to know how well to keep them competitive in this era of stiff competition. Proper insight will give them an added advantage in managing their groups. Lastly to the potential member who would have in mind what strategies they need to put in place as they prepare to join one or form their own.

The policy makers will obtain knowledge of the revolving loan funds dynamics and the responses that are appropriate and specific for such funds; they will therefore obtain guidance from this study in designing appropriate policies that will regulate the sector.

The study will provide information to potential and current scholars on strategic management in revolving loan funds in Kenya. This will expand their knowledge on challenges affecting the performance of revolving loan funds and also identify areas of further study.

### **1.7 Limitation of the Study**

The researchers did not entirely control all other intervening variables which affect performance of revolving loan fund programs among women groups. The study was limited to Kikuyu district, Kiambu County in a bid to establish the factors influencing performance of revolving loan fund programmes among women groups in Kenya.

### **1.8 Delimitation of the Study**

This study focused in examining the factors influencing performance of revolving loan fund programmes among women groups in Kiambu County, Kenya. The study sought to examine the following factors: level of education, management practices, entrepreneurial competences and demographic factors influencing the performance of revolving loan fund programmes among women groups, the study covered Kikuyu district, Kiambu County.

### **1.9 Assumptions of the Study**

In this study, it was assumed that:-

- i. Respondents were willing to respond to the questionnaires and provide valid and reliable information.
- ii. Respondents were truthful and honest in their responses; untruthfulness will be curbed by explaining the purpose of the study to the respondents.
- iii. There are factors influencing performance of revolving loan fund programmes among women groups.

### **1.8 Definition of significant terms**

**Entrepreneur:** A person who sees an opportunity and acts to create an enterprise around that opportunity, (Saleemi, 2009).

**Financing:** financing is the provision of fund for business startup or expansion, financing is necessary for the long-term survival and growth of small enterprises, (Naidu and Chand, 2012).

**Level of Education;** refers to the highest level of education attained by the borrower  
Borrowers receive education in business operations and market development.

**Management Practices;** refers to the skill and knowledge one has to effectively manage their ventures.

**Managerial Training:** learning that is provided to people in order to improve performance on the present job. According to Mead & Liedholm, (1998) many SMEs owners or managers lack training.

**Revolving Loan Fund;** refers to funds designed to fund businesses that cannot get traditional bank loans, either because their owners are seen as credit risks or because the business has not established credit on its own.

### **1.11 Organization of the Study**

This study is organized in three chapters. Chapter one deals with the background of the study, the statement of the problem, purpose of the study, objectives of the study, research hypotheses, significance of the study, assumption of the study, limitation of the study, delimitations of the study, definition of terms and the organization of the study. Chapter two reviews literature along the study objectives. It also presents the theoretical



framework of the study. Chapter three outlines the research methodology that was used by this study. It also discusses the research design, the target population of the study, the sample size and sampling techniques, research instruments, data collection methods and data analysis methods. Chapter four present the data analysis, presentation and interpretation, Chapter five present summary of findings, conclusions and recommendations.

## **CHAPTER TWO:**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter summarized the information from other researchers who have carried out their research in the same field of study. The specific areas covered here are theoretical review (concept of revolving loan fund, criteria for making loans, the basic structure of a RLF, benefits of microcredit); empirical review (level of education, management practices, entrepreneurial competences, government policies); summary; research gaps and the conceptual framework.

#### **2.2 Concept of Revolving Loan Fund**

The issues surrounding banking the unbankable came to the fore in the years 1993 and 1994. These have included; a cultural resistance to accepting the poor's willingness to repay, a belief that they do not have sufficient money for savings, that they lack literacy skills to fill in banking forms, are unbankable in terms of their inability to service loans, do not know how to handle money, are dependent on help regarding how to use a loan and require subsidized interest rates (Remenyi, 1991; Tomlinson, 1996; Bolnick and Mitlin, 1999a; UNCHS, 2002).

Majority of women fall within the lowest low-income category that financial institutions do not currently cater for. Despite women being care givers and providers, by and large they are one of the most excluded groups from both basic services and decision making (Commission for Africa Report, 2005). Studies show that particularly among the

African population, women head the majority of households and yet they are disadvantaged in many respects including housing (Mpetsheni and Romarovsky, 1996; Budlender, 2002).

RLF's are subsidized via low-cost government funding and by tax advantages conferred by their nonprofit status. Subsidies confer economic benefits to recipients at the expense of others. RLF borrowers receive a subsidy conveyed through credit enhancements, such as low-cost loans. Since RLF's appear to make loans at a single interest rate, riskier loans receive a larger implicit subsidy. Also, private lenders who join RLF-sponsored financing packages are often subsidized.

To improve the measurement of financial status and performance, RLF operators could estimate expected loan losses and administrative costs according to generally accepted accounting principles. These changes would likely increase outside investors' interest in development opportunities by providing them with useful information that could be used in evaluating potential risks and returns. Advantages from RLF programs' use of market-rate lending include: higher operating income; replacing losses with loan able funds; loans sought only by borrowers who lack other sources; and loan histories that better assist graduation to private funding.

Many recent credit programs in developing nations have changed from low-interest to market-rate lending with very positive results. Not only are program costs dramatically lower, but borrowers have been able to pay market rates and graduate more easily and quickly to private financing. Also, charging market interest rates has increased the supply of investment capital for developing sectors (Isserman and Terance, 1995). While subsidies are

still needed, they usually are used to provide education and business training to enhance the financial management skills of the borrower.

RLF's attempt to increase the total lending associated with each RLF dollar by assuming the junior lien position in all such loan packages. By assuming the financial risk in a loan, the RLF improves development by increasing the level of private lender participation. This is called leveraging. While higher leverage is used as a positive measure of RLF performance, it comes at a cost. The expected value of additional losses taken by the RLF becomes a form of subsidy to the private lender. The larger the expected value, or subsidy, the higher the return to the private lender for participating (Porteous and Naicker, 2003). On the other hand, if increased leverage lowers the RLF's share of the loan package, the RLF's maximum possible loss is also less. Leveraging may explain the large losses experienced by RLF's on their failed loans. Average RLF losses are about 80 percent of remaining loan principal.

Although RLF's are designed to be permanent, local development needs are probably transitory. Thus, government funds soon become allocated by an outdated measure of need. In 1993, over 95 percent of 260-plus active RLF's funded by the Economic Development Agency (EDA) had a sub state geographic focus, often a single community or county (Remenyi, 1991). This micro level focus makes it difficult to shift resources as needs change. Thus, central decision making imposed at larger geographic levels creates a mechanism to shift resources as needs change, but only by diminishing local control.

Federal financial-assistance-program regulations require that RLF operators lend at a rate well below prevailing market interest rates. This policy is intended to enhance the

financial situation of borrowers. While this clearly gives borrowers a cost advantage, there are additional consequences. The advantages RLF's derive from cheap loan able funds is seldom transformed into a sustained or growing capital base. In fact, most RLF's can avoid shrinking only through periodic injections of new public funds. Typically the low-interest-rate requirement forces operating income to a level below operating costs (Schlyter, 1996).

### **2.3 Level of Education and performance of revolving loan fund**

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

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

Encouraging clients through education on disaster risk reduction and designing loan products to develop disaster-proofing shelters. Also, MFIs can guide vulnerable client

groups to have contingency plans on how to respond and disaster mitigation measures. Due to this the field officers has to spend lot of their time in educating, counseling, making repeated visits etc. which will increase the operational cost and in turn affect the operational efficiency of the institution (Hossain, 1988).

The ability of children or youth to control the scheduling of their work can allow them to improve their educational performance and controlling work schedules can be done when children or youth operate their own businesses. Unfortunately, one of the biggest constraints to young people in business is access to financial services (credit and saving services) (Hassen, 2003).

Governments recognize that an educated workforce is better and may reduce risks and poverty, but the local economies cannot afford to subsidize education for all at-risk young people. States also acknowledge that ignoring these young people creates vulnerabilities such as indentured labor, slave-like conditions, prostitution, abuse, and an increase in crime (Maltz and Kohli, 2000). The Egypt case may be a front runner in delivering financial services to a high risk market such as the youth market.

Although a good number of studies have specifically addressed the issue of the effects of training on CFRs (Little and Mahmoud, 2005), very few have focused explicitly on the effects of formal education. Accordingly, we have little direct research to draw from and appreciate that the level of formal education, a concept closely related to training, could have positive, negative, or no effects on trust in particular, and CFRs in general.

