

**FACTORS INFLUENCING ACCESS TO MICROFINANCE
CREDIT BY YOUNG WOMEN ENTREPRENEURS'
PROJECTS IN ATHI-RIVER, MACHAKOS COUNTY,
KENYA**

BY

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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 not been presented for any award in any other university.

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DEDICATION

This project is dedicated to my entire family, especially my husband Mr. J. Mwongera and daughters Sharon and Audrey for their moral support, understanding and perseverance during my study period. They have been of constant encouragement during the entire period.

ACKNOWLEDGEMENT

I sincerely wish to express my appreciation to my supervisor Prof. Pokhariyal Ganesh for his immense support and guidance without which this research project would not have been complete. I wish to appreciate and thank the Board of Post Graduate Studies of the University of Nairobi for giving me an opportunity to take this course. I also wish to particularly appreciate the support given to me by the Resident Lecturer Dr. John Mbugua, Ms. Karen Awilly, the support staff and fellow students of Nairobi Extra Mural Centre. I also wish to appreciate the lecturers who taught me throughout the entire course and also the support given to me by Mr. Paul Waita, the Women Enterprise Fund Coordinator, Machakos County and Mr. Moses Munuve and Mr. Jimmy Akali of the Youth Enterprise Fund, Machakos County and Athi River Sub- County respectively.

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LIST OF ABBREVIATIONS AND ACRONYMS

C-YES	Constituency Youth Enterprise Scheme
FSD	Financial Sector Deepening
GEM	Global Entrepreneurship Monitor
GOK	Government of Kenya
ILO	International Labor Organization
KKV	Kazi Kwa Vijana
MFIs	Micro Finance Institutions
OECD	Organization for Economic Co-operation and Development
SMEs	Small and Medium Enterprises
UN	United Nation
UNFPA	United Nations Population Fund
YEDF	Youth Enterprise Development Fund
YSOs	Youth Service Organizations

ABSTRACT

Entrepreneurship is actually progressively recognized as a vital driver on economic growth, productiveness, creativity as well as career, which is generally recognized as being essential area of economic dynamism. Up to the recent past, the significant numbers of enterprises were owned by men. As such it was not possible to see women-owned businesses worldwide particularly in developing countries. Microfinance credit has now become a major tool of development and is fast developing as an international industry with its own trade associations. Microfinance credit seeks to provide practical, workable solutions to the deep-seated challenges of poverty particularly to women who for longtime they have been sidelined with perception that they are inferior. The purpose of this study was to investigate factors influencing the access to microfinance credit by young women entrepreneurs in Athi River Sub-County. The study was guided by four objectives which were; to assess whether interest rates charged, level of literacy, number of lending institutions and demand for collateral security have any influence on access to micro-finance credit among young women entrepreneurs in Athi River. The study employed descriptive research design. According to Athi-River Municipality (2013), there are 270 enterprises run by women under 35 years. This study adopted Krejcie and Morgan theory of determining sample size thereby acquiring a sample of 165 respondents. The study relied mostly on primary data where self-administered questionnaires were utilized for gathering data. Data collected purely was quantitative. Quantitative data was coded and entered into Statistical Packages for Social Scientists and analyzed using descriptive statistics. The findings are presented inform of frequency tables and explanation is in prose. The study established that majority of the young women entrepreneurs had borrowed money from the nearby micro-finance institutions the loan accrues interest rate imposed by the financial institutions as well as demand for collateral security and they found it unreasonable. The study also found out that most of the entrepreneurs had attained secondary school certificate as their highest academic qualification and was a determinant for uptake of loans. Finally, the study established that licensing of more financial institutions would encourage uptake of loan among women entrepreneurs since uptake of loan is low and this would influence business performance. The study concluded that lack of collateral security has become a constraint to young women entrepreneurs accessing loans since most of them may not have deeds to capital assets to present as security against the loans and that most of young women entrepreneurs have had loans applied for rejected due to failure to produce collateral security. Finally, the study recommends that for the under-privileged women to access credit, alternative approaches on collateral security requirements get adopted through the emphasis on social capital tools such as trust and network relations for securities. It also recommends that the government offers deliberate and targeted training to the young women entrepreneurs in order to encourage entrepreneurship culture hence creation of job opportunities. Government should also ensure policies that are friendly to creation of more lending institutions.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The purpose of the study was to establish factors influencing access to microfinance credit by young women entrepreneurs' projects in Athi-River, Machakos County, Kenya. This chapter presents the background of the study, statement of the problem, objectives of the study and the research questions. It also gives the significance of the study, assumptions together with its limitations and scope.

Entrepreneurship is progressively recognized as a vital driver on economic growth, productiveness, creativity as well as career, which is generally recognized as being essential area of economic dynamism. Transforming thoughts directly into economic opportunities could be the definitive difficulty regarding entrepreneurship. Heritage ensures that economic improvement is been considerably advanced by realistic people who are entrepreneurial as well as revolutionary, able to make use of opportunities as well as ready to consider pitfalls (Hisrich, 2005). Role of entrepreneurship and an entrepreneurial culture in economic and social development have often been undervalued.

Over the years, however, it has become increasingly apparent that entrepreneurship indeed contributes to economic development. Nevertheless, the significant numbers of enterprises were owned by men (ILO, 2006). As such it was not possible to see women-owned businesses worldwide particularly in developing countries. The idea and practice of women entrepreneurship is a recent phenomenon. Until the 1980's little was known about women entrepreneurship both in practice and research where major focus was entirely on men. Scientific discourse about women's entrepreneurship and women owned and run organizations is just the development of 1980s (ILO, 2006). For the realization of United Nations Millennium Development Goals (MDG) across the world, gender equality and empowerment of women is vital. As such the concern of gender equality and empowerment of women has become a global agenda in order to address the existing differences arising from the socially constructed

relationship between men and women which influence the distribution of resources between them and cause many disparities in development outcomes (World Bank, 2008).

Worldwide, microfinance has been accepted as a tool for poverty alleviation and financial inclusion in most of the countries. Developing continents are also recognizing the role of youth and particularly women in economic growth through encouraging them to engage in entrepreneurship activity. Promotion of youth entrepreneurship has been recognized in all over the world. One of its major significant benefits is that it contributes to the creation of self-employment among youth operating businesses amidst high level of unemployment. The global youth unemployment rate in 2003 reached the historical peak of 14.4 per cent. However, youth and particularly women are faced with unemployment challenge.

Across the globe there is no accepted definition of the term 'youth'. Countries have differing definitions depending on country or agency specific circumstances. UN Department of Economic and Social Affairs defined youth as the population in the age bracket of 15–24 years. The Youth Policy Act in India defined youth as ranging from 15 to 35 years of age (Brown & Larson, 2006). The African Youth Charter (2011) has defined young people as individuals between the ages of 15 and 35 years. This definition views young people within the African context and is based on Africa's development realities. Millennium declaration summit defined youth as persons between ages 15-28 years old. In South Africa, according to Curtain (2006) young people are historically defined as being between ages 15 and 35. In Nigeria, it is between 18 and 35 years (ILO, 2011), in Uganda for instance the youth are classified as those individuals between ages 12 to 30 years, while Kenya's constitution defines youth as all individuals in the republic who have attained the age of 18 years but have not attained the age of 35 (GOK, 2010). The youth in Kenya, number about 9.1 million, and account for 32% of the population. Of these, 51.7 % are female. The youth form 60% of the total labour force but majority are unemployed due to the country's high unemployment level.

Understanding the need to bridge the gap in accessing credit facilities for the excluded sections of people, such as women and youth, microfinance has emerged in late 1970s in Bangladesh. Enthused by the success of Grameen Bank, over hundreds of

replication has germinated worldwide over the period of three decades. The program has reached more than 133 millions of poor people from 3316 MFIs worldwide as of December 2009, out of which 69.85% were among the poorest and 85.2 percent were women (Haris, 2010). In USA, the analysis of gender creative businesses shows that the rate of growth of women owned businesses is twice that of men and this comprises more than 35% share of all entrepreneurial ventures. They generate over \$2.3 trillion in annual revenue, and employ 18 million individuals (Baum & Singh 2005).

In many parts of the world- for example, Sub-Saharan Africa, 75% of agricultural producers are women. Women also play active roles as traders, processors and entrepreneurs despite facing many obstacles as compared to their male counterparts (World Bank 2007). Further, World Bank (2007) documented that ignoring gender inequalities comes at a great cost to people's well-being and countries abilities to grow sustainably and thereby reduce poverty.

In Africa, despite recognition of role of young women entrepreneurs in their entrepreneurial activity, they are faced with diverse challenges in their quest for business stability and growth as well as financing them. According to the Ethiopian Central Statistics Authority (2006), almost 50% of all new jobs created in Ethiopia are attributable to small businesses and enterprises and roughly 49% of new businesses that were operational between 1991 and 2003 were owned by young women. According to Admassie (2008) more than half of all women entrepreneurs in Ethiopia often face gender related challenges when establishing new businesses as well as operating or expanding existing businesses. Women are disadvantaged due to culture, religion and tradition. Many women also face difficulty in raising credit finance from banks as well as borrowing via informal networking.

In Kenya, women entrepreneurs are also considered as an integral part of economic growth. Their businesses contribute jobs, productive and distributive activities required for wealth creation both for family and nation's economies (Barrett & Weinstein, 2006). Women who are active in entrepreneurship and SMEs are able to effectively combine their roles because of the flexibility in hours of work which permit them to care for their children and also contribute substantially to economic growth

(Bruni, Gherardi & Poggio, 2008). The gender and economic growth assessment in Kenya demonstrates that addressing youth unemployment in Kenya by encouraging entrepreneurship could generate significant economic growth for the country. Eliminating gender-based inequalities in education and access to finance and agricultural inputs in Kenya could result in a one-off increase in as much as 4.3 percentage points in GDP growth, and a sustained year-on-year increase of 2.0 to 3.5 percentage points in GDP growth (GoK, 2009). Without increased attention to the gender dimensions of economic development, Kenya is unlikely to meet its growth targets and MDG such as vision 2030.

According to Census report (2010), in Kenya women constitute 51% of the total population and they play very crucial roles as active contributors in the development of the economy but their contribution has been time and again limited by factors such as limited accessibility to financial services. In line with the global gender equality and women empowerment trends, the Government of Kenya as a signatory of the (MDG), enacted its gender policy in 2002 as a tool for implementing gender equality and women empowerment plans (Government of Kenya 2002). The Kenyan government recognizes the important roles women play in its economic and general development. One of the areas where women play crucial roles is the development of the informal sector in trade and industry.

Women-owned businesses are making a significant contribution to the Kenyan economy. Their businesses account for about one-half (48 percent) of all micro, small and medium-sized enterprises (MSMEs), which contribute around 20 percent to Kenya's GDP (GoK, 2008). Of the 462,000 jobs created annually, 445,000 jobs have come from the informal sector, where 85 percent of women's businesses are found. However, cross to 2 million (14.6 per cent) of the Kenya labour force is composed of youth between 16-35 years and who are openly unemployed (ILO, 2007). The promotion of youth entrepreneurship is fundamental to the achievement of MDG, which focuses on developing decent and productive work for youth. This has a significant effect of bringing back the alienated and marginalized youth into the economic mainstream thereby addressing some of the socio-psychological problems and delinquency which occur due joblessness (White & Kenyon, 2006).

As a measure for promoting Youth Entrepreneurship as an alternative source of employment, the Government of Kenya established Youth Enterprise Development Fund (YEDF) in 2006. It was later adopted as one of the flagship projects of Kenya Vision 2030 under the Social Pillar. Kenya's Vision 2030 strives to: reduce the number of people living in poverty and guarantee equality of opportunities; increase the opportunities for youth, women and disadvantaged groups; and improve delivery of social services (including water, education etc) among others (GoK, 2009). However, despite the introduction of this fund to close the financing gap, the number of youth run enterprises still remains small in comparison with the high numbers of unemployed youth in the Kenya. The recent financial and economic crisis has prompted the GoK to renew its commitment to addressing youth issues and youth unemployment has emerged as a top priority. The GoK developed a "Marshal Plan" to address youth unemployment in 2007, emphasizing the importance of a coordinated and multi-sectoral approach to addressing the problem of youth unemployment and youth idleness.

Additionally, the Government of Kenya recognizes the role played by the women in contributing to the economic growth and the constraints they face that limit their capacity to fully exploit their potentials in all sectors of development. Limited access to financial services has been identified by the women and the government as the one of the main limiting factors to active participation in all aspects of development. To address the needs of women and reduce the existing disparities between men and women, the government of Kenya initiated a Women Enterprise Fund (WEF) in 2006 (Republic of Kenya, 2006). The main aim of establishing WEF was to enable women access the necessary financial services to for the development of their enterprises and ultimately reduce the poverty levels. Likewise, Kenya Women Finance Trust (KWFT) was licensed to cater for the entrepreneurs particularly women in their financial needs. These steps have clearly indicated the government's commitment to enhancing economic growth through mainstreaming gender in entrepreneurship and more specifically youth where young women are not excluded.

In April 2009, the Kazi Kwa Vijana (KKV) program was launched, aiming to employ youth in rural and urban areas in labor intensive public works projects implemented by

different line ministries. The National Youth Policy, launched in 2006, further seeks to guide and mainstream youth related interventions in the country. Most recently, the government initiated “Uwezo Fund” that aims to improve the well-being of the youth by providing adequate funds by financing start-up business and already running business as well as other entrepreneurial practices where both young men and female will benefit. Through the executive order N0.2 of May 2013, all State organs and all public officers have the duty to address the needs of vulnerable groups within society, including youth, women, older members of society, persons with disabilities, children, members of minority or marginalized communities, and members of particular ethnic, religious or cultural communities. Through this, the Government has introduced the 30% Access to Government Procurement Opportunities (AGPO) for Youth, Women and Persons with Disabilities.

1.2 Statement of the Problem

A majority of microfinance programmes target women with the explicit goal of empowering them. There are varying underlying motivations for pursuing women empowerment. Some argue that women are amongst the poorest and the most vulnerable of the underprivileged and thus empowering them should be a priority. Whereas, other believe that investing in women’s capabilities empowers them to make choices which is a valuable goal in itself but it also contributes to greater economic growth and development. It has been well-documented that an increase in women’s resources results in the well-being of the family, especially children (Kabeer, 2007). A more feminist point of view stresses that an increased access to financial services represent an opening/opportunity for greater empowerment. Such organizations explicitly perceive microfinance as a tool in the fight for the women’s rights and independence. Finally, keeping up with the objective of financial viability, an increasing number of microfinance institutions prefer women members as they believe that they are better and more reliable borrowers.

Business growth is predicated upon many factors among these, is the ability of the business people to access credit facilities. According to Kamau (2009) in his study found that 90% of all small and micro enterprise collapse in their first year of startup, due to

lack of financial resources where women enterprises are prone to these challenges. Although many financial institutions have been vigorously marketing their credit facilities, few enterprises have been accessing them. Despite efforts by financial institutions and public sector bodies to close funding gaps, Small and Medium Enterprises (SMEs) continue to experience difficulty in obtaining capital. These funding gaps relate to firm size, risk, knowledge and flexibility. In addition, SME borrowing requirements are small and more Collateral security may be required than SMEs can pledge (FSD, 2008).

Many financial institutions avoid lending to the youth due to their relative inability to comply with the high costs of funds, difficulties in assessing and managing their risk profile, and a lack of the required Collateral security (PECC, 2003)). Some financial intermediaries have been accused of giving the youth unreasonable conditions before their loan applications can be approved. Wanjohi (2009) among the conditions being set are provision of various forms of Collateral security, land title deeds and maintaining accounts with the financial intermediaries for six months prior to being given the loans. Despite these concerns few studies have been conducted to ascertain the challenges faced by the youth and consequently the plight of female youth in accessing microcredit in Kenya. It's against this realization that the study aimed to bridge this knowledge gap by investigating factors influencing the access of microfinance credit by young women entrepreneurs in Athi River.

1.3 Purpose of the study

The purpose of this study was to investigate factors influencing the access to microfinance credit by young women entrepreneurs' projects in Athi River.

1.4 Objectives of the study

The study was guided by the following objectives:

- i. To establish the extent to which the demand for Collateral security influences access to credit among young women entrepreneurs' projects in Athi River.
- ii. To examine how the interest rates charged influence access to credit among young women entrepreneurs' projects in Athi River.

- iii. To assess how the level of literacy influences access to credit among young women entrepreneurs' projects in Athi River.
- iv. To determine how the number of lending institutions available influences access to credit among young women entrepreneurs' projects in Athi River.