Despite the uncertainty over the effects of formal education, our basic premise is that better educated marketing managers will be more likely to form trusting relationships with

sales managers. Some indirect support for this stance is provided by Rust (2002), value systems, and seeks to eliminate conflict in their areas of responsibility.

A review of the literature reveals that learning organisations will likely have increased organizational performance. In fact scholars have argued that the empirical measurement of a learning organisation is at a relatively early stage and further research are needed to recognize and corroborate the fundamental dimensions of the learning organisation and its potential influence in improving knowledge performance (Yang, 2003; Yang *et al.*, 2004).

Five different studies which have attempted to link Watkins and Marsick's (1993, 1996) learning organisation dimensions and performance improvement measures have been identified from the review of the literature. One of the studies is by Selden (1998) (see also Selden and Watkins, 2001) evaluated the relationships between the seven learning organisation dimensions, company characteristics and knowledge and financial performance in family-run firms. Selden (1998) found that all of the seven dimensions of the learning organisation except promoting inquiry and dialogue were significantly correlated with knowledge performance. Of the seven dimensions of learning organisation, systems to capture learning (embedded systems) represented the most variance in knowledge performance.

Akin to Selden, McHargue (1999, 2003) examined the relationship between non-profit service organisations characteristics and learning organisation dimensions and three performance outcomes, namely financial, knowledge and mission performance in non-profit service organisations. In this study, the seven dimensions of the learning organisation were

found significantly related to knowledge performance. Systems to capture learning (embedded systems) established the strongest relationship with knowledge performance. McHargue strongly believes that non-profit organisations can be learning organisations and this in return will facilitate them to better serve their clients and communities as well as society.

Hernandez (2000, 2003) (see also Hernandez and Watkins, 2003) studied the ways in which learning organisation dimensions impact the process of tacit knowledge transfer, knowledge performance and financial performance within private manufacturing organisations in Colombia. Hernandez found a positive structural relationship between the seven learning organisation dimensions and the transfer of tacit knowledge process. The transfer of tacit knowledge process consecutively showed a positive influence on knowledge performance.

## **2.4 Management Practices and performance of revolving loan fund**

Kaynak, (2003) suggested a positive association between management practices and performance. Authors diverge in the way they perceive the links between management practices and performance. Some authors think that there is a hierarchy in the management practices and that infrastructure practices may only have a positive effect on performance if core practices have also been established (Anderson *et al.*, 1995). In opposition, other authors (Samson and Terziovski, 1999) have suggested that each practice can improve performance even without the core practices.

Management practices have been investigated extensively (Kaynak, 2003). Although a plethora of practices have been described, similarities among practices can be discerned.



This process resulted with the ten following distinct generic practices: top management commitment and support, organization for quality, employee training, employee participation, supplier quality management, customer focus, continuous support, improvement of quality system, information and analysis, and statistical quality techniques use.

After selecting ten generic practices, we grouped them into three main categories following the classification of Flynn *et al.* (1995a), Pannirselvam and Ferguson (2001) and Sousa and Voss (2002), namely: management practice: issued from the top management; infrastructure practices: intended to support core practices; and core practices: based on tools and techniques specifically related to quality.

Today's market and competitive pressures require companies to develop and maintain a high level of coherence between their strategy (objectives), action programmes (implementation), practices (instantiation) and performance (realisation). A lot of effort has been put into identifying “best” practices to support companies achieve superior performance. According to Armstrong (2000), performance management is a means of getting better results from the whole organisation or teams or individuals within it, by understanding and managing performance within an agreed framework of planned goals, standards and competence requirements. According to Walters (1995), performance management is about directing and supporting employees to work as effectively and efficiently as possible in line with the needs of the organisation. This requires paying attention to employee attitudes that improve the relationship between the employers and employees. These include job satisfaction, commitment and perceived psychological contract and so on. However, agency theory suggests that if both parties to the relationship

are utility maximisers there is good reason to believe that the agent (employee) will not always act in the best interests of the principal (employer). Roberts *et al.* (2005) argued that over-emphasis on control may be counter-productive. Patterson *et al.* (1997) found out that there was a significant positive relationship between employee attitudes (job satisfaction and commitment) and performance with a recommendation that organisations should focus more on human resources than on competitor strategy, quality and research.

Smith and Rupp (2002) established that the human capital is an essential element for sustainable competitive advantage, and how it is managed within the organisation is extremely important. This is because the intellect and management of systems capabilities that facilitate achievement of managed performance are vested in the human capital (Smith and Rupp, 2002). Human capital is an intangible resource as provided for in the RBV of the employment relationship. However, Augier and Teece (2006) argued that the RBV theory while accurate is incomplete for understanding environments that are experiencing substantial change, which the dynamic capability theory seeks to address.

According to the dynamic capability perspective, a firm's dynamic capabilities that are embedded in the organisation are crucial determinants of its ability to achieve firm performance particularly in a confused, turbulent and unpredictable environment. Shapiro *et al.* (2004) argued that these capabilities are grounded in the firm's knowledge base that is formed over time depending on experiences and the composition of the labour force. Grant (2002) added that capabilities (organisational routines) are the foundation of competitive advantage, and organisational capability requires the expertise of various individuals to be integrated with tangible and intangible resources.

## **2.5 Entrepreneurial Competences and performance of revolving loan fund**

Strilitz, (2003), commenting on this, suggest that most of the research questions tend to be germane to a particular programme and focus on the more immediate measures of effectiveness, i.e. participant interest and affect, participant knowledge acquisition, satisfaction with a particular instructor, programme content, etc. Others, such as Scoones, (1998), have found that there is a lack of accepted paradigms or theories of entrepreneurship education and training.

The restructuring, rationalization and move towards closer collaboration with suppliers through more effective supply chain management are changing the context of business relationships (Fox, 1998). Consequently, this will inevitably impact on the organisational competences required by SMEs to sustain and improve their position within a supply chain network. Surprisingly, however, there has been little work to identify the competences necessary for firms to seek or gain that advantage within a supply chain management framework (Croom *et al.*, 2000). Moreover, external relationships, available through the supply chain, are essential to SME development, particularly since SMEs that can creatively configure their customer relationships can use them to enhance their own capability (Barnett and Storey, 2000), with those that participate in network relationships also exhibiting higher-order learning abilities (Chaston and Mangles, 2000). However, for supply chains to be a source of business development will require customer organisations to acknowledge their role in disseminating and supporting business learning.

Sexton and Kasarda (2000) advance the notion that the two goals of most business education programme are to prepare people for career success and to increase their capacity for future learning. Equally important is the learner's personal fulfillment and contribution to

society. The ultimate measure of entrepreneurship education and training is how well it fosters all these aspirations and leads to start-ups.

While virtually every career in business involves some combination of knowledge, technique, and people skills, few involve the integration and combination of all functional knowledge and skills to the extent that entrepreneurial activities do. In entrepreneurship, however, commentators argue that, while there is a good deal of fundamental business knowledge required which can be taught in a classroom; there is not yet a guiding theory to assist the would-be entrepreneur in dealing with the uncertainties which surround any new business venture. And even if there were, the real test is performance under actual conditions, with all the real-world pressures over a period of several years.

Open learning – which might seem to offer attractive flexibility and cost effectiveness to SMEs – was found in a small scale research project to suffer from lack of management support. A need for greater understanding of what is involved in this form of learning by owner-managers is crucial to its success, and that those that performed best were firms where the owner-managers themselves had experienced open learning (Temple, 1995). Similarly, developments in multi-media technology have not impacted on the sector in terms of development solutions. Homan *et al.* (2000) found that a very small percentage of micro/small organisations had made use of it. It is an approach that will not be suitable for all individuals and, as with open learning, management support will be critical to its success.

Researchers frequently note that informal development takes priority over formal development within smaller organisations because it is firm specific and on-the-job, (Blackburn and Hankinson, 1989; Johnson and Gubbin, 1992). However, other research has

raised doubts over the effectiveness of informal learning for developing competence. Informal training requires particular skills on the part of the coach/facilitator transferring the requisite knowledge and skills (Hendry *et al.*, 1991). In addition, Mabey and Thompson (1994) point out that a lack of knowledge of the skills of learning can render informal training inadequate.

## **2.6 Demographic Factors and performance of revolving loan fund**

The size of household has an ambiguous expectation. In one hand, it is hypothesised that as household size increases, income earning capacity also increases given that the number of dependent members remains constant. On the other hand the increase in the number of households' members who are dependent would reduce the income earning capacity and thereby becoming credit unworthy (Zeller, 2005). The final effect on repayment capacity is thus undetermined.

Productive and short-term yielding economic activities are likely increase the repayment capacity than consumption and long-term yielding activities. Thus, the borrowers for petty trade and commerce are more likely to meet the requirement of monthly credit repayment than the borrowers who are engaged in agricultural production. Covariate risks are also likely to increase the chances of unwilling default among the farmers' borrower, (Chirwa, 2007).

Some empirical evidence has shown that in most developing economies, revolving fund have brought millions of citizens into cohesive financial institutions which are succeeding very well in providing financial services to its members for improving their standard of living (Chirwa, 2007). Nevertheless, the existing literature has also indicated that

these women group in rural areas has been experiencing problems including diseconomies scale of credit, high interest rate on loan, and very short-term loans (Chirwa, 2007). Such problems have caused high rate of default in most developed economies. Likewise previous studies have established that social-economic and demographic factors such as age, income, marital status, gender, family size, occupation, etc. have bearing on households' credit worthiness and repayment behaviour of the borrowers on credit market.

## **2.7 Theoretical Review**

This section illustrates the theoretical basis that relate to factors influencing performance of revolving loan fund among women groups. The study is based on the theory of poverty and the credit investment model which explains factors influencing performance of revolving loan fund among women groups in Kikuyu District, Kiambu County.

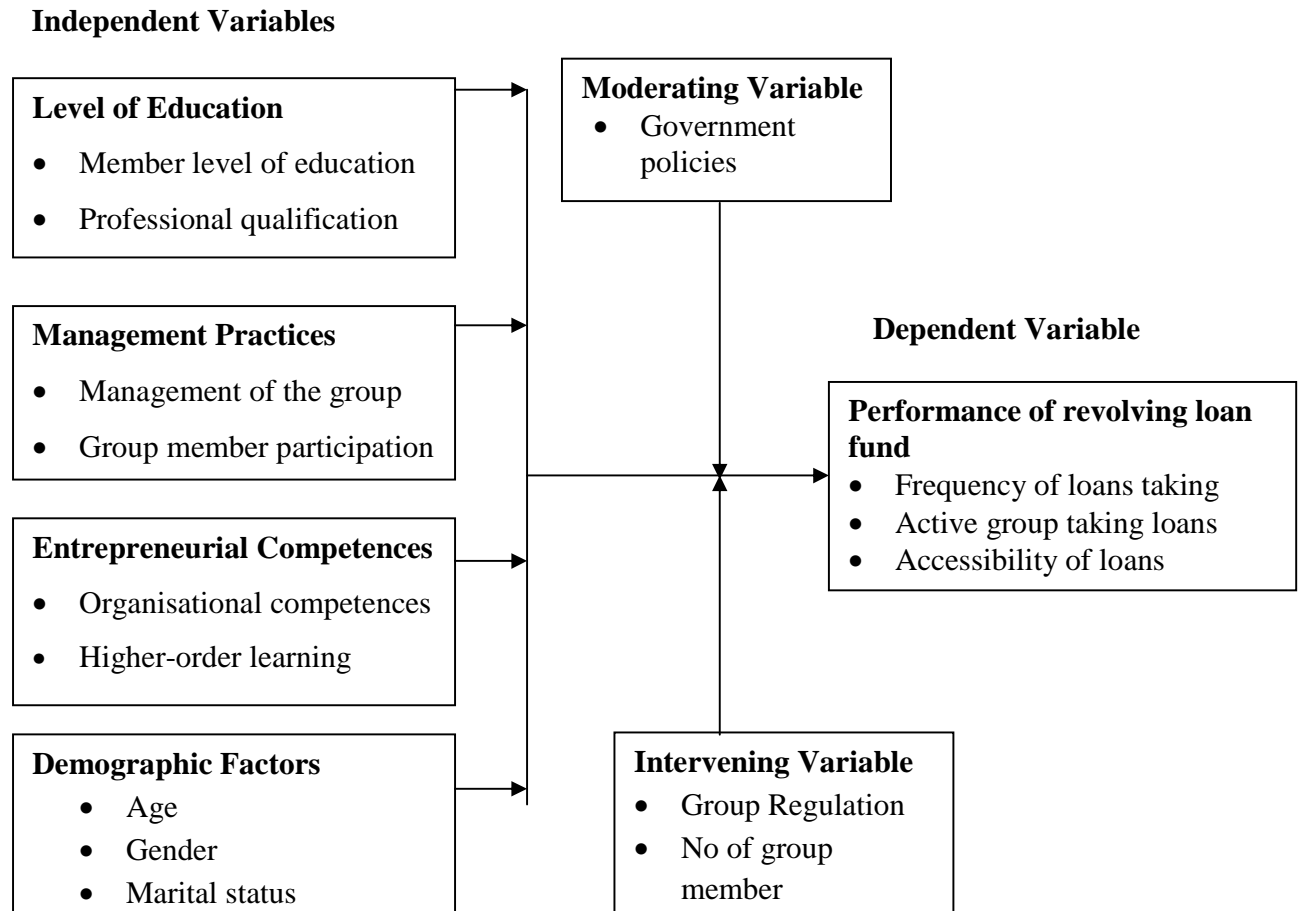
### **2.7.1 Theory of Poverty and the Credit Investment Model**

The issue of poverty reduction has engaged the attention of many social science development researchers. In attempts to disunite the circle of poverty in developing nations, many researchers and theorists have propounded various theories to guide policy makers as an instrument for easing the poverty burden. The modernization theorists contend that poverty is internally created in the developing nations and could only be removed through internal strategies through following the development paths of the advanced world (Hirschman 1958, Schult, 1980). Thus, *do us we did approach*. The dependency theorists, on the other hand hold the view that poverty is externally created and can only be eradicated if the developed world alters the unfavorable trade relations with the developing countries (Rodney, 1972).

Gardner et al. (1996) have argued that neither of the grand theories has survived intact as a viable paradigm for understanding change and transformation, or processes of poverty and inequality in time and space. It is noted that the arguments of these theories appear abstract, which meant that they might fail to reflect the complexity of real world situation and thus ended up with circular statements (Seppälä, 1998). That means they might not be ideal in explaining realistically, the problems of global processes. Hence, the adoption by development researchers the importance of individual's action in the face of structural constraints. Individual actor-oriented approach paints a picture of the poor having power and agency, although subordinate, and underestimating the importance of the societal structures within which people operate. Generally, it is hoped that the individual actor has the capacity to process social experience and strategize ways of coping with situations, even if under force. No matter whatever uncertainty or constraints he/she might have faced with, social actors are knowledgeable 'and capable'(Long, 2001). The theory will be used in the study to explain factors influencing performance of revolving loan fund among women groups in Kikuyu District, Kiambu County.

## **2.8 Conceptual Framework**

This study used the variable derived from the research objectives to investigate the factors affecting the performance of revolving loan fund. A conceptual framework showing the relationship between the dependent variable (performance) and the independent variables (Level of education, Management practices, Entrepreneurial competences and demographic factors) has been drawn.



**Figure 1: Relationship of factors affecting the performance of revolving loan fund**

## 2.9 Summary and Research Gap

Majority of women fall within the lowest low-income category that financial institutions do not currently cater for. Despite women being care givers and providers, by and large they are one of the most excluded groups from both basic services and decision making. To improve the measurement of financial status and performance, RLF operators could estimate expected loan losses and administrative costs according to generally accepted accounting principles. As a non-traditional source of financing, the RLF does not require tangible collateral, such as material or financial assets.



A RLF is a source of money from which loans are made. Loans are made to borrowers consistent with standard prudent lending practices. As loans are repaid by the borrowers, the money is returned to the RLF to make additional loans. The benefits of microcredit programs like World Vision's are legion. Many development professionals see the strategy of providing credit to poor entrepreneurs as the most direct means of combating hunger. Most loans are made to high-risk borrowers at concessionary terms. RLF funds take a subordinated lien position to leverage their capital through joint lending with private lenders. Borrowers receive education in business operations and market development.

Governments recognize that an educated workforce is better and may reduce risks and poverty, but the local economies cannot afford to subsidize education for all at-risk young people. Although a plethora of practices have been described, similarities among practices can be discerned. The major constrain to the growth of the revolving loan fund subsector is lack of an effective regulatory framework, which give rise to some incidences of poor governance, thus lowering public confidence in these institutions. The above factors affect the performance of revolving loan fund if not well addressed by the management. In Kikuyu District there exists a gap between what the management thinks in terms of how to achieve the goals of the revolving loan funds and what the members feel about their needs and the way they are catered for by the fund. The researcher would therefore like to fill this information gap, that the members feel their personal needs have not been well integrated in the growth strategy of the revolving loan fund.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter described the intended research design for the study, the target population for the study, the sampling procedure to be used in conducting the study, methods of data collection, instrumentation issues with regard to validity and reliability, operational definition of variables, method of data analysis to be used in conducting the research and finally the summary of the chapter.