1.5 Research Questions

The study was seeking to respond to the following research questions.

- i. How does the demand for Collateral security influence access to credit among young women entrepreneurs' projects in Athi River?
- ii. To what extent does the interest rate charged influence access to credit among young women entrepreneurs' projects in Athi River?
- iii. How does the level of literacy influence access to credit among young women entrepreneurs' projects in Athi River?
- iv. How does the number of lending institutions available influence access to credit among young women entrepreneurs' projects in Athi River?

1.7 Significance of the Study

The findings of the study are of great importance to young women entrepreneurs as it outlines the major factors that influence access to microfinance credit by young women entrepreneurs in Athi River. This study generates useful insights that can be used by the government, educational institutions and non-governmental organizations to promote young women's entrepreneurship as a viable alternative source of employment through enhanced access to microfinance credit. It is hoped that the recommendations and measures will aid in the realization of the Kenya vision 2030, the Millennium Development Goals (MDGs) as well as inform policy formulation and implementation. The study revealed the influence of credit availability to young women entrepreneurs and also economy growth. To academicians and researchers, the study will be used as a reference for future researches on factors influencing the access of microfinance credit by young women entrepreneurs.

1.8 Assumptions of the study

The researcher assumed that the respondents would be honest, cooperative, factual (objective) and trustworthy in their responses to the research instruments and were available to respond to the research instruments in time. It was also assumed that the questionnaires would also give precise data and that the element of biasness will not set in during the data collection and analysis. It was also the assumption of the researcher that the authorities in the bank sector and the government-owned funds would grant the required permission to collect data from their employees. The study further makes the assumption that there will be no serious changes in the composition of the target population that would influence the effectiveness of the study sample.

1.9 Delimitations of the Study

Delimitation is the process of reducing the study population and area to a manageable size. This research was delimited in terms of the scope that it covers. Participation of this study is delimited to young women entrepreneurs who have business projects in Athi River. Enterprises owned and run by both men and women or men only and also by individuals aged above 18-35 years were not considered.

1.10 Limitations of the study

That the research instrument might give varying data depending on the individuals used was a limiting factor. This problem was addressed by applying both quantitative to qualitative approaches to research. Another limiting factor was that the respondents targeted might get reluctant in giving information fearing that the information sought fearing that it might be used to intimidate them or print a negative image about them or their bank. The researcher handled the problem by presenting an introduction letter from the Nairobi University and assured them that the information they gave will be treated confidentially and will be used purely for academic purposes.

1.11 Definition of Significant Terms

Access to Microcredit: This is the extension of very small loans (microloans) to borrowers

Collateral Security: It is a property or other assets that a borrower offers a lender to secure a loan. It is also defined as an asset required by the lender from a borrower to secure the loan

Interest Rate Charged: The amount charged, expressed as a percentage of principal, by a lender to a borrower for the use of assets

Literacy: Knowledge that relates to a specified subject

Microfinance Institution: A financial institution specializing in banking services for low-income groups or individuals. A microfinance institution provides account services to small-balance accounts that would not normally be accepted by traditional banks, and offers transaction services for amounts that may be smaller than the average transaction fees charged by mainstream financial institutions

Youth: Kenya's constitution defines youth as all individuals in the republic who have attained the age of 18 years up to 35 years.

1.12 Organization of the Study

This research is organized in five chapters. Chapter one introduces the research and presents the statement of problem, objectives, and research questions. The chapter also shows the significance, limitations and delimitations of the study. Chapter two encompasses the literature review on the various aspects concerning access to among entrepreneurs. Chapter three discusses the methodology that was used to collect and analyze data while showing the target population, the sample population and the data collection instrument. Chapter four discusses the data analysis techniques, the findings of the study and presentation of the same findings. Chapter five introduces the conclusion, discussions of the study, recommendations of the study and finally suggestions for further reading and research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter covered contributions from other scholars on factors influencing access of microfinance credit among young women entrepreneurs. The chapter is structured into theoretical review and empirical review, conceptual framework, critique of literature and finally summary and research gaps that the study is aiming to bridge.

2.2 Access of Microfinance Credit among Young Women Entrepreneurs

Across the globe, women are becoming increasingly important in the socio-economic development of both developed and developing economies as they account for a significant percent of the operators of Small and Medium Enterprises (SMEs) (Cheston & Kuhn, 2009). Women entrepreneurs make a substantial contribution to national economies through their participation in start-ups and their growth in small and medium businesses (World Bank, 2007). Their interests and activities in the economic growth and development especially in the area of SMEs have received outstanding interest among researchers. Global Entrepreneurship Monitor (GEM, 2005) confirmed that women participate in a wide range of entrepreneurial activities across the 37 GEM and their activities in different countries have paid off in form of many newly-established enterprises for job and wealth creation. Entrepreneurship is usually seen from the perspective of men driven economy due to its complexity, particularly its gender issues. However, the role of women entrepreneurs has not been properly documented (Schuler & Riley, 2010).

According to Awogbenle and Iwuamadi (2010), youth entrepreneurship is critical in promoting innovation and resilience among the youth. Innovation is central to modern theories of growth and development (Verspagen, 2005). In a broader sense, youth entrepreneurship helps young women and men develop new skills and experiences that can be applied to many other challenges in life. Youth entrepreneurship also promotes the revitalization of the local communities by providing valuable goods and services. Youth entrepreneurship refers to the practical application of enterprising qualities, such as

initiative, innovation, creativity, and risk-taking into the work and environment using the appropriate skills necessary for success in that environment and culture (Chigunta, 2002). Youth entrepreneurship involves the development of entrepreneurial attitudes, skills and opportunities for young people, from middle school level through young adulthood.

Nearly half of the world's population is under 25 years (ILO, 2006). The International Labor Organization estimates that 351 million children under the age of 18 are economically active. A UNFPA research estimates that there are 1.2 billion young people. As effective as MF has become as a development tool, women and more specifically unmarried working young women, have been left out of the adult focused formal and informal lending sectors. Unmarried young people of legal age have been relegated to the sidelines accessing MF services due to perceived risk, age and status in society. Many young people work long hours and accept low wages in the informal sector (Carothers, 2007). Some young people who work combine education (school, vocational training or apprenticeship) with paid work and while this allows children and youth to continue their education, their ability to perform well can be compromised. According to ILO (2004) the ability of women or youth to control the scheduling of their work can allow them to controlling work schedules can be done when women 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).

The rate of young people engaging in entrepreneurship and self-employment globally seem to be on the rise worldwide. Williams (2004) revealed that self-employment rates amongst young people (16-24) in the US hover around 1% to 4% whereas that of all age groups it is 10%. According to Greene (2002) the rates of self-employment amongst young people in UK are one-third those of older individuals. A survey of OECD (2001) showed that self-employment among youth (15-24) in Canada rose rapidly in the 1990s. In 1996, it reached 7.0 percent as a percentage of the working population from 5.4 percent in 1989.

Sharif (1998) observed that the tendency towards self-employment among youth is much greater in Sub-Saharan Africa than in other parts of the world. Chigunta et al (2001) revealed that (25.0 percent) of young people in Zambia are self-employed with

most of them being concentrated in marginal trading and service activities especially the younger youth while that of those aged between 20-24 years is 34.3 and 57.7 percent for those aged between 26-29 years, respectively. Osei, et al (1993) observed 40 percent of the enterprises in Ghana were owned by young people. According to the same source those aged 15-25 owned only 5.5 percent of enterprises, while those aged between 26-35 years owned 33.8 percent.

Chigunta (2002) indicated that insufficient access to fund is amongst the significant troubles experiencing youngsters run companies globally. In Developing Countries, small businesses (SMEs) lack access to capital and money markets. Investors are unwilling to invest in proprietorships, partnerships or unlisted companies. As risk perception about small businesses is high. While there are numerous credit ratings workshops focusing on ladies, younger ladies are underrepresented being a targeted team (ILO, 2008). Throughout Asian countries, the particular credit ratings workshops target married women, compared to single women, based on the premises that they have a larger possibility regarding default pertaining to loans while they may stop paying back their particular loans instantly they will find married.

Chigunta, (2001) pointed that youth owned enterprises help in establishing countries' economies and therefore countries should think about socio-cultural limitations that control the particular participation regarding youth especially young women who want to participate in entrepreneurship in addition to self-employment. Nevertheless, the challenge regarding credit ratings access to youth run companies looks like it is a lot more evident in developing countries. Developing countries have few microcredit plans focusing particularly on youth. In line with Window Curtain (2000) overview of 902 organizations inside ninety six countries shown underneath the Microcredit Summit's Local Authority or Council regarding professionals discovered that only 21 year old organizations acquired the word 'youth' inside their title. A study executed by Chigunta (2002) in Zambia, found that almost all potential youngsters entrepreneurs (72%) pointed that insufficient funds is the main reason behind dwindling of their business since financial institutions such as bank and microfinance failed to grant them loan due to lack

of capacity to repay loan. Ayodele (2006) identified inadequate funds to become one of many primary components limiting entrepreneurship in the Nigeria.

A review of literature by Chigunta and Mkandawire (2002) suggested that most state-sponsored youth credit schemes in Africa have suffered from a number of weaknesses, ranging from: poor programme design; poor implementation; poor loan disbursement; poor loan repayment rates; lack of monitoring skills; lack of strong financial control systems; lack of youth training in business and loan management; and politicization as is the case with C-YES Funds which is a component of YEDF. Schoof (2006) observed that due to lack of a substantive credit history, sufficient Collateral security or guarantees to secure loans or lines of credit, young people are viewed as a risky investment making them face difficulties in accessing finance. This is further supported by Essayed (2005) who has suggested that financial institutions in the formal sector generally regard youth as high-risk creditors and are reluctant to extend credit on favourable or concessional terms.

The Youth Enterprise Development Fund (YEDF) in Kenya started in 2006 with aim of developing and improving business owned by youth and as a strategy to boost economical chances pertaining to Kenyan youth (YEDF, 2009). Other than improving funds access to youthful entrepreneurs, it also aimed to provide other services such as; provision regarding small business improvement products and services, aiding linkages inside provide organizations and creating marketplace chances. The YEDF also aimed to offer funds for the youngsters individually or maybe as people mainly by means of Monetary Intermediaries including finance institutions, Non-Governmental (NGOs), Personal savings in addition to Credit rating Cooperatives (SACCOs), and to Micro Finance Institutions (MFIs).

In Kenya, women constitute 51% of the total population and they play very crucial roles as active contributors in the development of the economy but their contribution has been time and again limited by factors such as limited accessibility to financial services (Government of Kenya, 2003). In line with the global gender equality and women empowerment trends, the Government of Kenya as a signatory of the

Millennium Development Goals (MDGs), enacted its gender policy in 2002 as a tool for implementing gender equality and women empowerment plans (ILO, 2007).

The Kenyan government recognizes the important roles that women play in its economic and general development. One of the areas where women play crucial roles is the development of the informal sector in trade and industry. Since 2002 to date the Kenyan government has laid concrete strategies towards revamping its economy which had been performing below its expected potentials due to socio-economic and political setbacks. One of the strategies adopted by the government to revive the economy has been the strengthening of the micro and small enterprises (MSE) in the informal sector through the establishment of the national micro finance policy and increasing accessibility to financial services to the disadvantaged category of the population like women (Government of Kenya 2006). The aim of this strategy is to reduce the gender gaps in participation in the productive sectors for the ultimate reduction of poverty and improved well being of all citizens. The Directorate of Gender in the Ministry of Devolution and Planning is the arm of the government mandated to coordinate the mainstreaming of gender issues in national programmes while the Directorate of Youth Affairs coordinates youth mainstreaming issues.

2.3 Demand for Collateral Security and Access of Microcredit by Young Women Entrepreneurs

Having access to property rights and land is essential for women entrepreneurs because property is used as Collateral security for business credit. Yet even though women are a major force in agriculture and provide 70 percent of labor in the sector, they only hold about 1 percent of registered land titles, with around 5-6 percent of registered titles held in joint names (Schoof, 2006). The lack of property and land ownership translates directly into women's inability to access bank financing needed for their business. While access to finance is an obstacle for all firms, women entrepreneurs rate it as the single biggest constraint that prevents them from growing their business. The poor and other vulnerable groups such as women and the unemployed youth have limited access to land due to socio-cultural barriers (Ndubi & Karanja, 2008).

Women and other poor and vulnerable categories of the community cannot access credit from formal banking institutions because they do not own land or any other capital that is required as collateral security by these commercial banks. Ensuring access to the services of micro finance institutions to these poor individuals and groups who have no formal Collateral security will therefore contribute to their socio-economic empowerment and gradually reduce the inequalities in society (Moghadam, 2005). For these under-privileged women to access credit, alternative approaches on collateral security requirements have been adopted through the emphasis on social capital tools such as trust and network relations for securities. Peer groups who have known each other for a while and therefore have developed trust based on previous relations are being used instead of economic collateral securities such as title deeds, prime property or a salary pay slip often required by formal banking institutions (Kelley, Singer & Harrington, 2011).

According to Kamau (2009) collateral security is again highlighted as a major constraint to credit access. In his survey, Kamau (2009) found that 92% of the enterprises studied had applied for loans, and were rejected while others had decided not to apply since they 'knew' they would not be granted for lack of collateral security. Therefore, while most of the entrepreneurs, in this study recognized the importance of loans in improving their businesses, they cited collateral security as a major impediment to loan access and therefore hindering business growth. Almost all respondents started their businesses from their own savings or loans from relatives since they did not demand security.

Beaver (2002) explains that the historical development and the associated culture, of the banking system underpin the problem of the emphasis on the provision of Collateral security as a primary condition in lending. Banks have always adopted a risk averse stance towards small firms, with an accompanying inability to focus on the income generating potential of the venture, when analyzing the likelihood of loan repayment. Therefore, although there has been a considerable progress in the lending to the SME's, banks still remain cautious because many these businesses have neither, collateral security nor asset registers. Most banking institutions demand collateral security as one of the requirements for the access to credit facilities. This becomes a constraint to SME's

most of who may not have deeds to capital assets to present as security against the loans. This factor reduces access to these loans. Furthermore, most lending institutions are more inclined to lending to the large scale businesses which have higher success rate, and repayment rate. The small scale businesses are relegated to the micro finance institutions (MFI's) and 'shylocks' whose lending requirements may further discourage them.

Moreover, several MFIs and Youth Service Organizations (YSOs) have noted that because many youth work informally, it is difficult for them to provide acceptable confirmation of their earnings. Therefore, some Collateral security or Collateral security substitutes are required to make loans accessible to youth. The type of Collateral security required, however, can be a potential barrier for youth in accessing micro finance (Sauve, 2003). Although more than a quarter of households in Kenya are women-headed, only five per cent of the women own land in their own name (Feldman, 1984). A study carried by Kenya Gender and Economic Growth Assessment illustrated that women who apply for loan fail to materialize because her husband refused to pledge the family's land title deeds as Collateral security. Owning title deeds as Collateral security to finance expansion is still a hurdle for most women entrepreneurs, given that property is not usually registered in their names (GoK 2009).

Despite the existence of many MFI's and other financial institutions which have been lending their services for the last two or so decades, accessibility by most of the majority of the women is limited. This limited access to financial services is mostly attributed to the fact that women as compared to men, do not inherit properties from either their parents or their husbands due to social and cultural practices referred to here as gender biasness which have led to lack of equal opportunities in education and employment opportunities, lack of enough income to acquire their own Collateral securities just to mention but a few. It is against this backdrop of financial constrains that WEF was instituted with the aim of availing opportunities specifically among the women in accessing the financial services to uplift their standard of living and ultimately reduce poverty levels nationally. The basic consideration by Government of Kenya (GOK) for establishing WEF is to support women to have access to affordable capital to develop their entrepreneurial activities into thriving businesses (Government of Kenya, 2006).

2.4 Interest Rate Charged and Access to Microfinance Credit

Every business needs financing, even though at first glance it might appear that funding is unnecessary. It's important that financing be as efficient as possible (Ndeti, 2005). Ndeti argues that the borrower should be able to put the cost of all financing on the same basis, comparing them and come up with the one that gives the lowest cost financing option. Banks have often been criticized for having high interest rates charged on loans. But sometimes, there are factors beyond their control. For example the amount of interest payable on loans depend on interest rates charged, which is driven by the base lending rate of interest set by the Central Bank of Kenya.