#### **3.2 Research design**

Descriptive research design was used in this study because it does not involve manipulation of variable under investigation but seeks to establish the status of the phenomena (Borges & Gall, 1983). It is relevant because it is used to assess attitude and opinions about events, individual or procedure (Gray, 1992, Mugenda & Mugenda, 1999). This research design is therefore appropriate for the study because it was used to establish the factors influencing performance of revolving loan fund among women groups in Kiambu County, Kenya.

#### **3.3 Target Population**

According to Ngechu (2004) a study population is a well-defined or specified set of people, group of things, households, firms, services, elements or events which are being investigated. This study was conducted within Kiambu County. Target population was 1275 respondents in the 85 active registered women groups in Kiambu County (D.S.D.O Kikuyu District). The management and the members of the groups formed the target population. For

purposes of this study the target population was stratified into executive group officials, committee members and the general members.

**Table 3.1: Target Population**

Level	Frequency	Percentage
Executive group officials	255	20%
Committee members	224	18%
General members	796	62%
Total	1275	100%

### **3.4 Sampling Procedure and Sample Size**

Sampling ensures that some elements of a population were selected as riding representative of the population this was according to Keya et al., (1989). Stratified random sampling technique as used to select the sample. According to Kerry and Bland (1998) the technique produce estimates of overall population parameters with greater precision and ensures a more representative sample is derived from a relatively homogeneous population. Stratification aims to reduce standard error by providing some control over variance. The was group the population into three strata i.e. executive group officials, committee members and the general members. From each stratum the study used simple random sampling to select 128 respondents. According to Cooper and Schindler (2003), random sampling frequently minimizes the sampling error in the population. This in turn increases the precision of any estimation methods used.

**Table 3.2: Sampling Frame**

Level	Frequency	Percentage	Sample Size
Executive group officials	255	10	26
Committee members	224	10	22
General members	796	10	80
Total	1275		128

### **3.5 Data Collection Instruments**

The use of survey method of data collection was chosen for this study. The study used semi structured questionnaires containing closed ended and open ended questions to collect primary data. Questionnaires were administered to the respondent through drop and pick method. The reason for choosing a survey method was because the method is more efficient and economical as compared to other methods such as observation. Disseminating the questionnaires to the respondents through email was chosen because it gave the respondent ample time to give true and accurate information, less costly than personal interviews. Drop and pick questionnaires gave the respondents enough time to think about the response they want to give concerning factors influencing performance of revolving loan fund among women groups. Secondary data regarding this study was sourced from government reports and other studies. Together with the data collected using the questionnaire, analysis was done and findings and conclusions drawn.

### **3.6 Instrument Validity**

Validity refers to the accuracy and meaningfulness of inferences based on the research results (Mugenda & Mugenda, 2003) can be enhanced by absence of errors in the data collected. The research instrument was piloted in with 10 respondents was not forming part of the groups selected for the study. This was ensured by going through the questionnaire with the supervisor and respondents to ascertain that each of the items is

framed in the least ambiguous way. The pilot study aimed at establishing construct validity of the instruments (Mugenda & Mugenda, 1999). The pilot study assisted in identifying the problems which the respondents may encounter in the process of answering the questions put across to them. The piloted questionnaire was revised and ambiguous items modified.

### 3.7 Instrument Reliability

In this study, a pilot study was carried out on 10 respondents who were not included in the actual data collection. The researcher administered the instruments personally to the respondents. The feedback was used to validate the instruments in readiness for the study. After administering the instruments to the selected respondents, the data obtained was a true reflection of the variables under study. To test the reliability of the instruments, the researcher used the split-half technique. The instrument was split into two sub sets (the sets which have odd numbers and even numbers). All even numbered items and odd numbered responses in the pilot study was computed separately. By using this method, the researcher aimed at determining the co-efficient of internal consistency and the reliability co-efficient whose value varied between 0.00 (indicating no reliability) and +1.00 (indicating perfect reliability). The odd numbered scores for all items were correlated with even numbered scores using Pearson Product Moment Correlation Co-efficient of the entire test.

The researcher used Spearman Brown Prophecy formula:

$$= \frac{2 \times \text{Corr. between the halves}}{1 + \text{Corr between the halves}} \quad \text{Or } Re = \frac{2R}{r + 1}$$

Where Re = reliability of the original test

$r$  = reliability of the coefficient resulting from correlating the scores of the odd items with the scores of the even items. A coefficient of 0.70 will be considered adequate but a coefficient of 0.80 is good according to Gay (2003).

### **3.8 Data Collection Procedure**

The researchers applied for a permit from National Council for Science and Technology before embarking on the study. The researcher sought an appointment with respondents before administering research instruments. The questionnaire was administered by the researcher and trained research assistants through a drop-wait-and-collect method. The researcher and the research assistants took the questionnaire to the selected respondents who were selected through a random procedure to fill the questionnaires as they are waited.

### **3.9 Data Analysis**

In this study, a descriptive approach to data analysis was used to analyze collected data to establish the factors influencing performance of revolving loan fund among women groups in Kiambu County, Kenya. The research perused completed questionnaires. Quantitative data collected was analyzed using SPSS and presented through percentages, means, standard deviations and frequencies. The information was displayed by use of bar charts, graphs and pie charts. This involved tallying up responses, computing percentages of variations in response as well as describing and interpreting the data in line with the study objectives and assumptions through use of SPSS. Content analysis was used to analyze data that is qualitative nature or aspect of the data collected from the open ended questions. In addition, correlation analysis was done to establish the relationship between the study variables.

Correlation analysis is the statistical tool that can be used to determine the level of association of two variables (Levin & Rubin, 1998). This analysis can be seen as the initial step in statistical modeling to determine the relationship between the dependent and independent variables. Prior to carrying out a multiple regression analysis, a correlation matrix was developed to analyze the relationships between the independent variables as this would assist in developing a prediction multiple models. Correlation analysis helps to detect any chance of multicollinearity. Correlation value of 0 shows that there is no relationship between the dependent and the independent variables. On the other hand, a correlation of  $\pm 1.0$  means there is a perfect positive or negative relationship (Hair et al., 2010). The values will be interpreted between 0 (no relationship) and 1.0 (perfect relationship). The relationship was considered small when  $r = \pm 0.1$  to  $\pm 0.29$ , while the relationship was considered medium when  $r = \pm 0.3$  to  $\pm 0.49$ , and when  $r = \pm 0.5$  and above, the relationship was considered strong.

### **3.10 Ethical Consideration**

The ethical issues related to the study was addressed by maintaining high level confidentiality of the information volunteered by the respondents and never intending to use of the respondents was optional and were not to be disclosed to protect their rights. All the personal details was limited to general information.

## CHAPTER FOUR

### DATA ANALYSIS, INTERPRETATIONS AND PRESENTATION

#### 4.1 Introduction

This chapter discusses the interpretation and presentation of the findings obtained from the field. The chapter presents the background information of the respondents, findings of the analysis based on the objectives of the study. Descriptive and inferential statistics have been used to discuss the findings of the study. The study targeted a sample size of 128 respondents from which 119 filled in and returned the questionnaires making a response rate of 93%. This response rate was satisfactory to make conclusions for the study as it acted as a representative. According to Mugenda and Mugenda (1999), a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. Based on the assertion, the response rate was excellent.

#### 4.2 General Information

**Table 4.3: Age Category**

<b>Member</b>	<b>Frequency</b>	<b>Percentage</b>
21 to 30 years	16	13.4
31 to 40 years	56	47.1
41 to 50 years	36	30.3
Over 50 years	11	9.2
<b>Total</b>	<b>119</b>	<b>100</b>

The study requested the respondents to indicate their age category, from the research findings, the study established that most of the respondents as shown by 47.1% were aged between 31-40 years, 30.3% of the respondents were aged between 41-50 years, and 13.4%



of the respondents were aged between 21-30 years whereas 9.2% of the respondents were aged above 50 years. No respondent respondents indicated to be aged below 20 years. This is an indication that respondents were well distributed in terms of their age.