The amount of interest rate charged is sometimes, intertwined with the security of the loan, and the use for which it's to be used, or the nature of the business. That is the more secure loans are charged low interest rates due to, their low risks involved (Kamau, 2009). This leads the SME's to the micro finance institution, who lend unsustainable interests short term loans. The high interest rates, discourages the entrepreneurs in this sector from borrowing. It is because the interest payment come out of profit and can be reduced by the borrowing business if profit and trading conditions are unfavorable. A loan does not carry ownership right, if a trader is unable to meet the loan and the interest repayment then bank or lender may decide to foreclose on the business and appoint a receiver to take day to a day running of the business.

The receiver has to decide whether the business is able to continue trading under its guidance and generate enough cash to pay, the creditors or whether the business should be closed, the assets sold off and the cash generated used to pay the bank and the creditors. This may discourage business people who may fear such situations to happen to their businesses. Another contributing factor to discouraging interest rates is the structural weakness inherent in Kenyan banks. They do not have stable source of funding, they can only lend on short term basis. Apart from becoming a problem to SME's who seek funding over a number of years, the lending rate is high since the banks may lack stable financial source. All this contribute to the rate being a constraining factor in accessibility to credit among the SME's.

The rate of interest rate charged on the credit determines the cost of the credit. The cost credit is the amount of money the borrower is obligated to pay above the principal sum of money lent. Saleemi (2007) defined interest as the return on capital. Cost of credit can be classified as; gross interest and net interest. Gross interest is the total amount that the debtor to a creditor and the net interest means the part of interest that is for the use of capital only. According to the World Youth Report (2003) many youth in developing countries relied on personal savings or turned to family and friends for start-up funding and expansion. Without such finances they had minimal chances of starting their own businesses. However, of late different African countries have set up special credit programmes to promote credit access among the youth. The interest rate usually as a percentage of the borrowed amount, determines the amount of interest over duration, which may be a year. High interest rate therefore increases the cost of credit. High interest rate on credit may discourage young women entrepreneurs from borrowing reducing the access to among them.

2.5 Level of Literacy and Access to Microfinance Credit

Lack of knowledge of the rights that women have and how to enforce them is a challenge. Women may not be aware of the legal issues that they need to address to start a business, and they can find it difficult to navigate the complex array of laws and regulations. Education equips women with the knowledge and skills they need to more effectively manage and succeed in their businesses. Research shows that the level of formal entrepreneurial activity among women increases as their education rises, and there is a major jump in business ownership among those who go beyond secondary education. Research also shows a strong correlation between a woman's belief in having the knowledge, skills, and experience to start a formal business, and her likelihood of starting it. Education and skills are needed to run a business. Majority of people carrying out SME's in Kenya are not quite well informed in terms of education and skills. According to King and McGrath (2002), those with more education and training are more likely to be successful in the sector. The literacy level was reflected in their ability to carry out managerial routines. The routine includes making decisions on financial investment and management. This influences the decision on the external funding of his enterprise

According to ILO (2009) most of the entrepreneurs have Low literacy levels as majority of them drop from the primary level or they have acquired primary level. This makes an entrance to the 'the jua-kali' sector increasingly the last resort for the disadvantaged students with relatively low levels of education. ILO (2009) observed that an entrepreneur's level of education is directly correlated with his ability to make financial decisions of his business. ILO (2009) noted that declining level of education had negative influence on entrepreneur's ability awareness on how and where to get loans to improve their businesses. With low ability to read and write, therefore an entrepreneur is at a disadvantage in the loans market. Information on availability of loans, and the rate of interests charged, is communicated through newspapers, in which a good level of literacy is required to read and interpret. Ndubi and Karanja (2008) noted that; complete, accurate and precise information is necessary for financial decisions including obtaining business loans. The literacy level is again observed in the ability to have appropriate book keeping skills. The banks often demand cash flows and other financial records as a prerequisite for approving of credit.

Due to low literacy levels most SME traders are unable to differentiate the loan products offered by the financial institutions. Also since most of these services are offered in banking jargons, most traders are discouraged from applying for the loans (Ayodele, 2006). Further inadequacy in financial management skills and strategic planning put the SME's in a disadvantaged position in competing with a large firms which are run by well-educated professional managers. Most lenders advertise their services on the print media. Since the literacy levels among the small scale traders are low they may not access the information. Others may have general literacy but are not well informed, on the effect of credit facilities on business growth, and therefore may fail to ask for the services. The literacy level may therefore be a constraining factor in the access to, among traders.

Lower education levels put Kenyan women entrepreneurs at a disadvantage compared to men. While the gender gap in primary education in Kenya has decreased in recent years, the gap remains high at secondary and tertiary education levels (Kamau, 2009). Women are much less likely to enroll in public universities, national polytechnics,

and technical institutes, accounting for only about 39 percent of those enrolled in tertiary education

2.6 Number of Lending Institutions and access to Microfinance Credit

The numbers of small scale traders are many, while the financial institutions with the services tailored to them are few. The loan requirements of the SME'S traders are different from those of the large businesses (Essayed, 2005). This is due to fragile nature of the business among other considerations, such as size, management structure, the capital base etc. Therefore there is need to have many lending institutions whose lending policies are established with such factors in considerations. The few institutions with such considerations are faced by the many small scale traders whose financial demands they may not cater for. This reduces accessibility for those who cannot get credit.

Schoof (2006) observed that lack of enough number of financial institutions offering credit services to SME's is a constraint to the development of the sector. In a study conducted in the site, by a nonprofit organization, World Women Banking providing credit access to poor women, fewer than 2% of low income entrepreneurs, worldwide have access to credit facilities. It was further noted that the banking sector penetration in a typical sub-Saharan African country stands at 1% of GDP, far below far below a more advanced such as Brazil where penetration approaches 25% or industrialized nation where its 85%. Developing countries have very few microcredit schemes targeting the youth. However, a report by World Bank (2007) a review of 902 organizations in 96 countries listed under the Microcredit Summit's Council of practitioners revealed that only 21 organizations had the term 'youth' in their title. In Kenya, there are less than 50 commercial banks serving a population of 34 million people.

According to Financial Sector Deepening (2009) just 60% of Kenyans have access to banks or microfinance institutions with 30% of rural users having no access to banking services at all; it further shows shortage in supply of financial services including credit compared to demand. Recently, this increase in demand for these services has led to emergence of mobile telephone money transfer services with the introduction of the M-pesa and Zap services by mobile telephone companies, Safaricom and Zain

respectively. With over 6.1 million subscribers, the M-pesa is becoming an important financial transaction tool for SME's with the unbanked even turning it into a banking institution.

While the service as it is currently, cannot offer credit service the banks are adopting the system in order to attract the small entrepreneurs, who require micro finance products including loans. The growth of mobile money transactions shows the demand for formal financial services including credit services far outstrips the supply. Wanjohi and Mugure (2008), in acknowledging that credit sources remain a major challenge among the SME's, found out that, in the climaxing of the year 2008, money lenders in the name of 'pyramid schemes' came up promising hope among the small investors that they can make it to financial freedom through soft borrowing. The rationale behind turning to these schemes among a good number of entrepreneurs is to seek source of credit which is not available among the formal financial institutions.

2.7 Theoretical Framework

This study is grounded on three theories, that is, collective household model, classical feminist theories and psychological theories. These theories are relevant to the study since they advocate on the benefit accrues from empowering women as well as providing financial support to them.

According to collective household model, improvements in women's access to credit through microfinance institutions expand this 'choice set' available to women by providing them with greater access to economic opportunities. This leads to economic financial self-sustainability that transpires into greater bargaining power in the intra-household decision making process. Khandker et al. (2003) draw on the 'collective household model' to motivate this change in gender relations brought about through access to credit. In this simple collective household model the two partners look for a pareto equilibrium (Browning & Chiappori, 1998). They maximize their own utility taking into account the utility of the other partner.

A classical feminist theory advocates that various theories have suggested economic independence of women as a solution to equality of women. Marxists have

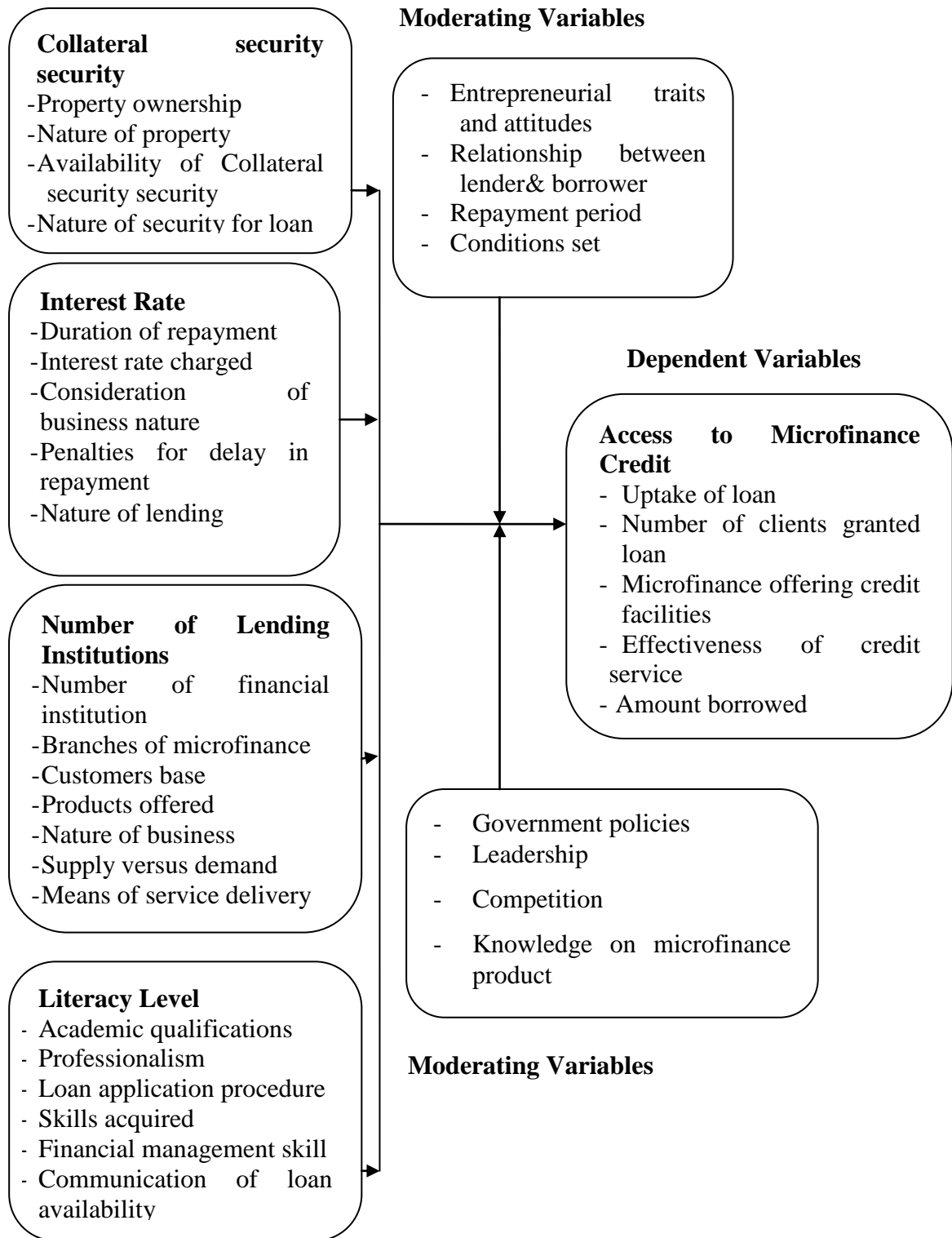
argued that women's liberation requires feminists to join the working class struggle against capitalism (Ackerly, 1995). According to Engle's famous analysis of women's situation in the history of different economic modes of production women are originally equal to or more powerful than men in communal forms of production with matrilineal family organization, when private property comes into existence as a modes of production women's lose power. Men's control of private property and the ability to generate a surplus changes the family to a patriarchal one where women become the property of the father and husband. The rise of capitalism in separating of the family household from commodity production solidifies this control of men over women in the family when the latter become economic dependents of the former in the male-bread winner, female -housewife, nuclear family (Engles, 1942).

Psychological theories such as those developed by McLelland pay attention to personal traits, motives and incentives of an individual and conclude that entrepreneurs have a strong need for achievement (McLelland & Winter, 1971). A similar focus is found in locus of control theories that conclude that an entrepreneur will probably have strong internal locus of control. This means that an entrepreneur believes in his or her capabilities to commence and complete things and events through his or her own actions. Brockhaus (2001) suggests that an internal locus of control, even if it fails to distinguish entrepreneurs, may serve to distinguish the successful entrepreneur from the unsuccessful one. Achievement motivation is the most important factor contributing in explaining variation of growth rates and entrepreneurship. Achievement motivation is perhaps the only convincing personological variable associated with new venture creation. Why is it convincing? If the concept will be defined broadly as Murray (1938) then it explains why Johnson (1990) found a relationship between achievement motivation and entrepreneurship in 20 of 23 studies.

2.8 Conceptual Framework

Framework refers to the main structure or skeleton that not only gives form and shape to the whole system, but also supports and holds together all the other elements in a logical configuration. In this research, the conceptual framework is the concise description of the phenomenon under study accompanied by visual depiction of the

variables under study (Mugenda, 2008). The independent variables include collateral security, interest rate charged, literacy level and number of lending institutions while the dependent variable is access of microfinance credit. The conceptual framework of this study is represented by Figure 1.



Independent Variables

Figure 2.1 Conceptual Framework

2.9 Summary of Literature Review

Schoof (2006) observed that due to insufficient a substantive credit ranking, adequate Collateral security or maybe assured of access for you to protected loans or maybe a credit line, young adults tend to be known as a high-risk expense making these experience complications inside accessing fund. Essayed (2005) recommended that finance institutions from the conventional industry typically value youngsters as high-risk lenders and so are shy to give credit ratings in favorable or maybe concessional terms.

Women being the backbone of economies in developing countries and such as in Kenya, play a significant role to ensure their families' well-being (Phizacklea, 2003). This is seen in terms of providing food, shelter, health and education for the children. Being the majority (about 55%) of the population, their role is crucial in bringing about change in their communities. Most of the women provide for their families through subsistence farming and other agricultural activities supplemented by petty trade or micro enterprises.

The major problems faced by women entrepreneurs are competition from better quality products and marketing problems. Access to initial capital, even when available, is also a major hurdle for women entrepreneurs. In a study towards gender equity and poverty reduction Ndubi and Karanja (2008) they found that the factors that inhibit credit availability to women include: lack of start-up (seed) capital; lack of awareness of existing credit schemes; high interest rates; lengthy and vigorous procedures for loan applications; lack of networking skill, lack of Collateral securityfor finance, lack of leadership capacity and negative attitude towards gender equality. These factors have become a major barrier to the growth potential of businesses owned by women.

In Kenya, there is a general lack of appropriate technology available to disabled women entrepreneurs and also general lack of an entrepreneurial culture in Kenya and, more particularly, for potential and operating women owner/managers of MSEs (Ngunjiri, 2010). Competing financial needs between family and business becomes one of the major constraints to enterprise growth the little income earned from the business is sometimes used for what appears to be urgent family requirements, irrespective of why it

was set aside resulting in a reduction of the capital invested and hence curtails further growth (ILO, 2011).

2.10 Research Gap

Despite the numerous benefits, the development of youth entrepreneurship in many countries faces numerous challenges. These include unfavorable administrative and regulatory burdens, poor access to finance, market, entrepreneurship education and business development services for the start-ups by young people in high-income and developing countries (World Bank, 2005). Even though the government has depicted adequate effort in improving ensuring business support and particularly among the youth women included. Efforts to improve financial performance and growth of SMEs run by young women entrepreneurs remain futile partly due to lack of adequate knowledge by the concerned stakeholders on how access to microfinance credit influences on performance and growth of young women owned business. It's against this realization that the study aims to bridge this knowledge gap by investigating factors influencing the access of microfinance credit by young women entrepreneurs' projects in Athi River Sub-county.

Table 2.1 Research Gap

Variable	Authors	Findings	Knowledge Gap
Effect of microfinance on women empowerment	Mayoux & Hartl (2009)	Microfinance has been successful in stimulating economic activity to improve the living standards of poor citizens. Microfinance have contributed not only to poverty reduction and financial sustainability, but also to a series of 'virtuous spirals' of economic empowerment, increased well-being and social and political empowerment for women themselves, thereby addressing goals of gender equality and empowerment	The study focused on Economic empowerment, Social, Political empowerment, Gender equality and did not focus on factors influencing access to credit among women in microfinance

Role of microfinance on women empowerment	Hulme (2000)	Microfinance has enabled women to participate in economic activity by providing them with financial backing needed to start business ventures. This gives them confidence, improves their status and makes them more active in decision making hence encourage gender equality. The perceived correlation between female participation in a microfinance program and empowerment is based on the assumption that having access to financial services empowers women economically and socially	The study concentrated gender equality, Empowerment, Access to financial services and did not focus on whether women easily access credit.
Effect of microfinance on entrepreneurship	Cornwall and Edward (2010)	Microfinance provided a more focused on credit and invested with more transformative agendas such as finding innovative ways of improving women's situation economically, challenging social inequality, improving women's voice in the public sphere and so on, they could prove more effective vehicles for empowerment'	The study focused on challenges such as economically, challenging social inequality. However, the study did not seek contribution factors affecting their access to credit.
Impact of microfinance on women empowerment	(Karlán & Zinman, (2010).	Microfinance empowers women's capabilities in entrepreneurship and enable them to make choices which is a valuable goal in itself but it also contributes to greater economic growth and development. It has been well-documented that an increase in women's resources results in the well-being of the family, especially children	The study only concentrated on economic impact of microfinance without focusing on the factors influencing credit access in microfinance

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out the research philosophy that was followed in completing the study. It gives an outline of the collection, measurement and analysis of data. In this section the researcher identified the procedures and techniques that were used in the collection, processing and analysis of data. Specifically the following subsections are included; research design, target population, data collection instruments, data collection procedures and finally data analysis.

3.2 Research design

The research design of this research was descriptive survey research. A descriptive survey research seeks to obtain information that describes existing phenomena by asking individuals about their perceptions, attitude, behaviour or values (Mugenda & Mugenda 2003). A descriptive study design is deemed the best design to the objectives of the study. A research design is the general plan of how one goes about answering the research question (Saunders, Lewis & Thornhill, 2000). This design is considered appropriate for the type of objective of this study as it will enable the researcher to describe the state of affairs as they exist without manipulation of variables which was the aim of the study.

3.3 Target Population

Ngechu (2004) defined a population as a well-defined or set of people, services, elements, events and group of things or households that are being investigated. In this study the population of interest was young women entrepreneurs and microfinance institutions offering credit to young women at Athi River. According to Athi River Municipal Council (2012), there were 2500 women owned enterprises in Athi River by year 2012 and 6 microfinance enterprises of which two are government-owned enterprises. However, out of these 2500 women entrepreneurs, 480 were run by women under 35 years. Mugenda and Mugenda (2003) explain that the target population should

have some observable characteristics, to which the researcher intends to generalize the results of the study.

3.4. Sample size and Sampling Procedure

The study sought to gain information from a total of 232 respondents. According to Krejcie and Morgan (1970) in their theory of determining sample size, they reported that a population of 480 would require 214 sample size. Therefore the study sought to gain information from 214 respondents from the target population of 480 young women entrepreneurs in Athi River while 3 respondents from each microfinance enterprises (6) will be selected randomly contributing to a total of 232 respondents. The young women entrepreneurs mainly engage in Service Businesses such as Cyber cafés, M-pesa, Saloons/Hair cut, Matatu transport, Repairs and Maintenance; Retail businesses to include Bars and Butcheries, Cosmetics, Retail shops, Mitumba vendors, Bookshops, Electronics/Accessories and Fruit/Vegetable Vendors; Wholesale distribution like Hardware and wholesale premises.

Non probability sampling was employed and this included the use of purposive sampling to select administrative officers in charge of Youth Enterprise Development Fund and Women Enterprise Fund in the Sub-county as well as the officers from the micro finance institutions involved in loan extension to the youth in the area. A sample size of 214 young women entrepreneurs was selected from the target population using systematic random sampling technique where every business in each of the strata had a chance of being selected. To ensure that the sample accurately represents the population, Cooper and Schindler (2000) recommend that the researcher must clearly define the characteristic of the population, determine the required sample size and choose the best method for selecting members of the sample from the larger population.

3.5 Research instruments

The study employed questionnaires to collect primary data. A questionnaire was used to collect data from the sampled young women entrepreneurs in Athi River. Questionnaires are appropriate for studies since they collect information that is not directly observable as they inquire about feelings, motivations, attitudes,

accomplishments as well as experiences of individuals (Mellenbergh, 2008). The questionnaire comprised both open-ended and closed questions. Saunders (2003) stated that a questionnaire is useful in obtaining objective data because participants are not manipulated in any way by the study. According to Saunders, (2003) questionnaires have the added advantage of being less costly and using less time as instruments of data collection. The data instrument was divided into sections where the first section addressed the general information of the respondents while the second section addressed the four research objectives. The questionnaires were administered using drop and pick method.

3.5.1 Pilot study

A pilot study is a preliminary test conducted before the final study to ensure that research instruments are working properly. It was conducted to test the reliability and validity of the questionnaires. Prior to the main study, the researcher carried out a pilot study among 20 respondents. It tested whether the design of questions was logical, if questions were clear and easily understood whether the stated responses were exhaustive and how long it would take to complete the questionnaire. The pilot study was done through random sampling from the targeted population. Mugenda and Mugenda (2007) states that a relatively small sample of 10 to 20 respondents can be chosen from the population during piloting which is not included in the sample chosen for the main study. The pilot group was acquired through random sampling. Mugenda and Mugenda (2003) suggest that the piloting sample should be 10% of study sample depending on the study sample size. Piloting helped in revealing questions that were vague to allow for their review until they conveyed the same meaning to all the subjects (Mugenda & Mugenda, 2003). The pre-test also allowed the researcher to check on whether the variables collected could easily be processed and analyzed.

3.5.2 Validity of research instruments

Validity of the Research instrument is the quality of a data gathering instrument, which enables it to measure what it is supposed to measure. Creswell (2008) notes that validity is about whether one can draw meaningful and useful inferences from scores on the instrument. To ensure content validity, the instrument was reviewed by the researcher's

supervisor and an expert in the area of entrepreneurship financing to assess the degree to which the instrument could measure and determine the content of a particular concept. Content validity yields a logical judgment as to whether the instrument covers what it is supposed to cover. Content validity ensures that all respondents understand the items on the questionnaire similarly to avoid misunderstanding.

3.5.3 Reliability of Research Instruments

Reliability is a measure of the degree to which a research instrument yields consistent results after repeated trials (Nsubuga, 2000). The reliability of the questionnaire was evaluated through Cronbach's Alpha which measures the internal consistency. The Alpha (α) measures internal consistency by establishing if certain item measures the same construct. Cronbach's Alpha was established for every objective in order to determine if each objective would produce consistent results should the research be done later on. The findings of the pilot study shows that questions on Collateral security had the highest reliability ($\alpha=0.821$) followed by interest rate ($\alpha=0.791$), then number of lending institution ($\alpha = 0.743$) and finally literacy level ($\alpha=0.721$). This illustrates that all the four variables were reliable as their reliability values exceeded the prescribed threshold of 0.6 (Nunnally, 1978).

Table 3.1 Reliability of Research Instruments

Variables	Cronbach's Alpha (α)	Number of Items
Literacy level	0.721	8
Collateral security	0.821	11
Interest rate	0.791	12
Number of lending institution	0.743	10

3.6 Data Collection Methods and Procedure

The study employed questionnaires to collect primary data. Questionnaires are appropriate for studies since they collect information that will not be directly observable as they inquire about feelings, motivations, attitudes, accomplishments as well as

experiences of individuals (Mellenbergh, 2008). The questionnaire comprised of both open and close-ended questions. Franker, (2006) stated that a questionnaire is useful in obtaining objective data because participants are not manipulated in any way by the researcher. Further, questionnaires have the added advantage of being less costly and using less time as instruments of data collection. The data collection instrument addressed the four research objectives while it was sub-divided into two sections. The first section of the questionnaire enquired general information about the respondents, while the next sections sought to answer the four objectives.

The researcher involved three research assistants to help in distribution of the questionnaires to the targeted respondents. The research assistants were trained to clearly understand the research instruments, purpose of the study and ethics of research. The researcher and research assistants administered the questionnaires to the respondents through face to face method. Local research assistants were preferred since they understood the local language to avoid communication barriers. The actual data collection was done after formal permission was granted through a letter by the University of Nairobi and by the Athi River sub-county local administration.

3.7 Data Analysis Techniques

Data was cleaned, coded, entered and analyzed using Statistical Package for Social Science (SPSS, Version 17.0). SPSS was used because it is fast and flexible and provides more accurate analysis resulting in dependable conclusions. Technically speaking, data processing implies editing, classification, coding, and tabulation of collected data so that they are amenable to analysis (Kothari, 2007). Data analysis involves computation of certain measures along with searching for patterns of relationships that exist between the dependent variable and independent variables. The data was analyzed according to variables and objectives of the study. Descriptive statistics was used to analyze, present and interpret data. Descriptive analysis involved use of frequency distribution tables. Content analysis was used for the qualitative data for the open ended questions in the questionnaire. In addition, the researcher used multiple regression analysis (Karl Pearson's Coefficient Correlation) to establish the strength of the relationship between the dependent and independent variables.

The regression equation used was as follows:

$$Y = \beta_0 + \beta_1 C_1 + \beta_2 IR_2 + \beta_3 LIX_3 + \beta_4 LL_4 + \varepsilon$$

Where: Y is the dependent variable (Access to credit among young women entrepreneurs),

β_0 is the regression coefficient/constant/ Y -intercept,

β_1 , β_2 , β_3 and β_4 are the slopes of the regression equation,

X_1 is the Collateral security

X_2 is the interest Rate,

X_3 is the Number of Lending Institutions,

X_4 is the Literacy Level,

ε is an error term normally distributed about a mean of 0 and for purpose of computation, the ε is assumed to be 0.

3.8 Ethical Considerations

The researcher endeavored to obtain informed consent from the respondents before undertaking to collect data from the field. The researcher informed and explained the objectives of the research in order to solicit informed consent from the respondents. High level of confidentiality on the information provided by respondents through interview or questionnaires was maintained. Bryman (2007) states that it is the responsibility of the researcher to carefully assess the possibility of harm to research participants, and the extent that it is possible; the possibility of harm should be minimized. The researcher recognized that the issue under study is sensitive because it involved the core business of the organizations. Therefore, there was need to protect the identity of the respondents as much as possible. This meant that the questionnaires never required the respondent's names or details that may reveal their identity.

3.9 Operational Definition of Variables

The operationalization of variables is as shown in table 3.1 below;

Table 3.2 Operationalization of Variables

Objectives	Independent Variables	Indicators	Scale	Tools of analysis	Type of analysis
To establish how demand for Collateral security influences access to credit among young women entrepreneurs' projects in Athi River.	Collateral security	<ul style="list-style-type: none"> - Property ownership - Nature of property - Availability of Collateral security - Nature of security for loan - Requirement for loans - Provision of information 	Nominal ordinal	Frequency distribution tables & percentages	Descriptive Regression
To find out whether the interest rate charged influences access to credit among young women entrepreneurs' projects in Athi River.	Interest rate	<ul style="list-style-type: none"> - Amount borrowed - Duration of repayment - Interest rate charged - Consideration of business nature - Penalty for delay in repayment 	Nominal ordinal	Frequency distribution tables & percentages	Descriptive Regression

<p>To establish how level of literacy influences access to credit among young women entrepreneurs' projects in Athi River.</p>	<p>Literacy level</p>	<ul style="list-style-type: none"> - Nature of lending - Academic qualification - Professionalism - Awareness of procedural and process on loan application - Skills acquired - Financial management skill acquired - Communication of information on availability of loans 	<p>Nominal ordinal</p>	<p>Frequency distribution tables & percentages</p>	<p>Descriptive Regression</p>
<p>To investigate whether the number of lending institutions available influences access to credit among young women entrepreneurs' projects in Athi River.</p>	<p>Number of lending institutions</p>	<ul style="list-style-type: none"> - Number of financial institution offering credit facilities - Number of branches of microfinance - Customers base - Product offered - Nature of business considered for loan 	<p>Nominal ordinal</p>	<p>Frequency distribution tables & percentages</p>	<p>Descriptive Regression</p>

Objectives	Dependent Variables	Indicators	Scale	Tools of analysis	Type of analysis
		- Supply verse demand			
		- Means of service delivery			
	Credit	- Uptake of loan	Nominal	Frequency distribution	Descriptive
	Accessibility	- No of clients granted loan	ordinal	tables & percentages	Regression
		- Microfinance offering credit facilities			
		- Effectiveness of credit service			

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND PRESENTATION

4.1 Introduction

This chapter focuses on the data analysis, interpretation and presentation of the findings. The main purpose of this research was to examine factors influencing access to microfinance credit by young women entrepreneurs' projects in Athi-River, Machakos County, Kenya. The study sought to establish whether interest rates, level of literacy, number of lending institutions and demand for collateral security influence access to microfinance credit. The researcher has made use of frequency tables, percentages, mean and standard deviation to present data.

4.2 Questionnaire Return Rate

The study sampled 232 respondents from the target population of 480 in collecting data with regard to factors influencing access to microfinance credit by young women entrepreneurs' projects where the focus was Athi-River, Machakos County, Kenya. The questionnaire return rate results are shown in Table 4.1.

Table 4.1 Questionnaire Return Rate

	Frequency	Percentage
Responded	182	78
Non response	50	22
Total	232	100

From the study, 182 out of 232 target respondents filled in and returned the questionnaire contributing to 78%. This response rate was good, representative and conforms to Mugenda and Mugenda (2003) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and above is excellent. This commendable response rate can be attributed to the data collection procedure, where the researcher engaged three research assistants to administer questionnaires and waited for respondents to fill in, while respondents left with

questionnaires were reminded to fill in the questionnaires through frequent phone calls and picked the questionnaires once fully filled. Any clarifications sought by the respondents were addressed without delay. The questionnaires that were not returned were due to respondents not being available to fill them on time and after persistence follow-ups, there was no positive feedback from them. The response rate here demonstrated the willingness of the respondents to participate in the study.

4.3 Demographic Characteristics of the Respondents

The study targeted staff from the microfinance institutions and young women entrepreneurs within Athi-River, Machakos County. The microfinance institutions included; Youth Enterprise Development Fund, Women Enterprise Fund, Kenya Women Finance Trust, Faulu Kenya, K-Rep Bank, SMEP Microfinance, and Jamii Bora Bank. As such the results on demographic characteristics of these respondents were investigated in the first section of the questionnaire.

4.3.1 Age of the Respondents

The study investigated the age brackets within which that the young women respondents were. Table 4.2 shows the summary of the findings.

Table 4.2 Age of the Respondents

	Frequency	Percentage
Less than 20 years	9	6
21-25 years	42	25
26-30 years	54	32
31-35 years	62	37
Total	167	100

From the study 62 (37%) of the women entrepreneurs were aged 31-35 years, 54 (32%) aged between 26-30 years, 42 (25%) aged 21-25 years while 9 (6%) aged less than 20 years.

4.3.2 Marital Status

The study was also inquisitive to establish marital status of the respondents. This is illustrated in Table 4.3 below.

Table 4.3 Marital Status

	Frequency	Percentage
Single	33	20
Married	98	59
Separated	25	15
Divorced	11	7
Total	167	100

Majority, 98 (59%) of the interviewed respondents were married, 33 (20%) were single, 25 (15%) were separated while 11 (7%) were divorced. This implies that most of women who are married are more involved in running their own business compared to single women.

4.3.3 Period the Business has been in Existence

The researcher requested the respondents to indicate the length of time which their business enterprises had been in existence. The results are shown in figure 4.4 below.

Table 4.4 Period the Business has been in Existence

Duration of Existence	Frequency	Percentage
1 – 5 years	56	33.3
6- 10 years	51	30.3
11- 15 years	30	18.2
16 – 20 years	25	15.2
More than 20 years	5	3
Total	167	100

From the study, 56 (33.3%) of the respondents indicated that their enterprises had been in existence for a period of 1 to 5 years, 51 (30.3%) of the business enterprises that were surveyed had been in existence for 6- 10 years, 30 (18.2%) of them had been in existence for 11- 15 years, 25 (15.2%) of them indicated that they had been operating in the country for 16 – 20 years, while only 5 (3.0%) of the respondents indicated that their enterprises had been in existence for a period of more than 20 years.

4.3.4 Legal Business Ownership

The study required the respondents to indicate the type of ownership of the business enterprises they own.

The results are as depicted in table 4.5.

Table 4.5 Legal Business Ownership

	Frequency	Percentage
Sole traders	121	72
Private Limited companies	32	19
Partnerships	14	8
Total	167	100

According to the results, majority 121 (72%) of the respondents indicated that they were sole traders, 32 (19%) of the enterprises were private limited company while 14 (8%) of the respondents worked in partnership.