**Table 4.4: Respondent's Highest Formal Qualification**

<b>Member</b>	<b>Frequency</b>	<b>Percentage</b>
Primary school	16	13.4
Secondary school	25	21.0
Certificate/ diploma	30	25.2
University degree	28	23.5
Masters degree	20	16.8
<b>Total</b>	<b>119</b>	<b>100</b>

On the academic qualification of the respondents, the study requested the respondents to indicate their academic qualification, from the findings, the study found that most of the respondents as shown by 25.2% were holders of college diploma certificate, 23.5% indicated that they hold bachelors degree certificate, 21% indicated that they hold secondary school certificate, 16.8 % of the respondents indicated they hold master's degree certificate, whereas 13.4% of the respondents indicated they hold primary certificate. This is an indication that majority respondents were literate and could give credible information relating to this study.

**Table 4.5: Length of Time since the Respondent Enrolled As Group Member**

Member	Frequency	Percentage
over 15 years	13	10.9
11-15 years	22	18.5
6-10 years	47	39.5
1-5 years	30	25.2
Less than a years	7	5.9
Total	119	100

The study requested the respondent to indicate the Length of time since the she enrolled as group member, from the research findings 39.6% of the respondents indicated that they had 6-10 years since they joined the group, 25.2% of the respondents indicated that they had 1-5 years since they enrolled as group member 18.5% of the respondents indicated that they had 11-15 years, 10.9% indicated that they had had over 15 years since they joined the group Whereas 5.9 % of the respondents indicated that they had less than a year since they enrolled in the group. This is an indication that majority of the respondents had been in the group for a considerable period of time and therefore they were in a position to give credible information relating to this study.

**Table 4.6: Respondents Position in the Group**

Member	Frequency	Percentage
Member	73	61.3
Official	46	38.7
Total	119	100

The study requested the respondents to indicate his position in the group, from the research findings, the study established that majority of the respondents as shown by 67.3%

were ordinary group member's whereas 38.7% of the respondents were officials. This implies that the entire group's composites were well represented from all categories.

#### **4.3 Factors Influencing Performance of Revolving Loan Fund Programs**

The study sought to establish the factors influencing performance of revolving loan fund programmes among women groups in, Kikuyu District, Kiambu County, Kenya. The results are presented in the sub sections below.

**Table 4.7: Varieties of Low-Interest Loans Offered By the Group**

loan products	Frequency	Percentage
Emergencies	31	26.1
Small business initiatives	53	44.5
Own life improvements	35	29.4
Total	119	100

The study requested the respondent to indicate the category which group provides low-interest loans for. From the research findings most of the respondents as shown by 44.5% indicated that the group provided low interest loan for Small business initiatives, 29.4% of the respondents indicated that the group provided low interest loans for own life improvements whereas 26.1% of the respondents indicated that the group provided low interest loan for emergencies, this implies that most women groups were focused on improving the social economic status on the group members.

**Table 4.8: Groups Main Activity of the Group**

<b>loan products</b>	<b>Frequency</b>	<b>Percentage</b>
Provide access to capital to borrowers who might not have other resources.	23	19.3
Reduce borrowing costs.	46	38.7
Create jobs	50	42.0
<b>Total</b>	<b>119</b>	<b>100</b>

The research sought establishes the respondent's main activity, from the research findings 42% of the respondents indicated that the core activity of the group was to create jobs. 38.7% of the respondents indicated that the core activity of the group was to reduce borrowing costs. 19.3% of the respondents indicated that the main activity of the group was to provide access to capital to borrowers who might not have other resources. This implies that the main objective the groups reduce the create job for their member's.

**Table 4.9: Statement Relating To Benefits Revolving Loan Funds Group**

<b>Statement</b>	<b>Percentage</b>
They are self-renewing	72%
Make credit more available	85%
Is a low-cost way to provide credit assistance	75%
Higher operating income	70%
Replacing losses with loan able funds	65%
Loans sought only by borrowers who lack other sources	45%

The study sought to determine the extent to which respondents agreed with the above statements as the benefits revolving loan funds group. From the research findings 85% of the respondents indicated that funds group Make credit more available, 75% of the respondents indicated that is a low-cost way to provide credit assistance, 72% of the respondents indicated that loan funds group are self-renewing, 70% of the respondents indicated that

loan funds group higher operating income , 65% of the respondents indicated that loan funds group Replaces losses with loan able funds and that 45% of the respondents indicated that loan funds group commonly serve borrowers who lack other sources

**Table 4.10: Statement Relating to the Performance of Revolving Loan Funds**

Statements	Strongly agree	Agree	Moderately agree	Disagree	Strongly disagree	Mean	Std deviation
Mobilizing people via savings schemes is a successful way of attempting to provide financial solutions	23	86	6	3	1	1.93	0.30
Women-centered savings schemes undertake many tasks like enumerating and strengthening savings practices	35	76	3	2	3	1.84	0.27
The building of mutual trust within and between member groups is crucial to the success of the RLF	49	62	5	2	1	1.69	0.25

The study sought to determine the extent to which respondents agreed with the above statements relating to the performance of revolving loan funds. From the research findings the study agree majority of the respondents agreed that: The building of mutual trust within and between member groups is crucial to the success of the RLF as shown by a mean of 1.69, Women-centered savings schemes undertake many tasks like enumerating and strengthening savings practices as shown by mean of 1.85, Mobilizing people via savings schemes is a successful way of attempting to provide financial solutions as shown by mean of 1.93.

#### 4.4 Level of Education

The study also sought to determine the influence of level of education among group members on the performance of revolving loan fund. The results are presented in the sub sections below.

**Table 4.11: Extent to Which Level of Education Affect the Performance of Revolving Loan Fund**

Opinion	Frequency	Percentage
Very great extent	37	31.1
Great extent	67	56.3
Moderate extent	12	10.1
Little extent	3	2.5
Total	119	100

The study sought to determine the extent to which level of education influence the performance of revolving loan fund among women groups. From the research findings majority of the respondents as shown by 56.3% indicated to a great extent. 31.1% of the respondents indicated to a very great extent, 10.1% of the respondents indicated to a moderate extent whereas 2.5% of the respondents indicated to a little extent. This implies that level of education influences the performance of revolving loan fund among women groups to a great extent.

**Table 4.12: Importance of Education/Training in Enhancing the Performance of Revolving Loan Fund**

Training programmes							
	Very great extent	Great extent	Moderate extent	Little extent	Not at all	Mean	stud deviation
Accounting	36	77	5	1	0	1.76	0.28
Financial management skills	29	80	8	0	2	1.87	0.28
Training in risk reduction	34	79	3	2	1	1.80	0.28
Training in designing of loan products	37	74	5	2	1	1.79	0.27
Business operations	26	85	7	0	1	1.87	0.30
Market development	38	75	4	1	1	1.76	0.27
Record keeping	32	77	6	1	3	1.87	0.27
New products	33	76	9	1	0	1.82	0.27

The study sought to established the extent to which the training were critical in ensuring positive performance of revolving loan fund, from the research findings, the following training programmes were indicated to be important in enhancing the performance of revolving loan fund, Accounting and Market development as shown by a mean of 1.76 and a standard deviation of 0.27 in each case respectively, Training in designing of loan products as shown by a mean of 1.78, Training in risk reduction as shown by a mean of 1.80, New products as shown by a mean of 1.82, Financial management skills, Business operations, Record keeping as shown by a mean of 1.87 in each case respectively.

**Table 4.13: Statements relating to the relationship between group members Level Of Education and the Performance of the Revolving Loan Fund.**

Statements	Strongly Agree	Agree	Moderately Agree	Disagree	Strongly Disagree	Mean	Std Deviation
There is a dire need to provide education and business training to enhance the financial management skills of the borrower	37	70	10	2	0	1.81	0.25
Learning organizations will likely have increased organizational performance	25	75	14	2	3	2.02	0.25
Members with education on risk reduction and designing loan products develop disaster-proofing policies of the group on how to respond and disaster mitigation measures	24	81	8	5	1	1.97	0.28
Educated lot for the group is better and may reduce risks and poverty	26	88	3	1	1	1.85	0.31
The level of formal education could have positive effects on trust among the group management	35	76	6	2	0	1.79	0.27
Better educated members will be more likely to form trusting relationships with sales managers	29	85	3	2	0	1.82	0.30
The level of education enhance financial, knowledge and mission performance of the group	34	79	2	3	1	1.81	0.28
Borrowers that have received education in business operations and market development are able to manage the fund in a better way enhancing its performance	29	80	7	3	0	1.87	0.28



The research requested that respondents indicate their level of agreement with the following relating to the effect of the level of education on the performance of the revolving loan fund. From the research findings majority of the respondents agreed that; the level of formal education could have positive effects on trust among the group management as shown by a mean of 1.79, There is a dire need to provide education and business training to enhance the financial management skills of the borrower, The level of education enhance financial, knowledge and mission performance of the group as show by a mean of 1.81 in each case, Better educated members will be more likely to form trusting relationships with sales managers as shown by a mean of 1.82, Educated lot for the group is better and may reduce risks and poverty as shown by mean of 1.85, Borrowers that have received education in business operations and market development are able to manage the fund in a better way enhancing its performance as shown by mean of 1.87, Members with education on risk reduction and designing loan products develop disaster-proofing policies of the group on how to respond and disaster mitigation measures as shown by mean of 1.97, Learning organizations will likely have increased organizational performance as shown by mean of 2.02, the findings above concurs with (Korpivaara, 2001) Borrowers that have received education in business operations and market development are able to manage the fund in a better way.