4.3.5 Number of Employees in the Business

Table 4.6 shows the findings of the study on number of employees the young women owned enterprises have employed.

Table 4.6 Number of Employees in the Business

	Frequency	Percentage
None	9	5
Less than 10	98	59
11 to 20	23	14
20- 30	21	13
30- 40	9	5
40 – 50	3	2
Above 50 employees	4	2
Total	167	100

From the findings, majority (59%) of the respondents had employed less than 10 employees, 14% had employed 11-20 staff, 13% 20-30, 5% had not employed any staff, 5% had employed 30-40 employee, 2% had employed 40-50 employees while a similar number (3%) had employed more than 50 employees.

4.3.6 Start-up Capital

The study sought to establish the start-up capital of the business. Table 4.7 shows the finding of the study.

Table 4.7 Start-up Capital

	Frequency	Percentage
Below 10,000	21	13
11,000-50,000	27	16
51,000-100,000	43	26
101,000-150,000	39	23
151,000-200,000	28	17
201,000-250,000	9	5
Total	167	100

Most (26%) had a start-up capital of 51000-100000, 23% had a start-up of 101,000-150,000, 17% had a start-up capital of 151,000-200,000, 16% had a start-up capital of 11,000-50,000, 13% had a start-up capital of less than 10,000 while 5% had a 201,000-250,000. This implies that majority of the entrepreneurs had little capital that could only enable them engage in small ventures hence need for financial support.

4.3.7 Capital Adequacy

Further, the study aimed to establish whether the capital was adequate. Table 4.8 shows the result of the study.

Table 4.8 Capital Adequacy

	Frequency	Percentage
Yes	18	11
No	149	89
Total	167	100

Majority, (89%) of the respondents were of the opinion that the capital was not adequate while 11% were of the opinion that the capital was adequate.

4.3.8 Department Stationed

Table 4.9 indicates results in regard to the department in which the respondents were serving.

Table 4.9 Department Stationed

	Frequency	Percentage
Manager	2	13
Business Development officer	2	13
Credit officer	5	33
Accountant	4	27
Operation officers	2	13
Total	15	100

From the findings, most (27%) of the respondents were serving credit officers, 23% at accounting department, 20% of the respondents were business development officers, 17% at the operation department while the rest (13%) were managers.

4.3.9 Duration respondents has worked

Further the study aimed to investigate the working duration of the respondents within the Micro-finance institutions.

Table 4.10 Duration respondents has worked

	Frequency	Percentage
1- 5 years	3	20
6 - 10years	6	40
11 to 15 years	4	27
Above 16 years	2	13
Total	15	100

From the findings most (40%) of the respondents had worked within their respective institutions for a period between 6-10 years, 27% had worked for a period of 11-15 years, 20% had worked for a period of 1-5 years while 13% had worked for a

period above 16 years. This implies that most of the respondents of this study had worked for an ample time thus they were conversant of the information that the study sought from the organization and that the findings will be reliable.

4.3.10 Number of Customers Served by the Microfinance Institutions

The study also requested respondents to indicate the number of the women clients served by the microfinance institution in within the region.

Table 4.11 Number of Customers Served by the Microfinance Institutions

	Frequency	Percentage
Less than 500	2	13
501-1000	9	60
1001-1500	2	13
1501-2000	3	20
More than 2000	1	7
Total	15	100

From the findings, 60% were serving 501-1000, 20% were serving 1501-2000, 13% were serving less than 500 and 1001-1500 as shown in each case while the remaining 7% were serving more than 2000 women entrepreneurs.

4.3.11 Women Empowerment

Table 4.12 illustrates the summary of the findings on whether the microfinance empowers young women entrepreneurs through its microcredit services.

Table 4.12 Women Empowerment

	Frequency	Percentage
Yes	12	80
No	3	20
Total	15	100

Majority (80%) of the respondents indicated that they target to empower women entrepreneurs financially while only 20% pointed that they are particularly oriented

towards giving loans to young women entrepreneurs due to security of the loan. This implies that most of micro-finances support women financially in their ventures.

4.3.12 Rate of Loan Uptake from the Microfinance Institutions

Table 4.13 illustrates the study findings on the rating of loan uptake among young entrepreneurs.

Table 4.13 Rate of Loan Uptake from the Microfinance Institutions

	Frequency	Percentage
Fair	3	20
Average	7	27
Good	4	47
Excellent	1	7
Total	15	100

Majority (47%) of the respondents were of the opinion that loan uptake among young women entrepreneurs was good, 27% felt that uptake of loan was average, 20% fair while 7% felt it was excellent. This implies that most of young entrepreneurs were frequently seeking for financial support in terms of loans from microfinance institutions.

4.4 Collateral security Influence on Access to Micro-Credit

4.4.1 Property Registered used as Collateral security

The researcher asked the respondents whether they had registered any property in their name. This is depicted in Table 4.14 below.

Table 4.14 Property Registered used as Collateral security

	Frequency	Percentage
Yes	68	41
No	99	59
Total	167	100

Majority, 99 (59%) of the respondents indicated that they did not have any property registered in their name which they use as collateral security for obtaining loans while the rest 68 (41%) had properties registered in their name.

4.4.2 Collateral security as Requirement for Loan Disbursement by Micro-finances

Table 4.15 illustrates the summary of the findings on whether young women entrepreneurs are required by MFIs to produce collateral security as they seek loans.

Table 4.15 Collateral security as Requirement for Loan Disbursement

	Frequency	Percentage
Yes	9	60
No	6	40

Most (60%) of the respondents indicated that it is a requirement for the individual to produce collateral security whenever they are seeking for financial support from the microfinance institutions, 40% indicated that they have other mechanisms other than collateral security through which loans for the young entrepreneurs are guaranteed. This shows that most of the MFIs require some form of collateral security from the young entrepreneurs as security for the loan just in case the women default.

4.4.3 Collateral security and Access to Credit among Young Women Entrepreneurs

The study requested respondent to indicate their level of agreement with the statements relating to the collateral security and access to credit among young entrepreneurs. Table 4.16 illustrates the finding of the study.

Table 4.16 Collateral security and Credit Accessibility among Women Entrepreneurs

	Mean	STDev
Microcredit enterprises always demand Collateral security to act as a security on loans	3.45	1.294
Lack of acceptable Collateral security is a major obstacle in accessing credit	3.32	1.34
I have severally applied for loan to boost my business but rejected due to lack of Collateral security	3.48	1.184
Microfinance are nowadays considering potential to repay loan rather than to focus on Collateral security in our business	3.16	0.834
Submission of Collateral security upon requirement of loan have forced me	3.42	1.388

to focus on other means to raise money such as savings or loans from relatives since they do not demand security		
We apply loan as a group “chama” for ease repayment, where our business acts as security for loan taken	3.23	1.047
Microfinance enterprises emphasis on the provision of Collateral security as a primary condition in lending	3.97	0.905
Microfinance have always adopted a risk averse stance towards small firms, with an accompanying inability to focus on the income generating potential of the venture, when analyzing the likelihood of loan repayment	3.51	0.882
Requirement posited by microfinance institutions and ‘shylocks’ in lending requirements have discouraged me on borrowing while other lending institutions are more inclined to lending to the large scale businesses who have higher success rate, and repayment rate	3.13	0.896
Microfinance are reluctant to avail credit to us since we work informally while it is difficult for us to provide acceptable confirmation of our earnings	2.66	1.023
Lack of property and land ownership translates directly into women's inability to access bank financing needed for their business	3.48	1.368
Our institutions always demand Collateral security to act as a security on loans in the form of houses or deeds to some immoveable assets	3.56	1.002
Lack of Collateral security has become a constraint to young women entrepreneurs since most of them may not have deeds to capital assets to present as security against the loans.	4.13	1.49
Most of young women entrepreneurs have had loans applied for rejected due to failure to produce Collateral security while others had decided not to apply since they ‘knew’ they would not be granted for lack of Collateral security	4.11	0.583
We have adopted a risk averse stance towards small businesses, with an accompanying inability to focus on the income generating potential of the venture, when analyzing the likelihood of loan repayment	3.50	1.238

Most of the respondents agreed that lack of collateral security has become a constraint to young women entrepreneurs since most of them may not have deeds to capital assets to present as security against the loans and that most of young women

entrepreneurs have had loans applied for rejected due to failure to produce collateral security. Other young women had decided not to apply since they 'knew' they would not be granted for lack of collateral security as shown by mean score of 4.13 and 4.11 respectively. Respondents also agreed that microfinance enterprises emphasize on the provision of collateral security as a primary condition for lending as depicted by mean score of 3.97. Further, respondents agreed that microfinance institutions always demand collateral security to act as security on loans in the form of houses or deeds to some immovable assets. They felt that the MFIs have always adopted a risk averse stance towards small firms with an accompanying inability to focus on the income generating potential of the venture, when analyzing the likelihood of loan repayment as illustrated by mean score of 3.56, 3.51 and 3.50 respectively.

Respondents were neutral that lack of property and land ownership translates directly into women's inability to access bank financing needed for their business and that they have severally applied for loan to boost their businesses but rejected due to lack of collateral security as shown by mean score of 3.48 in each case. Likewise, respondents pointed that microcredit enterprises always demand collateral security to act as a security on loans as depicted by mean score of 3.45. Further respondents were neutral that lack of acceptable collateral security is a major obstacle in accessing credit young women entrepreneurs apply loan as a group "chama" for ease repayment, where their businesses act as security for loan taken. Microfinances are nowadays considering the potential to repay loan rather than to focus on collateral security in the business. Requirements posited by microfinance institutions and 'shylocks' in lending requirements have discouraged them on borrowing and at the same time, other lending institutions are more inclined to lending to the large scale businesses who have higher success rate and repayment rate. Micro-finances are reluctant to avail credit to them. Respondents also felt that since they work informally it is difficult for them to provide acceptable confirmation of their earnings. The statements above are illustrated by mean scores of 3.32, 3.23, 3.16, 3.13 and 2.66 respectively.

4.4.4 Extent to which Collateral security influences access to credit from microcredit institutions

Further, the study requested the respondents to indicate the extent to which collateral security influences access to credit from microcredit institutions.

Table 4.17 Influence of Collateral security on Access to Credit

	Frequency	Percentage
To a very low extent	13	7
To a low extent	25	14
To a moderate extent	32	18
To a great extent	69	38
To a very great extent	43	24
Total	182	100

From the findings, 38% of the respondents opined that collateral security influences access to credit from microcredit institutions to very great extent, 24% were of the opinion that collateral security influences access to credit from microcredit institutions to a very great extent, 18% to moderate extent, 14% to a low extent while 7% to a very low extent as indicated by the Table 4.17 above.

4.5 Interest Rate Charged and its Influence on Access to Micro-Credit

4.5.1 Borrowing of Money

The study was inquisitive to investigate as to whether respondents had borrowed to boost their business.

Table 4.18 Borrowing of Money

	Frequency	Percentage
Yes	141	84
No	26	16
Total	167	100

From the findings, majority (84%) had borrowed money while 16% had not borrowed any money. This implies that capital of return of their business is not adequate and thus requires financial support in terms of loan to boost their business. This is what Table 4.18 above depicts.

4.5.2 Amount of Loan Applied for by Women Entrepreneurs

Table 4.19 shows the study findings on amount of loan applied for by the young women entrepreneurs as additional capital for their business.

Table 4.19 Amount of Loan Applied for by Women Entrepreneurs

	Frequency	Percentage
Less than 10000	24	14
10001-20000	31	19
20001-30000	45	27
30001-40000	39	23
Above 50000	28	17
Total	167	100

Most (27%) had applied for 20000-30000 shillings, 23% had applied for 30001-40000 shillings, 19% had applied for 10001-20000 shillings, 17% had applied for above 50000 shillings while 14% had applied for less than 10000 shillings.

4.5.3 Duration for Loan Repayment

Further the study aimed to establish timelines given to service the loans. Table 4.20 below illustrates.

Table 4.20 Duration for Loan Repayment

	Frequency	Percentage
Less than 3wks	22	13
A month	33	20
2-6 months	45	27
6-12months	39	23
After 2 years	28	17
more than 3 years	167	100
Total	167	100

Most (27%) were required to repay the loan for a duration of 2-6 months, 23% for a duration of 6-12 months, 20% for a period of a month, 17% for a period of 2 years while 13% were to pay the loan for a period of less than 3 weeks.

4.5.4 Interest Charged on Loan

Further, the study sought to know whether loan disbursed to the young entrepreneurs is charged any interest. Table 4.21 depicts this.

Table 4.21 Interest Charged on Loan

	Frequency	Percentage
Yes	11	73
No	4	27
Total	15	100

From the findings, majority (73%) of the microfinance impose interest on any loan disbursed to the client including to young women entrepreneurs while the rest (27%) do not charges interest rate.

4.5.5 How Reasonable Interest Rate are

The researcher also requested respondents to indicate whether interest rate was reasonable to them. Table 4.22 highlights this.

Table 4.22 Reasonable Interest Rate

	Frequency	Percentage
Yes	45	27
No	122	73
Total	167	100

From the findings, majority (73%) of the respondents were of the opinion that the rate was not reasonable while 27% felt that the interest rate was not restrictive to them.

4.5.6 Influence of Interest Rate on Credit Availability

Table 4.23 illustrates the findings of the study on the respondents' level of agreement.

Table 4.23 Influence of Interest Rate on Credit Availability

	Mean	STDev
Microfinance institutions charge prohibitive interests on credit	4.11	0.851
The amount of interest rate charged is sometimes, intertwined with the security of the loan or the nature of the business resulting to low interest rates due to, their low risks involved	3.23	1.193
The credit processing costs and other charges are unrealistic	3.21	1.133
Unrealistic action taken by the microfinance for failure to repay the loan upon interest rate set on trading conditions are unfavorable	2.9	1.315
High interest rates charged by microfinance discourages us from borrowing	3.26	1.055
I fear to apply for loan since the microcredit institutions do not consider whether I will be able to meet the interest rate set	4.45	0.862
Failure to repay credit on time leads to the microfinance foreclosing the business and appoint a receiver to take day to a day running of the business, this discourages me to take credit since I fear such situations to happen to my businesses	3.89	1.01
Microfinance institution lend on short term basis while interest rate is always high contributing to the rate being a constraining factor in accessibility to credit among the SME's	4.26	0.723
We have often been criticized for having high interest rates charged on loans	3.4	1.498
We charges a fair interest on credit basing on the customer relationship	3.19	1.48
Increased interest rate by the Central Bank results to the increase of interest rate on credit	3.63	1.321
Interest rate charged is sometimes, intertwined with the security of the loan or the nature of the business resulting to low interest rates due to, their low risks involved	4.55	0.67
We take stiff action for failure to repay the loan upon interest rate set on trading conditions are unfavorable	4.52	0.646
We encourage young women entrepreneurs to take loan despite interest rates that we charged	4.23	0.777

From the findings, most of the respondents agreed that that although high interest rates charged by microfinance institutions do not discourage them from borrowing since the amount of interest rate charged is sometimes intertwined with the security of the loan or the nature of the business resulting to low interest rates. Due to the high risks involved

though, credit processing costs and other charges are unrealistic and that action taken by the microfinance for failure to repay the loan upon interest rate set on trading conditions are unfavorable. The above statements are as depicted by mean score of 3.26, 3.23, 3.21 and 2.90 respectively. Microfinance institutions take stiff action for failure to repay the loan upon interest rate set on trading conditions are unfavorable while entrepreneurs fear to apply for loan since the microcredit institutions do not consider whether they will be able to meet the interest rate set as depicted by mean score of 4.55, 4.52 and 4.45 respectively. Respondents also agreed that microfinance institutions lend on short term basis while interest rate is always high contributing and this becomes a constraining factor in access to credit. The SME's encourage young women entrepreneurs to take loans despite the fact that they charge prohibitive interests on the credits as illustrated by mean score of 4.26, 4.23 and 4.11 respectively. Respondents agreed that failure to repay credit on time leads to the microfinance foreclosing the business and appoint a receiver to take day to a day running of the business, this discourages me to take credit since they fear such situations to happen to my businesses and that increased interest rate by the Central Bank results to the increase of interest rate on credit as depicted by mean score of 3.89 and 3.63 respectively.

4.5.7 Interest Rate Charged and Access to Credit

The study sought to find out the extent to which interest rate charged by the microfinance institution influence credit accessibility. The findings are shown in table 4.24 below.

Table 4.24 Interest Rate Charged and Access to Credit

	Frequency	Percentage
To a low extent	28	15
To a moderate extent	40	22
To a great extent	69	38
To a very great extent	45	25
Total	182	100

From the findings of the study, most (38%) of the respondents were of the opinion that interest rate charged by the microfinance institution influence credit accessibility to a

great extent, 25% to a very great extent, 22% to a moderate extent while 15% to a low extent.

4.6 Literacy Level

4.6.1 Highest Level of Academic Qualification

The study was also inquisitive to determine the highest level of the academic qualification that the respondents held, Table 4.25 shows the findings of the result.

Table 4.25 Highest Level of Academic Qualification

	Frequency	Percentage
Below standard Eight	21	13
Primary School level (KCPE)	32	19
Secondary School level (KCSE)	57	34
College level	48	29
University	9	5
Total	167	100

Most (34%) of the respondents had attained secondary school certificate as their highest academic qualification, 29% had attained college certificate, 19% had primary school level, 13% had standard eight certificate while the rest (5%) had had university degrees as their highest level of education. This depicts that most of the young entrepreneurs had low levels of education as regards entrepreneurship and business management hence they are not capable to manage their businesses effectively.

4.6.2 Business Related Professional Training

Table 4.26 shows the findings of the study on how professional training that respondents have related to the business.

Table 4.26 Business Related Professional Training

	Frequency	Percentage
Accounting	3	2
Management	18	11
Procurement	11	7
Entrepreneurship	25	15
others	48	29
None	62	37

Total	167	100
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Most (37%) of the respondents did not have any professional training, 29% had done other courses such as human resource, social development among other courses, 15% had done entrepreneurship courses, 11% had done general management, 7% had done procurement courses while 2% had done accounting as their area of specialization.

4.6.3 Influence of Education level on Loan Uptake

Further, the study investigated whether education level of the young women entrepreneurs determines loan uptake. This is shown on table 4.27 below.

Table 4.27 Influence of Education level on Loan Uptake

	Frequency	Percentage
Yes	129	71
No	53	29
Total	182	100

Majority (73%) of the respondents indicate that education level among young women entrepreneurs determine uptake of loan while the rest (27%) were of the opinion that education level attained by entrepreneurs does not have any relationship with loan uptake.

4.6.4 Training offered by Microfinance Institutions

The study requested respondents to indicate whether microfinance in their area offer training to them.

Table 4.28 Training offered by Microfinance Institutions

	Frequency	Percentage
Yes	128	77
No	39	23
Total	167	100

From the findings as illustrated by table 4.28, 77% of the respondents indicated that prior to acquiring the loans, the microcredit institutions offered short courses such as

business management, financial management, customer relations among other forms of training while 23% felt that there was no training offered by microcredit institution that was beneficial to their businesses.

4.6.5 Influence of Literacy Level on Access to Microfinance Credit

The study asked the respondents to indicate their level of agreement with the statements relating influence literacy level on access to microfinance credit. The findings are summarized in Table 4.29.

Table 4.29 Influence of Literacy Level on Access to Microfinance Credit

	Mean	STDev
Am not aware of the legal issues that are needed to address access to credit for my business due to complex array of laws and regulations	4.16	1.043
My level of education equips me with the knowledge and skills that are needed to more effectively managed and succeed in our businesses	3.71	1.067
My level of academic qualification helps me to make good financial decisions in my business	2.93	1.305
My level of education has positive influence on entrepreneur's ability and awareness on how and where to get loans to improve their businesses	3.62	1.133
I do not apply for loan since the information on availability of loans, and the rate of interests charged, is communicated through newspapers, in which a good level of literacy is required to read and interpret	3.25	0.91
Microfinance institutions in this area have been introducing programs where microcredit is linked to education, health, nutrition and other non-financial services	3.66	1.027
Microfinance institutions have increasingly focused on cost-effectively integrating microfinance with other types of services thus creating links with us in order to enhance our services	3.54	1.121
Microfinance institutions in my area offer training sessions, hence creating awareness of their services and products that are of benefit to my business	3.03	0.942
Through training I have been able to run my business effectively and I have realized profit increment	3.14	0.947
Training sessions have helped us to define capital and investment, where to buy and sell, how to set prices, investments, credit sales for my business	3.39	0.368

I have realized increase in business related outcomes such as revenues, profits due to trainings undergone	3.54	0.306
Low levels of education have had negative influence on young women entrepreneur's ability awareness on how and where to get loans to improve their businesses	4.52	0.022
With low ability to read and write, an entrepreneur is at a disadvantage in the loans market	4.50	0.042
Information on availability of loans, and the rate of interests charged, is communicated through newspapers and local magazine in which a good level of literacy is required to read and interpret	4.59	0.383
We often demand cash flows and other financial records as a prerequisite for approving of credit	4.21	0.095
Complete, accurate and precise information is necessary for financial decisions including obtaining business loans. The literacy level is again observed in the ability to have appropriate book keeping skills.	4.37	0.674
Due to low literacy levels most SME traders are unable to differentiate the loan products offered by the financial institutions	4.00	0.909
Inadequacy in financial management skills and strategic planning put the SME's in a disadvantaged position in competing with a large firms which are run by well-educated professional managers	3.90	0.711
Most lenders advertise their services on the print media. Since the literacy levels among the small scale traders are low they may not access the information	3.40	1.22

Respondents pointed out that information on availability of loans, and the rate of interests charged, is communicated through newspapers and local magazine in which a good level of literacy is required to read and interpret. Low levels of education and with low ability to read and write, also negative influence on young women entrepreneur's awareness on how and where to get loans to improve their businesses and therefore an entrepreneur is at a disadvantage in the loans market as illustrated by mean score of 4.59, 4.52 and 4.50 respectively. Respondents agreed that complete, accurate and precise information is necessary for financial decisions including obtaining business loans. The literacy level is again observed to influence the ability to have appropriate book keeping

skills, considering that MFIs often demand cash flows and other financial records as a prerequisite for approving of credit. At the same time, they are not aware of the legal issues that are needed to address access to credit for my business due to complex array of laws and regulations as depicted by mean score of 4.37, 4.21 and 4.16 respectively. On the other hand, respondents were neutral that through training they have been able to run their business effectively and they have realized profit increment. Microfinance institutions in their area offer training sessions, hence creating awareness of their services and products that are of benefit to their businesses and that their level of academic qualification helps them to make good financial decisions in their business as represented by a mean score of 3.14, 3.03 and 2.93 respectively.

4.6.6 Extent to which Literacy Levels Influence Access to Microfinance Credit

The study sought to find out the extent to which literacy levels influence access to microfinance credit among young women entrepreneurs.

Table 4.30 Extent that Literacy Level Influence Access to Microfinance Credit

	Frequency	Percentage
To a low extent	22	12
To a moderate extent	39	21
To a great extent	72	40
To a very great extent	49	27
Total	182	100

From the findings of the study, majority (40%) of the respondents indicated that literacy level influence access to microfinance credit to a great extent, 27% to a very great extent, 21% to a moderate extent while 12% were of the opinion that literacy level influence access to microfinance credit to a low extent. This is what Table 4.30 above illustrates.

4.7 Number of Lending Institutions and Influence on Access to Micro-Credit

4.7.1 Financial Institutions Offering Credit

The study sought to establish the number of financial institutions that provided credit to the young entrepreneurs. This is illustrated in Table 4.31 below.

Table 4.31 Financial Institutions Offering Credit

	Frequency	Percentage
1 to 10	111	66
11 to 12	38	23
21-30	18	11
Total	167	100

According to the results most (66%) of the respondents indicated that there were 1-10 microfinance institutions, 23% indicated that there were 11-12 microfinance while 11% indicated that there were 21-30 financial institutions.

4.7.2 Number of Branches in the Micro-Finance Institutions

The study further investigated on how many branches that the microcredit institutions have with the County.

Table 4.32 Number of Branches in the Micro-Finance Institutions

	Frequency	Percentage
1 to 10	7	47
11 to 12	5	33
21-30	3	20
Total	15	100

From the findings, most (47%) indicated that they had 1 to 10 branches, 33% had 11 to 12 branches while 20% had 21-30 branches as illustrated in Table 4.32 above.

4.7.3 Licensing of Financial Institutions and Influence to Micro-Credit Access

Table 4.33 shows the findings of the study on whether licensing of more financial institutions would increase borrowing.

Table 4.33 Licensing of Financial Institutions

	Frequency	Percentage
Yes	128	77
No	39	23
Total	167	100

Majority (77%) of the respondents were of the opinion that licensing of more financial institutions would encourage uptake of loan among women entrepreneurs while 23% indicated otherwise.

4.7.4 Comparison of Financial Institutions to Number of Customers

The researcher was inquisitive to determining the ratio of micro financial institutions to the number of customers they serve.

Table 4.34 Comparison of Financial Institutions to Number of Customers

	Frequency	Percentage
Very low	33	20
Low	98	59
High	25	15
Very high	11	7
Total	167	100

From the findings illustrated on table 4.34, majority, (59%) of the respondents indicated that they are low, 20% indicated that number of microcredit are few low compared to number of customers they serve, 15% high while 7% felt that the numbers are very high.

4.7.5 Microfinance Lending and its influence on Enterprise Performance

The study investigated as to whether microcredit lending influences business performance. This is highlighted on table 4.35 below.

Table 4.35 Microfinance Lending Enterprise Performance

	Frequency	Percentage
Yes	132	79
No	35	21
Total	167	100

From the findings, 79% indicated that microcredit lending influence business performance while 21 indicated that they do not influence business performance.

4.7.6 Influence of Lending Institutions on Access to Credit among Entrepreneurs

The respondents were required to indicate their level of agreement with various statements relating to credit availability. From the findings which are highlighted on Table 4.36.

Table 4. 36 Influence of Lending Institution on Access to Credit among Entrepreneurs

	Mean	STDev
Availability of microfinance institutions in our area has mobilized saving hence more capital due to the interests accrued	3.67	1.131
My firm has established a personal relationship with the financier which enhances credit availability	3.56	0.913
Duration of my relationship with my financier determines whether I can access credit	3.48	0.948
Access to microfinance has improved credit accessibility to most of the young entrepreneurs hence business growth	3.84	0.746
Recently there are more focused microfinance services emerging hence attracting the interests of donor agencies including NGOs, credit unions and non-banking financial intermediaries to provide credit services to specifically for women entrepreneurs	3.63	0.808
Most of entrepreneurs, through microfinance have realized an effective way to integrate access to financial services	3.62	1.133
Increase in demand for credit services has led to emergence of mobile telephone money transfer services with the introduction of mobile transfer in microfinance	4.40	0.674
Credit sources remain a major challenge for us since not many microfinance institutions cater for our services	4.45	0.162
The numbers of small scale traders are many, while the financial institutions with the services tailored to them are few.	3.89	1.01
The loan requirements of the SME'S traders are different from those of the large businesses, due to fragile nature of the business among other considerations, such as size, management structure, the capital base etc.	4.16	0.223
We have a good market share in this sub-county due to our penetration strategy we adopted	3.41	1.498
There is shortage in supply of financial services including credit compared to demand	3.19	1.321
Increase in demand for credit services has lend to emergence of mobile telephone money transfer services with the introduction of mobile transfer	3.16	1.244
The growth of mobile money transactions shows the demand for formal financial services including credit services far outstrips the supply	4.06	0.043

Most of the respondents agreed that credit sources remain a major challenge for them since not many microfinance institutions cater for their specific service needs. Increase in demand for credit services has led to emergence of mobile telephone money transfer services with the introduction of mobile transfer in microfinance credit. Loan requirements of the SME'S traders are different from those of the large businesses, due to fragile nature of the business among other considerations, such as size, management structure and the capital base as shown by mean score of 4.45, 4.40 and 4.16 respectively. Respondents also agreed that the growth of mobile money transactions shows the demand for formal financial services including credit services far outstrips the supply. This is because the numbers of small scale traders are many, while the financial institutions with the services tailored for them are few. In recent times, access to microfinance credit has improved credit access to most of the young entrepreneurs hence growth for businesses growth for most of the entrepreneurs. Microfinances have realized effective ways of integrating access to financial services and now there are more focused microfinance services emerging hence attracting the interests of donor agencies including NGOs, credit unions and non-banking financial intermediaries to provide credit services specifically to women entrepreneurs as shown by mean score of 4.06, 3.89, 3.84, 3.63 and 3.62 respectively. Finally, respondents were neutral that they have a good market share in the sub-county due to the penetration strategy adopted by the micro-finances, there is shortage in supply of financial services including credit compared to demand and that increase in demand for credit services has led to emergence of mobile telephone money transfer services with the introduction of mobile transfer as shown by mean score of 3.41, 3.19 and 3.16 respectively.

4.7.7 Influence of Number of Microfinance Institutions on Access to Credit

Table 4.37 shows the results of the findings on the extent to which the number of microfinance institutions influence access to credit.

Table 4.37 Influence of Number of Microfinance Institutions on Access to Credit

	Frequency	Percentage
To a moderate extent	41	23
To a great extent	89	49
To a very great extent	52	29
Total	181	100

From the findings, (49%) of the respondents were of the opinion that number of microfinance institutions influence access to credit to a great extent, 29% felt that number of microfinance institutions influence access to credit to a very great extent while 23% alleged that number of microfinance institutions influence access to credit to a moderate extent.

4.8 Micro Credit and Young Women Entrepreneurs

4.8.1 Application for Credit

Table 4.38 shows the study findings on whether young women entrepreneurs had taken loan from the microfinance's.

Table 4.38 Application for Credit

	Frequency	Percentage
Yes	148	89
No	19	11
Total	167	100

According to the findings, majority (89%) had sought for loan, 11% had not taken loan.

4.8.2 Microfinance Institutions Offering Credit to Young Women Entrepreneurs

The study requested respondents to indicate microfinance offering credit to young women as outlined on Table 4.39 below.

Table 4.39 Microfinance Institutions Offering Credit to Young Women Entrepreneurs

	Frequency	Percentage
Youth Enterprise Development Fund	13	8
Women Enterprise Fund	15	9
Kenya Women Finance Trust	11	7
Faulu Kenya	14	8
K-Rep	42	25
SMEP Microfinance	56	34
Jamii Bora	11	7
Uwezo Fund	5	2
Total	167	100

From the study findings, 34% had borrowed money from SMEP, 25% from K-Rep Bank, 9% from WEF, 8% from Faulu Kenya and YEDF as shown in each case, 7% from Jamii Bora and 2% from Uwezo Fund.

4.8.3 Influence of Microcredit Credit Service on Business Performance

The study further sought to investigate influence of microcredit credit service on business performance. This is outlined on Table 4.40 below.

Table 4.40 Influence of Microcredit Credit Service on Business Performance

	Frequency	Percentage
Yes	132	79
No	35	21
Total	167	100

The study established that majority (79%) of the respondents were of the opinion that microcredit credit services influence business performance while 21% felt otherwise.

4.8.4 Rating of Credit Service Offered by Microfinance Enterprises

Table 4.41 shows the findings of the study on the respondents rating of credit services offered by microfinance enterprises.

Table 4.41 Rating of Credit Service Offered by Microfinance Enterprises

	Frequency	Percentage
Poor	18	11
Average	28	17
Neutral	11	7
Effective	48	28
Very effective	62	37
Total	167	100

From the findings, most (37%) indicated that the services are very effective, 28% effective, 17% average, 11% poor and 7% neutral.

4.9 Inferential Statistics

To establish the relationship between the independent variables and the dependent variable the study conducted inferential analysis which involved coefficient of correlation, coefficient of determination and multiple regression analysis.

4.9.1 Coefficient of Correlation

In trying to show the relationship between the study variables and their findings, the study used the Karl Pearson's coefficient of correlation (r). This is as depicted on Table 4.42 below. According to the findings, it was clear that there was a positive correlation between microfinance credit and literacy level as shown by a correlation figure of 0.521, it was also clear that there was a positive correlation between microfinance credit and Collateral security with a correlation figure of 0.618, there was also a positive correlation between microfinance credit and interest rate with a correlation value of 0.587 and a positive correlation between microfinance credit and number of lending institution with a correlation value of 0.553. This shows that there was a positive correlation between microfinance credit and literacy level, Collateral security, interest rate and number of lending institution. . This notwithstanding, all the variables were significant as their P-values were less than 0.05.