#### **4.5 Management Practices**

The study also sought to establish the extent to which management practices influences the performance of revolving loan fund. The results are presented in the sub sections below.

**Table 4.14: Influence of Management Practices on the Performance of Revolving Loan Fund**

Opinion	Frequency	Percentage
Yes	94	79.0
No	25	21.0
<b>Total</b>	<b>119</b>	<b>100</b>

The research sought to determine whether management practices influenced the performance of revolving loan fund in the group, from the research findings, majority of the respondents as shown by 79% agreed that management practices influences the performance of revolving loan fund in women groups whereas 21% of the respondents were of the contrary opinion. This is an implication that management practices influences the performance of revolving loan fund among women groups.

**Table 4.15 : Extent to Which Management Practices Influence the Performance of Revolving Loan**

Opinion	Frequency	Percentage
Very great extent	54	45.4
Great extent	37	31.1
Moderate extent	16	13.4
Little extent	12	10.1
<b>Total</b>	<b>119</b>	<b>100</b>

The study sought to determine the extent to which management practices influences the performance of revolving loan fund among women groups. From the research findings most of the respondents as shown by 45.4% indicated to a very great extent. 31.1% of the respondents indicated to a great extent, 13.4% of the respondents indicated to a moderate extent whereas 10.1% of the respondents indicated to a little extent. This implies that

management practices influences the performance of revolving loan fund among women groups to a very great extent.

**Table 4.16: Statement Relating To Management Practices and Organizational Performance**

Statements	Strongly Agree	Agree	Moderately Agree	Disagree	Strongly Disagree	Mean	Std Deviation
'There is a positive association between management practices and organizational performance	0	1	3	40	75	4.59	0.28

The sought to determine the extent to which respondent's agreed with the above statement , from the research findings, majority of the respondent's disagreed that 'There is a positive association between management practices and organizational performance' as shown by a mean of 4.59.

**Table 4.17: Relationship between Management Practices and the Performance of Revolving Loan Fund**

Statements	Very great extent	Great extent	Moderate extent	Little extent	Not at all	Mean	Std deviation
Top management commitment and support	38	74	3	2	2	1.79	0.27
Organization for quality	34	76	6	2	1	1.82	0.27
Members training	33	77	5	2	2	1.85	0.27
Members participation	32	79	7	1	0	1.81	0.28
Customer focus	27	80	8	3	1	1.92	0.28
Continuous support	33	73	9	2	2	1.88	0.25
Improvement of quality system	48	67	3	1	0	1.64	0.26
Information analysis	44	66	7	0	2	1.74	0.25

The study requested the respondent's to indicate the extent to which the above management practices among members affect the performance of the fund, from the research findings, the following management factors were indicated to affect performance of the fund to a great extent, Improvement of quality system as shown by a mean of 1.64, Information analysis as shown by a mean of 1.74, Top management commitment and support as shown by mean of 1.79, Members participation as shown by a mean 1.81, Organization for quality as shown by a mean 1.82, Members training as shown by a mean 1.85, Continuous support as shown by a mean 1.88 and Customer focus as shown by a mean 1.92. the above findings concurs with According to Walters (1995), that performance management is about directing and supporting employees to work as effectively and efficiently as possible in line with the needs of the organisation

#### **4.6 Entrepreneurial Competences**

The study also sought to assess how entrepreneurial competences influence the performance of revolving loan fund among women groups. The results are presented in the sub sections below.

**Table 4.18: influence of Entrepreneurial Competences on the Performance of Revolving Loan Fund among Women Groups**

<b>Opinion</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	96	80.7
No	23	19.3
Total	119	100

The research sought to determine whether entrepreneurial competences among the members influenced the performance of revolving loan fund among women groups, from the research findings 80.7% of the respondents agreed that of entrepreneurial competences among the members affects the performance of revolving loan fund among women groups whereas

19.3% of the respondents were the contrary opinion. This is an implication that an entrepreneurial competence among the members influences the performance of revolving loan fund among women groups.

**Table 4.19: Extent to which Entrepreneurial Competences Influence the Performance of Revolving Loan Fund among Women Groups.**

Opinion	Frequency	Percentage
Very great extent	37	31.4
Great extent	60	50.8
Moderate extent	12	10.2
Little extent	10	8.5
Total	119	100

The study sought to determine the extent to which of entrepreneurial competences among the members influence the performance of revolving loan fund among women groups. From the research findings majority of the respondents as shown by 50.8% indicated to a very great extent 31.4% of the respondents indicated to a great extent, 10.2% of the respondents indicated to a Moderate extent whereas 8.5% of the respondents indicated to a little extent. This implies that entrepreneurial influences the performance of revolving loan fund among women groups to a very great extent.

**Table 4.20: Extent to which Entrepreneurial Competences Influences the Performance of Revolving Loan Fund among Women Groups**

Statements	Very great extent	Great extent	Moderate extent	Little extent	Not at all	Mean	Std deviation
Competitor analysis	41	66	10	2	0	1.77	0.24
Strategic planning	31	78	9	0	1	1.84	0.28
Modern business management	39	66	11	1	2	1.83	0.24
Business planning	34	75	7	3	0	1.82	0.27
Capital Access	31	79	7	1	1	1.84	0.28
General business knowledge	34	77	6	2	0	1.80	0.28
Ability to negotiate deals	30	78	7	3	1	1.88	0.27
Human Resources management	33	75	9	1	1	1.84	0.26
Finance & Accounting	33	70	12	2	2	1.91	0.24
Sales & Marketing	31	77	9	2	0	1.85	0.27
Innovativeness	34	76	7	0	2	1.82	0.27
Risk taking	44	66	6	2	1	1.74	0.25
Proactiveness	40	61	14	1	3	1.87	0.22

The study sought to determine the extent to which the possession of above factors relating entrepreneurial competence would enhance the performance of revolving loan fund among women groups, from the study findings, majority of the respondents agreed that the following entrepreneurial attributes were very crucial in enhancing the performance of revolving loan fund, Competitor analysis as shown by a mean of 1.77, Risk taking as shown by mean of 1.74, General business knowledge as shown by a mean of 1.80, Innovativeness, Business planning as shown by a mean of 1.82 in each case, Modern business management as shown by a mean of 1.83, Human Resources management, Strategic planning as shown

by a mean of 1.84 in each case, Sales & Marketing as shown by a mean of 1.85, Proactiveness as shown by a mean of 1.87, Ability to negotiate deals as shown by a mean of 1.88, Finance & Accounting as shown by a mean of 1.91,

**Table 4. 21: Statements Relating To Entrepreneurial Competences**

Statements	Strongly Agree	Agree	Moderately Agree	Disagree	Strongly Disagree	Mean	Std Deviation
The group members are involved in entrepreneurship education and training	41	71	5	1	1	1.74	0.26
The members have organizational competences required by SMEs to sustain and improve their position within a supply chain network	44	68	4	1	2	1.73	0.26
Members identify the competences necessary for firms to seek or gain that advantage within a supply chain management framework	46	67	3	2	1	1.70	0.26
The members have external relationships that are essential to SME development	31	77	8	2	1	1.87	0.27
There are business education programmes to prepare people for career success and to increase their capacity for future learning	39	75	2	1	2	1.76	0.28
Entrepreneurship education and training are necessary to foster all members' aspirations and leads to good performance of the group.	32	74	8	4	1	1.89	0.26
Informal learning is very effective for developing competence	33	75	8	2	1	1.85	0.26
Informal training requires particular skills on the part of the coach/facilitator transferring the requisite knowledge and skills	30	76	10	1	2	1.90	0.26
Lack of knowledge of the skills of learning can render informal training inadequate.	32	71	12	2	2	1.92	0.24

The researcher requested the respondents to indicate the statements relating to entrepreneurial competences among the members and the performance of revolving loan fund among women groups. From the study findings majority of the respondents agreed that, Members identify the competences necessary for firms to seek or gain that advantage within a supply chain management framework as shown by mean of 1.70, the members have organizational competences required by SMEs to sustain and improve their position within a supply chain network as shown by a mean of 1.73, the group members are involved in entrepreneurship education and training as shown by a mean of 1.74, there are business education programmes to prepare people for career success and to increase their capacity for future learning as shown by a mean of 1.76, informal learning is very effective for developing competence as shown by a mean of 1.85, the members have external relationships that are essential to SMEs development as shown by a mean of 1.87, entrepreneurship education and training are necessary to foster all members' aspirations and leads to good performance of the group as shown by a mean of 1.89, informal training requires particular skills on the part of the coach/facilitator transferring the requisite knowledge and skills as shown by a mean of 1.90, and that lack of knowledge of the skills of learning can render informal training inadequate. The above findings concurs with Mabey and Thompson (1994) they point out that a lack of knowledge of the skills of learning can render informal training inadequate

#### **4.7 Demographic Factors**

The study also sought to assess how demographic factors influence the performance of revolving loan fund among women groups. The results are presented in the sub sections below.