Table 4.42 Coefficient of Correlation

		Access to credit	Literacy level	Collateral security	Interest rate	Number of lending institution
Access to credit	Pearson Correlation	1				
	Sig. (2-tailed)					
Literacy level	Pearson Correlation	.5210	1			
	Sig. (2-tailed)	.0032				
Collateral security	Pearson Correlation	.6180	.3421	1		
	Sig. (2-tailed)	.0021	.0014			
Interest rate	Pearson Correlation	.5870	.1240	.0621	1	
	Sig. (2-tailed)	.0043	.0120	.0043		
Number of lending institution	Pearson Correlation	.5530	.3420	.0000	.1660	1
	Sig. (2-tailed)	.0172	.0031	1.000	.0031	

4.9.2 Coefficient of Determination

The coefficient of determination was carried out to measure how well the statistical model was likely to predict future outcomes. The coefficient of determination, r^2 is the square of the sample correlation coefficient between outcomes and predicted values. As such it explains the contribution of the four independent variables (literacy level, Collateral security, interest rate and number of lending institution) to the dependent variable.

As summarised on Table 4.43, of the four independent variables that were studied, only 55.1% of the bank profitability was represented by the adjusted R^2 . This therefore means that other factors not studied in this research contribute 44.9% of credit accessibility among young women entrepreneurs. Therefore, further research should be conducted to investigate the other factors (44.9%) that determine access to credit.

Table 4.43 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.742	0.551	0.641	0.0438

4.9.3 Multiple Regression

The researcher further conducted a multiple regression analysis so as to identify relationship of factors influencing access to microfinance credit by young women entrepreneurs. The main purpose of multiple regressions is to learn more about the relationship between several independent or predictor variables and a dependent or criterion variable. The researcher applied the statistical package for social sciences (SPSS) to code, enter and compute the measurements of the multiple regressions for the study. As per the SPSS generated table 4.20, the equation,

($Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$) becomes:

$$Y = 1.279 + 0.510 X_1 + 0.613 X_2 + 0.525 X_3 + 0.531 X_4$$

The regression equation above has established that taking all factors into account (literacy level, Collateral security, interest rate and number of lending institution) constant at zero, credit accessibility will be 1.279. The findings presented on table 4.44 also show that taking all other independent variables at zero, a unit increase in literacy level will lead to a 0.508 increase in credit accessibility; a unit increase in Collateral security will lead to a 0.613 increase in credit accessibility; a unit increase in interest rate will lead to a 0.525 increase in credit accessibility and a unit increase in number of lending institution will lead to a 0.514 increase in credit accessibility. This infers that the number of lending institutions determine credit accessibility among young women entrepreneurs to a great extent, followed by interest rate charged then number of lending institutions while literacy level determine little to credit access among young women entrepreneurs in comparison.

Table 4.44 Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	1.279	1.316		1.451	0.357
Literacy level	0.508	0.310	0.172	4.242	.0276
Collateral security	0.613	0.322	0.067	3.452	.0202
Interest rate	0.525	0.156	0.210	3.382	.0285
Number of lending institution	0.514	0.245	0.148	3.358	.0249

CHAPTER FIVE

SUMMARY OF FINDINGS, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary of the findings, the discussion, conclusions and recommendations of the study based on the objectives of the study. The chapter finally presents the suggestions for further studies and research.

5.2 Summary of the Findings

On Collateral security influence to young women's access to micro-credit, the study established that most of the entrepreneurs (59%) had no property registered in their names which they could produce as collateral security whenever seeking financial support from the microfinance institutions. Likewise, the study noted that lack of Collateral security has become a constraint to young women entrepreneurs since most of them may not have ownership deeds to capital assets to present as security against the loans and that most of young women entrepreneurs have had loans applied for rejected due to failure to produce collateral security. Others had decided not to apply for credit since they 'knew' they would not be granted for lack of collateral security. Collateral security influences access to credit from microcredit institutions to a very great extent. Microfinance institutions always demand collateral security to act as a security on loans in the form of houses or deeds and immovable assets. MFIs have always adopted a risk averse stance towards small firms with an accompanying inability to focus on the income generating potential of the venture, when analyzing the likelihood of loan repayment as illustrated by mean score of 3.56, 3.51 and 3.50 respectively.

In regard to the objective seeking to find out the influence of interest rate charged, the study established that majority of the young women entrepreneurs had borrowed money from the nearby financial institutions with most taking a loan of 20,000-30,000 shillings, and 30,001-40,000 shillings payable between 6-12 months. However, this amount accrues interest rate as imposed by the financial institutions. They however felt that it was not reasonable. At the same time, the study established that interest rates

charged when intertwined with the security of the loan or pegged on the nature of the business, it could result to low interest rates. Microfinance institutions take stiff action for failure to repay the loan upon interest rate set on lending conditions hence becoming unfavorable. Entrepreneurs fear to apply for loans since the microcredit institutions do not consider whether they will be able to meet the interest rate set. From the findings of the study, most (38%) of the respondents were of the opinion that interest rate charged by the microfinance institution influence credit access to a great extent.

On the influence of the levels of literacy, the study noted that most of the entrepreneurs had attained secondary school certificate as their highest academic qualification and this influences uptake of loan. Those who had degree and colleges certificates had trained on general management, financial management, customer relations among other courses. The study established that information on availability of loans, and the rate of interests charged is communicated through newspapers and local magazine in which a good level of literacy is required to read and interpret. Low levels of education accompanied with low ability to read and write have had negative influence on young women entrepreneur's awareness on how and where and ability to get loans to improve their businesses and therefore the entrepreneur is at a disadvantage in the loans market. The study also found out that microfinance institutions in the area hold training sessions, when creating awareness of their services and products that are of benefit to young women's businesses. These training sessions help them to make good financial decisions in their business as represented by a mean score of 3.14, 3.03 and 2.93 respectively. All this influences access to microfinance credit to a great extent.

Regarding the number of lending institutions and its influence on access to micro-credit, the study established that in the sub-county there were 1-10 microfinance institutions with 1 to 10 branches across the county. However, the study established that licensing of more financial institutions would encourage uptake of loan among women entrepreneurs since uptake of loan is low among young women and this would influence business performance. Majority (77%) of the respondents were of the opinion that licensing of more financial institutions would encourage uptake of loan among young

women entrepreneurs while 23% indicated otherwise. Additionally, the study established that credit sources remain a major challenge for the young women since not many microfinance institutions catered for their specific service needs. Increase in demand for credit services has led to emergence of mobile telephone money transfer services with the introduction of mobile transfer in microfinance. Due to their fragile nature among other considerations such as size and management structure, loan requirements of the SME'S traders are different from those of the large businesses. Therefore there is need for more lenders with focus to meet them.

5.3 Discussion of the Findings

The study sought to establish whether the interest rates charged influence access to credit among young women entrepreneurs' projects in Athi River, to establish how the level of literacy influences access to credit among young women entrepreneurs' projects in Athi River, to investigate whether the number of lending institutions available influences access to credit among young women entrepreneurs' projects in Athi River and to establish the extent to which the demand for collateral security influences access to credit among young women entrepreneurs' projects in Athi River.

On Collateral security demand and its influence on access to micro-credit, the study established that majority (59%) of the respondents indicated that they had no properties registered in their name. The lack of property and land ownership translates directly into women's inability to access bank financing needed for their business. Access to finance is an obstacle for all firms and businesses and young women entrepreneurs rate it as the single biggest constraint that prevents them from growing their business (Schoof, 2006). Young women entrepreneurs are required to produce Collateral security to the micro-finances when they apply for loans as depicted by 60% of the respondents. Essayed (2005) observed that financial institutions in the formal sector generally regard the youth as high risk creditors and are reluctant to extend credit to them on favorable terms. Lack of Collateral security has become a constraint to young women entrepreneurs since most of them may not have deeds to capital assets to present as security against the loans hence their loans applied are rejected due to failure to produce Collateral security while others had decided not to apply since they 'knew' they would not be granted due to lack of

Collateral security. According to Kamau (2009) Collateral security is again highlighted as a major constraint to credit access.

On the objective on influence of interest rates charged, the study established that majority (84%) had borrowed money with majority applying between 20,000-30,000 shillings payable within 2-6 months. This finding conforms to Ndeti (2005) that every business needs financing, even though at first glance it might appear that funding is unnecessary. It's important that financing be as efficient as possible. Micro-finances impose interest on any loan disbursed to the client particularly to young women entrepreneurs which majority (73%) felt that it is not reasonable. Interest rate charged is sometimes, intertwined with the security of the loan or the nature of the business resulting to low interest rates due to, their low risks involved, microfinance take stiff action for failure to repay the loan upon interest rate set on trading conditions are unfavorable. According to Kamau (2009) the high interest rates, discourages the entrepreneurs in this sector from borrowing. This is because the interest payment eats into the profit and therefore reduces borrowing business if profit and trading conditions are unfavorable. The rates on interests charged discouraged the young women entrepreneurs from borrowing since they seemed punitive.

On literacy level, the study established that most (34%) of the respondents had attained secondary school certificate as their highest academic qualification while most (37%) had no professional training hence hindering uptake of loan. King and McGrath (2002) found that the level of formal entrepreneurial activity among women increases as their education rises, and there is a major jump in business ownership among those who go beyond secondary education. This can perhaps be attributed to the fact that entrepreneurship education is not offered at primary school level at whereas in secondary school it is offered as an optional subject and is more theoretical as opposed to being a bit practical. Further, the World Bank (2002) observed that the pedagogy of entrepreneurship education remains limited to traditional classroom teaching even though the outcome is on how to teach students start and run business. ILO (2009) noted that declining level of education had negative influence on entrepreneur's awareness on how and where to get loans to improve their businesses. The study established that information on availability

of loans, and the rate of interests charged, is communicated through newspapers and local magazine in which a good level of literacy is required to read and interpret. Low levels of education have had negative influence on young women entrepreneur's ability and awareness on how and where to get loans to improve their businesses especially when accompanied with low ability to read and write. Therefore an entrepreneur is at a disadvantage in loan acquisition. Ndubi and Karanja (2008) noted that entrepreneur with low ability to read and write is at a disadvantage in the loans market.

Regarding the availability of number of lending institutions and their influence on access to credit, the study established that there were 1-10 microfinance institutions with 1 to 10 branches. Additionally, licensing of more financial institutions would encourage uptake of loan among women entrepreneurs since there is low uptake of loan. Schoof (2006) observed that lack of enough number of financial institutions offering credit services to SME's is a constraint to the development of the sector. Majority 79% indicated that microcredit lending influence business performance. The loan requirements for the SMEs traders are different from those of the large businesses (Essayed, 2005). This arises due to the fragile nature of the business among other considerations, such as size, management structure and the capital base. Therefore there is need to have many lending institutions whose lending policies are established with such factors having been considered. The study established that credit sources remain a major challenge for the young women entrepreneurs since not many microfinance institutions cater for their specific service needs. According to Financial Sector Deepening (2009), just 60% of Kenyans have access to banks or microfinance institutions with 30% of rural users having no access to banking services at all. It further shows shortage in supply of financial services including credit when compared to demand.

5.4 Conclusions

The study set out to establish the factors influencing access to microfinance credit by young women entrepreneurs in Athi-River, Machakos County, Kenya. From the study findings, the study concludes that majority of the entrepreneurs had no properties registered in their names to use as Collateral security in even of taking loan which they produced as Collateral security whenever they are seeking for financial support from the

microfinance. Therefore, the study concluded that lack of Collateral security has become a constraint to young women entrepreneurs since most of them may not have deeds to capital assets to present as security against the loans and that most of young women entrepreneurs have had loans applied for rejected due to failure to produce Collateral security while others had decided not to apply since they 'knew' they would not be granted for lack of Collateral security. This therefore means that Collateral security influences access to credit from microcredit institutions to a very great extent.

In regard to influence of interest rate charged, the study established that majority of the young women entrepreneurs had borrowed money from the nearby financial institutions with majority having a loan of 20000-30000 shillings, and 30001-40000 shillings payable between 6-12 months. However, this amount accrues interest rate which was being imposed by the financial institutions though it was not reasonable. The study established that that interest rates charged while intertwined with the security of the loan or the nature of the business results to low interest rates due to lowered risks and this is to the advantage of the borrowers. Micro-finances usually take stiff action for failure to repay the loan upon interest rate set on trading conditions are unfavorable hence making entrepreneurs fear to fear applying for loans. This is because the microcredit institutions do not consider whether they will be able to meet the interest rate set. Therefore, interest rates charged by the microfinance institutions influence access to credit quite a great deal.

Regarding influence of levels of literacy, the study found out that most of the entrepreneurs had attained secondary school certificate as their highest academic qualification this determine uptake of loan. For those who had degree and colleges certificate had trained on general management, financial management, customer relation among other trainings. The study established that information on availability of loans, and the rate of interests charged, is communicated through newspapers and local magazine in which a good level of literacy is required to read and interpret, low levels of education have had negative influence on young women entrepreneur's ability awareness on how and where to get loans to improve their businesses and with low ability to read and write, therefore an entrepreneur is at a disadvantage in the loans market influence

access to microfinance credit to a great extent. Therefore it can be concluded that literacy levels greatly influence access to microcredit among the young women entrepreneurs.

Putting into perspective the influence of the number of lending institutions on access to credit, the study established that in the county there were 1-10 microfinance institutions with 1 to 10 branches across the county. However, the study established that licensing of more financial institutions would encourage uptake of loan among women entrepreneurs since uptake of loan is low and this would influence business performance. Additionally, the study established that credit sources remain a major challenge since not many microfinance institutions cater for young women entrepreneurs service needs. Increase in demand for credit services has led to emergence of mobile telephone money transfer services with the introduction of mobile transfer in microfinance. At the same time, the loan requirements of the SMEs traders are different from those of the large businesses, due to fragile nature of the business among other considerations, such as size, management structure and the capital base. This therefore means that the number of lending institutions greatly influences access to micro-finance credit for young women entrepreneurs to ensure that their specific needs are met.

5.5 Recommendations

On Collateral security, it is recommended that for the young women to access credit, alternative approaches on Collateral security requirements need to be adopted through the emphasis on social capital tools such as trust and network relations for securities. Peer groups who have known each other for a while and therefore have developed trust based on previous relations should be used instead of economic Collateral securities such as title deeds, prime property or a salary pay slip often required by formal banking institutions.

On the interest rate charged, the study outlines that high interest rates, discourages the entrepreneurs from borrowing. It is because the interest payments eat into profits and therefore affects the borrowing business especially when profit and trading conditions are unfavorable. Therefore, it is recommended that since most of youth do not have stable source of funding, they can only lend on short term basis. MFIs and governments should

design products specifically tailored to meet the needs of young women so as to address their challenges.

Regarding literacy levels, the study recommends that due to low literacy levels most young women SME traders are unable to differentiate the loan products offered by the financial institutions the government should offer training to the entrepreneurs in order to encourage entrepreneurship culture hence creation of job opportunity. Special entrepreneurship curriculum and training packages for young women should be developed in government institutions and other MFIs and institutions that have micro-credit components.

On the number of lending institutions, the study recommends that there is need to have many and diverse lending institutions whose lending policies are established to consider and address the needs of young women entrepreneurs. This is because lack of enough numbers of financial institutions offering credit services to SME's is a constraint to the development micro-enterprises. Due to their fragile nature among other considerations such as size and management structure, the loan requirements of the SME's are different from those of the large businesses. Therefore it is recommended that the government ensures that MFI friendly policies are developed and implemented and especially for MFIs with bias towards young women empowerment. There is need for policy that allows for thriving of more lenders with focus to meet the needs.

5.6 Suggestions for Further Studies

The study has explored on the factors influencing access to microfinance credit by young women entrepreneurs in Athi-River, Machakos County, Kenya. It is recommended that another study be done with an aim to finding out challenges facing uptake of government funding among young entrepreneurs. Likewise, the study recommends for more on the same in other counties in order to come-up with more reliable information that truly depicts the bigger picture as it is on the ground.

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APPENDICES

Appendix I: Letter of Transmittal

Rose K. Mwangera

P O Box 5270-00200

Nairobi.

23rd April 2014

Dear Sir/Madam,

RE: FACTORS INFLUENCING THE ACCESS TO MICROFINANCE CREDIT BY YOUNG WOMEN ENTREPRENEURS IN ATHI RIVER

I am a Master of Arts student at the University of Nairobi and in my final year of study. As part of the requirement for the award of the degree of Master of Arts in Project Planning and Management, I'm undertaking a research project on "**FACTORS INFLUENCING ACCESS TO MICROFINANCE CREDIT BY YOUNG WOMEN ENTREPRENEURS' PROJECTS IN ATHI RIVER**". In this regard, I am kindly requesting for your support in terms of time, and by responding to the attached questionnaire. Your accuracy and candid response will be critical in ensuring an objective research. It will not be necessary to write your name on this questionnaire and for your comfort, all information received will be treated in strict confidence. In addition, the findings of the study will solely be used for academic research purposes and to enhance knowledge in the field of micro-finance lending and young women's empowerment. Thank you for your valuable time on this.