**Table 4.22: Influence of Demographic Factors on the Performance of Revolving Loan Fund Among Women Groups**

Opinion	Frequency	Percentage
Yes	84	70.6
No	35	29.4
Total	119	100

The research sought to determine whether demographic factors of group members influenced the performance of revolving loan fund among women groups, from the research findings, 70.6% of the respondents agreed that demographic factors of group members affects the performance of revolving loan fund among women groups whereas 29.4% of the respondents were of the contrary opinion. This indicates that demographic factors of group members influence the performance of revolving loan fund among women groups.

**Table 4.23: Extent to Which Demographic Factors of Group Members Influences the Performance of Revolving Loan Fund among Women Group**

Opinion	Frequency	Percentage
Very great extent	32	26.9
Great extent	58	48.7
Moderate extent	21	17.6
Little extent	8	6.7
Total	128	100

The study sought to determine the extent to which demographic factors of group members influence the performance of revolving loan fund among women groups. From the research findings majority of the respondents as shown by 48.7% indicated that demographic factors of group members influence the performance of revolving loan fund among women groups to a great extent, 26.9% of the respondents indicated to a very great extent, 17.6% of the respondents indicated to a moderate extent whereas 6.7% of the respondents indicated to a little extent. This implies that demographic factors of group

members influence the performance of revolving loan fund among women groups to a great extent.

**Table 4.24: Statements relating to the relationship between Demographic Factors and the Performance of Revolving Loan Fund among Women Groups**

Demographic factors	Very great extent	Great extent	Moderate extent	Little extent	Not at all	Mean	Std deviation
Age	47	55	10	5	2	1.82	0.21
Family size	50	50	12	6	1	1.81	0.20
Marital status	51	52	9	4	3	1.79	0.21

The study requested the respondent to rate the extent to which the above demographic factors influenced the performance of revolving funds among women groups, from the research findings, the following demographic factors were indicated to influence performance of revolving funds to a great extent, Marital status as shown by a mean of 1.79. Family size as shown by a mean of 1.81 than Age as shown by a mean of 1.82 the above findings concurs with (Zeller, 2005) Zeller observed that social-economic and demographic factors such as age, income, marital status, gender, family size, occupation, etc. have bearing on households' credit worthiness and repayment behaviour of the borrowers on credit market.

**Table 4.25: Extent to Which the Following Factors Influence Performance of Revolving Funds**

Factors	Very great extent	Great extent	Moderate extent	Little extent	Not at all	Mean	Std deviation
Savings improved	44	60	7	5	3	1.85	0.22
Loans disbursed	46	59	8	4	2	1.80	0.22
Members satisfaction	51	52	9	4	3	1.79	0.21
Default rate reduced	47	60	7	2	3	1.77	0.23

The study requested the respondent to rate the extent to which the above factors that influence performance of revolving funds, from the research findings, the following factors were indicated to influence performance of revolving funds to a great extent, Default rate reduced as shown by a mean of 1.77, Members satisfaction as shown by a mean of 1.79, Loans disbursed as shown by a mean of 1.80, and Savings improved as shown by a mean of 1.85.

## **CHAPTER FIVE:**

### **SUMMARY OF FINDINGS CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

From the analysis and data collected, the following discussions, conclusion and recommendations were made. The responses were based on the objectives of the study. The study sought to determine the influence of level of education among group members on the performance of revolving loan fund to establish the extent to which management practices influences the performance of revolving loan fund to assess how entrepreneurial competences influence the performance of revolving loan fund among women groups and to assess how demographic factors influence the performance of revolving loan fund among women groups.

#### **5.2 Summary of findings**

Section 5.2 presents the summary research finding on the influence of level of education, management practices, entrepreneurial competences and demographic factors influence the performance of revolving loan fund among women groups.

##### **5.2.1 Factors Influencing Performance of Revolving Loan Fund Programs**

The study revealed that most women groups were focused on improving the social economic status on the group members. Through job creation, reduction of borrowing costs as well as providing access to capital to borrowers who might not have any other resources. The study further established that funds group Makes credit more available, funds group provided a low-cost way of access to credit, loan funds group are self-renewing, loan funds group has a higher operating income, loan funds group replaced losses with loan able funds

and that loan funds group commonly served borrowers who could not access funds from other sources. The study also revealed that the building of mutual trust within and between member groups is crucial to the success of the RLF, Women-centered savings schemes undertake many tasks like enumerating and strengthening savings practices, mobilizing people via savings schemes is a successful way of attempting to provide financial solutions.

### **5.2.2 Level of Education**

The study revealed that the level of education among participants influenced the performance of revolving loan fund among women groups to a great extent. the study further established that the following training programs were critical in enhancing the performance of revolving loan fund, accounting and market development, training in designing of loan products, training in risk reduction, new products, financial management skills, business operations, record keeping, the research also noted that the; the level of formal education could have positive effects on trust among the group management, there is a dire need to provide education and business training to enhance the financial management skills of the borrower, the level of education enhance financial, knowledge and mission performance of the group, better educated members will be more likely to form trusting relationships with sales managers, educated lot for the group is better and may reduce risks and poverty .borrowers that have received education in business operations and market development are able to manage the fund in a better way enhancing its performance, members with education on risk reduction and designing loan products develop disaster-proofing policies of the group on how to respond and disaster mitigation measures, learning organizations will likely have increased organizational performance.

### **5.2.3 Management Practices**

The research revealed that management practices influences the performance of revolving loan fund among women groups to a very great extent. Currently there wasn't is a positive association between management practices and organizational performance. The study also revealed that Improvement of quality system, Information analysis, Top management commitment and support, Members participation, Organization for quality, Members training, Continuous support and Customer focus were essential managements performance that enhanced the performance of revolving loan fund among women groups

### **5.2.4 Entrepreneurial Competences**

The research revealed that entrepreneurial competence among the members influences the performance of revolving loan fund among women groups to very great extent. The study also revealed that the following entrepreneurial attributes were very crucial in enhancing the performance of revolving loan fund, Competitor analysis, Risk taking a, General business knowledge, Innovativeness, Business planning, Modern business management, Human Resources management, Strategic planning, Sales & Marketing, Proactiveness as, Ability to negotiate deals, Finance & Accounting.

The study also established that, Members identify the competences necessary for firms to seek or gain that advantage within a supply chain management framework, the members have organizational competences required by SMEs to sustain and improve their position within a supply chain network, the group members are involved in entrepreneurship education and training, there are business education programmes to prepare people for career success and to increase their capacity for future learning, informal learning is very effective for developing competence, the members have external relationships that are

essential to SMEs development, entrepreneurship education and training are necessary to foster all members' aspirations and leads to good performance of the group, informal training requires particular skills on the part of the coach/facilitator transferring the requisite knowledge and skills, and that lack of knowledge of the skills of learning can render informal training inadequate.

#### **5.2.5 Demographic Factors**

The study revealed that demographic factors of group members influence the performance of revolving loan fund among women groups to a great extent. The study further revealed that marital status, family size and age all influence the performance of revolving funds to a great extent; the study also established that, default rate reduced, members satisfaction as, loans disbursed, and savings improved influence performance of revolving funds to a great extent.

### **5.3 Conclusions**

From the findings the study established that there is a dire need to provide education and business training to enhance the financial management skills of the borrower thus the study concludes that low level of education among group members had a negative on the performance of revolving loan fund.

The study also revealed that there wasn't is a positive association between management practices and organizational performance thus the study concludes that poor management practices had a negative influence on the performance of revolving loan fund

The study also revealed that Lack of knowledge of the skills of learning can render informal training inadequate, thus the study concludes that lack of entrepreneurial

competences had a negative impact on the performance of revolving loan fund among women groups.

The research revealed that marital status, family size and age influence the performance of the revolving funds to a great extent thus the study concludes that demographic factors had a negative influence the performance of revolving loan fund among women groups.

#### **5.4 Recommendations**

This study sought to establish the factors influencing performance of revolving loan fund among women groups in Kiambu County, Kenya. The findings will provide key insights on the implementation of revolving loan fund among women in Kenya

The study recommends that there women in “Chamas” need to educate as borrowing and repayment procedures as this can highly help to reduce loan default repayment rate.

There is need to provide training on good management practices. This will help to reduce multi practices within the group as the members will act as a check to one another thus in overall enabling the group members conduct to be good preventing corrupt cases that may arise.

The study recommends that to institute programs that will strengthen competences among women this will help regenerate the entrepreneurial spirit in women.

There is need for the lenders to carefully examine the borrower’s demographic factors so as to align then with the requested loan. Assessing the loans will help in assessing and grading borrowers the only amounts which are within her capacity to repay.



### **5.5 Suggestion for Further Studies**

The study sought to establish the factors influencing performance of revolving loan fund programmes among women groups in Kiambu County, Kenya. The study recommends that an in-depth study should be carried out on the challenge facing implementation of the revolving loan fund programmes in Kenya.

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## APPENDICES

### Appendix I: Transmittal Letter

Catherine Njuguna

P.O.Box 30197

Nairobi

To: Respondent

Dear, Sir/Madam,

#### **RE: Questionnaire**

I am a student at University of Nairobi pursuing a degree in Master of Art in Project planning and Management. In order to fulfill one of the requirements of the MA course at University of Nairobi, I am conducting a study on **Factors Influencing Performance of Revolving Loan Fund Programme: A case of women groups in Kikuyu District, Kiambu County, Kenya.** The results of the questionnaires will be used purely for academic purposes and will not impact your current job in any way or form. All information obtained will be treated with utmost confidentiality.

Thank you for taking your time to complete the questionnaire.

Yours sincerely,

Catherine Njuguna

MA Student, UoN

## **Appendix II: Questionnaire**

### **Part A: General Information**

1. Please tick on the number that best describes the range in which your age falls

Below 20 years ☐

21-30 years ☐

31-40 years ☐

41-50 years ☐

Over 50 years ☐

2. What is your highest formal qualification?

Primary school ☐

Secondary school ☐

Certificate/diploma ☐

University degree ☐

Masters Degree ☐

Doctorate Degree ☐

Others (specify.....) ☐

3. How long have you been a member of the group?

Less than 1 year ☐

1-5 years ☐

6-10 years ☐

11-15 years ☐

Over 15 years ☐

4. Kindly confirm your position in the group?

Member ☐

Official ☐

Both ☐

### **PART B: FACTORS INFLUENCING PERFORMANCE OF REVOLVING LOAN FUND PROGRAMS**

5. Which of the following does your group provide low-interest loans for?

Emergencies ☐

Small business initiatives ☐



Own life improvements [ ]

6. Which of the following is the main activity of the group?

Provide access to capital to borrowers who might not have other resources [ ]

Reduce borrowing costs [ ]

Create jobs [ ]

7. To what extent do you agree with the following as the benefits of the revolving loan funds group?

They are self-renewing [ ]

Make credit more available [ ]

Is a low-cost way to provide credit assistance [ ]

Lend to high-risk [ ]

Higher operating income [ ]

Replacing losses with loan able funds [ ]

Loans sought only by borrowers who lack other sources [ ]

8. To what extent do you agree with the following statement that relate to performance of revolving loan funds?

	1	2	3	4	5
Mobilizing people via savings schemes is a successful way of attempting to provide financial solutions					
Women-centered savings schemes undertake many tasks like enumerating and strengthening savings practices					
The building of mutual trust within and between member groups is crucial to the success of the RLF					

#### **LEVEL OF EDUCATION**

9. To what extent does the level of education among group members affect the performance of revolving loan fund?

Very great extent [ ]

Great extent [ ]

Moderate extent [ ]

Little extent [ ]

Not at all [ ]

10. To what extent do the following typed of education/training the among group members enhance the performance of revolving loan fund?

	Very great extent	Great extent	Moderate extent	Little extent	Not at all
Accounting					
Financial management skills					
Training in risk reduction					
Training in designing of loan products					
Business operations					
Market development					
Record keeping					
New products					

11. What is your level of agreement with the following statements that relate to the effect of the level of education on the performance of the revolving loan fund? Use a scale of 1-5 where 1= strongly agree and 5 = strongly disagree

	1	2	3	4	5
There is a dire need to provide education and business training to enhance the financial management skills of the borrower					
Learning organisations will likely have increased organizational performance					
Members with education on risk reduction and designing loan products develop disaster-proofing policies of the group on how to respond and disaster mitigation measures					
Educated lot for the group is better and may reduce risks and poverty					
The level of formal education could have positive effects on trust					

among the group management					
Better educated members will be more likely to form trusting relationships with sales managers					
The level of education enhance financial, knowledge and mission performance of the group					
Borrowers that have received education in business operations and market development are able to manage the fund in a better way enhancing its performance					

## MANAGEMENT PRACTICES

12. Do management practices influence the performance of revolving loan fund in your group?

Yes ☐

No ☐

If yes, to what extent?

Very great extent ☐

Great extent ☐

Moderate extent ☐

Little extent ☐

Not at all ☐

13. 'There is a positive association between management practices and organizational performance'. To what extent do you agree with the statement?

Strongly agree ☐

Agree ☐

Neutral ☐

Disagree ☐

Strongly disagree ☐

14. To what extent do the following distinct management practices among members affect the performance of the fund?

	Very great extent	Great extent	Moderate extent	Little extent	Not at all
Top management commitment and support					
Organization for quality					
Members training					
Members participation					
Customer focus					
Continuous support					
Improvement of quality system					
Information analysis					

### ENTREPRENEURIAL COMPETENCES

15. Do entrepreneurial competences among the members influence the performance of revolving loan fund among women groups?

Yes [ ]

No [ ]

16. If yes, to what extent?

Very great extent [ ]

Great extent [ ]

Moderate extent [ ]

Little extent [ ]

Not at all [ ]

17. To what extent does the possession of the following entrepreneurial competences among the members enhance the performance of revolving loan fund among women groups?

	Very great extent	Great extent	Moderate extent	Little extent	Not at all
Competitor analysis					
Strategic planning					
Modern business management					
Business planning					
Capital Access					
General business knowledge					
Ability to negotiate deals					
Human Resources management					
Finance & Accounting					
Sales & Marketing					
Innovativeness					
Risk taking					
Proactiveness					

18. To what extent do you agree with the following statements that relate to entrepreneurial competences among the members and the performance of revolving loan fund among women groups?

	1	2	3	4	5
The group members are involved in entrepreneurship education and training					
The members have organizational competences required by SMEs to sustain and improve their position within a supply chain network					
Members identify the competences necessary for firms to seek or gain that advantage within a supply chain management framework					
The members have external relationships that are essential to SME development					
There are business education programmes to prepare people for career					

success and to increase their capacity for future learning					
Entrepreneurship education and training are necessary to foster all members' aspirations and leads to good performance of the group.					
Informal learning is very effective for developing competence					
Informal training requires particular skills on the part of the coach/facilitator transferring the requisite knowledge and skills					
Lack of knowledge of the skills of learning can render informal training inadequate.					

### DEMOGRAPHIC FACTORS

19. Do demographic factors of group members influence the performance of revolving loan fund among women groups?

Yes [ ]

No [ ]

20. If yes, to what extent?

Very great extent [ ]

Great extent [ ]

Moderate extent [ ]

Little extent [ ]

Not at all [ ]

21. To what extent do the following demographic factors of group members influence the performance of revolving loan fund among women groups?

	Very great extent	Great extent	Moderate extent	Little extent	Not at all
Age					
Family size					
Marital status					

22. How would you rate the following factors that influence performance of revolving funds?

	Very great extent	Great extent	Moderate extent	Little extent	Not at all
Savings improved					
Loans disbursed					
Members satisfaction					
Default rate reduced					

**Thank you**