Yours faithfully,

Rose Mwangera

University of Nairobi

Appendix II: Letter of Authorization



UNIVERSITY OF NAIROBI
COLLEGE OF EDUCATION AND EXTERNAL STUDIES
SCHOOL OF CONTINUING AND DISTANCE EDUCATION
DEPARTMENT OF EXTRA-MURAL STUDIES
NAIROBI EMC

Your Ref:

Our Ref:

Telephone: 334244 Ext. 120

Main Campus
Gandhi Wing, Ground Floor
P.O. Box 30197
NAIROBI

13th November, 2012

REF: UON/CEES/NEMC/18/254


TO WHOM IT MAY CONCERN

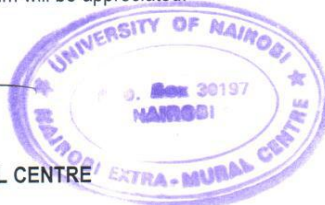
RE: ROSE K. MWONGERA- REG. NO .L50/73441/2012

This is to confirm that the above named is a student at the University of Nairobi College of Education and External Studies, School of Continuing and Distance Education, Department of Extra- Mural Studies pursuing Master of Arts in Project Planning and Management.

She is proceeding for research entitled "factors influencing access to Microfinance Credit by young women entrepreneurs in Athi River, Machakos County Kenya

Any assistance given to him will be appreciated.


CAREN AWILLY
CENTRE ORGANIZER
NAIROBI EXTRA-MURAL CENTRE



APPENDIX III: QUESTIONNAIRE FOR YOUNG WOMEN ENTREPRENEURS

Theme: Factors Influencing Access to Microfinance Credit by Young Women Entrepreneurs' Projects in Athi River

I am a Masters student studying Project Planning and Management at the University of Nairobi and I have designed the following questionnaire about the above topic. Kindly and humbly answer all the questions to the best of your knowledge. Indicate with a tick or filling in the space(s) provided. Use the space at the back of this questionnaire if you need more space for your responses.

Section A: General Information

1. Kindly indicate your age?

Less than 20 years 21-25 years

26-30 years 31-35 years

2. What is your marital status?

Single Married

Separated Divorced

Others (specify).....

3. How long has your business been in existence?

1 – 5 years 11- 15 years More than 20 years

6- 10 years 16 – 20 years

4. What is the legal business ownership of this firm?

Sole trader Private limited company

Partnership

Any other (specify).....

5. How many employees work in your firm?

- None [] Less than 10 [] 11-20 []
20- 30 [] 30- 40 []
40 – 50 [] Above 50 employees []

6. How much in Kenya shillings was your start-up capital?

- Below 10,000 [] 50,000 [] 51,000-100,000 []
101,000-150,000 [] 151,000-200,000 []
201,000-250,000 [] Above 250,000 []

7. Was the capital adequate?

- Yes [] No []

8. What does your business deal with (e.g Kinyozi, butchery, green grocer, salon, shoe maker, manufacturing etc)

.....

9. What is the estimated value/total of assets in your business?

.....

Part B: Micro Credit and Young Women Entrepreneurs

1. Have you ever applied for credit/loan from a microfinance institution?

- Yes [] No []

2. If yes, in 1 above indicate the microfinance that you borrowed credit from?

- Youth Enterprise Development Fund [] Women Enterprise Fund []

- Kenya Women Finance Trust (KWFT) [] Faulu Kenya [] K-Rep []

- SMEP Microfinance [] Jamii Bora [] Uwezo Fund []

Any other (specify).....

3. Does microcredit credit service offered by the microfinance influence your business performance?

Yes []

No []

4. How would you rate the credit service offered by microfinance enterprises ?

Poor []

Average []

Neutral []

Effective []

Very effective []

Part C: Access of Microfinance Credit by Young Women Entrepreneurs

Section 1: Collateral security

1. Do you have any property registered under your name?

Yes []

No []

Explain your answer?

.....
.....

2. If yes in 1above list down the property?

.....
.....

3. If no in 1above, explain why?

.....
.....
.....

4. Kindly indicate your level of agreement with the following aspects of Collateral security (Guarantees) and credit accessibility among women entrepreneurs? Use a scale of Use a scale of 1-5, where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree.

	1	2	3	4	5
Microcredit enterprises always demand Collateral security to act as a security on loans					
Lack of acceptable Collateral security is a major obstacle in accessing credit					

Yes [] No []

2. If yes, how much in Kenya shillings did you borrow?

Less than 10000 [] 10001-20000 []

20001-30000 [] 30001-40000 []

Above 50000 []

3. What was the duration for repayment?

Less than 3wks [] A month []

2-6 months [] 6-12months []

After 2 years [] more than 3 years []

4. In your own opinion does the interest rate favor your business?

Yes [] No []

5. Explain your answer?

.....

6. Kindly indicate your level of agreement with the following statements relating to interest rate charged and its influence on credit availability among young women entrepreneurs. Use a scale of Use a scale of 1-5, where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree.

	1	2	3	4	5
Microfinance institutions charge prohibitive interests on credit					
The amount of interest rate charged is sometimes, intertwined with the security of the loan or the nature of the business resulting to low interest rates due to, their low risks involved					
The credit processing costs and other charges are unrealistic					
Unrealistic action taken by the microfinance for failure to repay the loan upon interest rate set on trading conditions are unfavorable					
High interest rates charged by microfinance discourages us from borrowing					
I fear to apply for loan since the microcredit institutions					

do not consider whether I will be able to meet the interest rate set					
Failure to repay credit on time leads to the microfinance foreclosing the business and appoint a receiver to take day to a day running of the business, this discourages me to take credit since I fear such situations to happen to my businesses					
Microfinance institution lend on short term basis while interest rate is always high contributing to the rate being a constraining factor in accessibility to credit among the SME's					

7. In your own opinion, indicate the extent to which interest rate charged by the microfinance institution influence credit accessibility in your business?

- A very low extent [] A low extent []
A moderate extent [] A great extent []
A very great extent

Section 3: Literacy Level

1. Kindly indicate your highest level of academic qualification?

- Below standard Eight [] Primary School level (KCPE) []
Secondary School level (KCSE) [] College level []
University []

Any other specify

2. What professional training in business do you have?

- Accounting [] Management []
Procurement [] Entrepreneurship []
None []

Any other (specify).....

3. Do microfinance institutions in your area offer training concerning importance of credit in business?

Yes []

No []

4. If yes in 3 above, mention the type of the training offered?

.....
.....
.....

5. Do you think your level of education has influenced your ability to access credit from a microfinance institution?

Yes []

No []

6. In your own opinion, indicate your level of agreement with the statements below relating to entrepreneurs literacy level and microfinance and microfinance credit. Use a scale of 1-5, where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree.

	1	2	3	4	5
Am not aware of the legal issues that are needed to address access to credit for my business due to complex array of laws and regulations					
My level of education equips me with the knowledge and skills that are needed to more effectively managed and succeed in our businesses					
My level of academic qualification helps me to make good financial decisions in my business					
My level of education has positive influence on entrepreneur’s ability and awareness on how and where to get loans to improve their businesses					
I do not apply for loan since the information on availability of loans, and the rate of interests charged, is communicated through newspapers, in which a good level of literacy is required to read and interpret					
Microfinance institutions in this area have been introducing programs where microcredit is linked to education, health, nutrition and other non-financial services					

Microfinance institutions have increasingly focused on cost-effectively integrating microfinance with other types of services thus creating links with us in order to enhance our services					
Microfinance institutions in my area offer training sessions, hence creating awareness of their services and products that are of benefit to my business					
Through training I have been able to run my business effectively and I have realized profit increment					
Training sessions have helped us to define capital and investment, where to buy and sell, how to set prices, investments, credit sales for my business					
I have realized increase in business related outcomes such as revenues, profits due to trainings undergone					

7. In your own opinion, indicate the extent to which your literacy level has influenced your ability to take loans from the microfinance institutions?

- A very low extent [] A low extent []
A moderate extent [] A great extent []
A very great extent []

Section D: Number of Lending Institutions

8. How many financial institutions offering credit facilities do you know?

- 1-10 [] 11-20 []
21-30 [] 31-40 []
Above 41 []

9. Do you think licensing more financial institutions would increase borrowing?

- Yes [] No []

10. How would you rate the ratio of the number of lending institutions to the number of borrowers?

- Very low [] Low []
High [] Very high []

11. Does microfinance lending enhance your enterprise performance?

Yes []

No []

12. Does the number of lending institutions increase local competition among enterprises?

Yes []

No []

13. Kindly indicate your level of agreement with the statements below relating to number of lending institution and its influence on young women entrepreneurs. Use a scale of 1-5, where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree.

	1	2	3	4	5
Availability of microfinance institutions in our area has mobilized saving hence more capital due to the interests accrued					
My firm has established a personal relationship with the financier which enhances credit availability					
Duration of my relationship with my financier determines whether I can access credit					
Access to microfinance has improved credit accessibility to most of the young entrepreneurs hence business growth					
Recently there are more focused microfinance services emerging hence attracting the interests of donor agencies including NGOs, credit unions and non-banking financial intermediaries to provide credit services to specifically for women entrepreneurs					
Most of entrepreneurs, through microfinance have realized an effective way to integrate access to financial services					
Increase in demand for credit services has led to emergence of mobile telephone money transfer services with the introduction of mobile transfer in microfinance					
Credit sources remain a major challenge for us since not many microfinance institutions cater for our services					

14. In your own opinion, indicate the extent to which number of microfinance institutions influence credit availability among young women entrepreneurs in your county?

A very low extent

[]

A low extent []

A moderate extent [] A great extent []
A very great extent []

15. In your own opinion what would you suggest to be done to increase credit availability to the young women entrepreneurs?

.....
.....
.....

THANK YOU FOR YOUR PARTICIPATION

APPENDIX IV: QUESTIONNAIRE FOR MICROFINANCE STAFF

Factors Influencing Access to Microfinance Credit by Young Women Entrepreneurs' Projects in Athi River

Kindly answer all the questions to the best of your ability. Indicate with a tick or filling in the space(s) provided.

SECTION A: GENERAL INFORMATION

1. Indicate the name of your organization (optional).....

2. Kindly, indicate the department you are working in.

- | | | | |
|------------------------------|-----|----------------|-----|
| Manager | [] | Credit officer | [] |
| Business Development officer | [] | Accountant | [] |
| Operation officers | [] | | |
| Any other specify..... | | | |

3. How long have you worked in this organization?

- | | | | |
|-------------|-----|----------------|-----|
| 1- 5 years | [] | 11 - 15 | [] |
| 6 - 10years | [] | Above 16 years | [] |

4. How many customers does your organization serve?

- | | | | |
|----------------|-----|-----------|-----|
| Less than 500 | [] | 501-1000 | [] |
| 1001-1500 | [] | 1501-2000 | [] |
| More than 2000 | [] | | |

5. Does your organization empower young women entrepreneurs through offering credit to them?

- | | | | |
|-----|-----|----|-----|
| Yes | [] | NO | [] |
|-----|-----|----|-----|

6. How would you rate the uptake of loan among young women entrepreneurs?

- | | | | |
|-----------|-----|------|-----|
| Poor | [] | Fair | [] |
| Average | [] | Good | [] |
| Excellent | [] | | |

Section I: Collateral security

1. Does your organization demand for Collateral security from young women entrepreneurs?

Yes [] NO []

2. If yes, indicate the type of Collateral security you demand from them?

.....

Do most of the entrepreneurs produce the Collateral security as you demand?

Yes [] NO []

3. Kindly indicate your level of agreement with the following aspects of Collateral security and credit accessibility among women entrepreneurs? Use a scale of Use a scale of 1-5, where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree.

	1	2	3	4	5
Lack of property and land ownership translates directly into women's inability to access bank financing needed for their business					
Our institutions always demand Collateral security to act as a security on loans in the form of houses or deeds to some immoveable assets					
Lack of Collateral security has become a constraint to young women entrepreneurs since most of them may not have deeds to capital assets to present as security against the loans.					
Most of young women entrepreneurs have had loans applied for rejected due to failure to produce Collateral security while others had decided not to apply since they 'knew' they would not be granted for lack of Collateral					

security					
We have adopted a risk averse stance towards small businesses, with an accompanying inability to focus on the income generating potential of the venture, when analyzing the likelihood of loan repayment					

4. In your own opinion, indicate the extent to which Collateral security influence credit accessibility from microcredit institutions?

- A very low extent [] A low extent []
A moderate extent [] A great extent []
A very great extent []

Section II: Interest Rate

1. Does your organization impose interest rates on credit borrowed by young women entrepreneurs?

- Yes [] No []

2. How do you determine the interest rate to impose?

.....
.....

3. Kindly indicate your level of agreement with the following statements relating to interest rate charged and its influence on credit availability among young women entrepreneurs. Use a scale of Use a scale of 1-5, where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree.

	1	2	3	4	5
We have often been criticized for having high interest rates charged on loans					
We charges a fair interest on credit basing on the customer relationship					
Increased interest rate by the Central Bank results to the					

increase of interest rate on credit					
Interest rate charged is sometimes, intertwined with the security of the loan or the nature of the business resulting to low interest rates due to, their low risks involved					
We take stiff action for failure to repay the loan upon interest rate set on trading conditions are unfavorable					
We encourage young women entrepreneurs to take loan despite interest rates that we charged					
Most of the young women entrepreneurs fear to apply for loan since the microcredit do not consider whether they will be able to meet the interest rate set					
Failure to repay credit on time forces us to foreclose on the business and appoint a receiver to take day to a day running of the business, this discourage me to take credit since I fear such situations to happen to my businesses					
We lend on short term basis while interest rate is always high contributing to the rate being a constraining factor in accessibility to credit among the SME's					

4. In your own opinion, indicate the extent to which the interest rate charged by your microfinance institution has influenced access to credit by young women entrepreneurs.

- A very low extent [] A low extent []
A moderate extent [] A great extent []
A very great extent

Section III: Level of education

- Does education level of the young women entrepreneurs influence their loan uptake?
Yes [] No []
- Indicate your level of agreement to the statements below relating to literacy level of young women entrepreneurs and its influence to uptake of loan. Use a scale of 1-5, where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree.

	1	2	3	4	5
Low levels of education have had negative influence on young women entrepreneur's ability awareness on how and where to get loans to improve their businesses					
With low ability to read and write, therefore an entrepreneur is at a disadvantage in the loans market					
Information on availability of loans, and the rate of interests charged, is communicated through newspapers and local magazine in which a good level of literacy is required to read and interpret					
We often demand cash flows and other financial records as a prerequisite for approving of credit					
Complete, accurate and precise information is necessary for financial decisions including obtaining business loans. The literacy level is again observed in the ability to have appropriate book keeping skills.					
Due to low literacy levels most SME traders are unable to differentiate the loan products offered by the financial institutions					
Inadequacy in financial management skills and strategic planning put the SME's in a disadvantaged position in competing with a large firms which are run by well-educated professional managers					
Most lenders advertise their services on the print media. Since the literacy levels among the small scale traders are low they may not access the information					
Lower education levels put Kenyan women entrepreneurs at a disadvantage compared to men					

3. In your own opinion, indicate the extent to which literacy level influence loan uptake from the microfinance?

- A low extent [] A low extent []
A moderate extent [] A great extent []
A very great extent []

Section IV: Number of Lending Institutions

16. How many branches do you have in this county?

- 1-10 11-20
- 21-30 above 30

17. Are you in a position to cater for credit lending requested by all the customers and particularly young women entrepreneurs?

- Yes No

Explain your answer

.....

.....

18. Kindly indicate your level of agreement with the statements below relating to number of lending institutions and its influence on young women entrepreneurs. Use a scale of 1-5, where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree.

	1	2	3	4	5
The numbers of small scale traders are many, while the financial institutions with the services tailored to them are few.					
The loan requirements of the SME’S traders are different from those of the large businesses, due to fragile nature of the business among other considerations, such as size, management structure, the capital base etc.					
We have a good market share in this sub-county due to our penetration strategy we adopted					
There is shortage in supply of financial services including credit compared to demand					
Increase in demand for credit services has led to emergence of mobile telephone money transfer services with the introduction of mobile transfer					
The growth of mobile money transactions shows the					

demand for formal financial services including credit services far outstrips the supply					
Though we provide credit service to entrepreneurs, some fears that this may be 'pyramid schemes' hence few customers turn-up					

19. In your own opinion, indicate the extent to which number of microfinance institutions influence credit availability among young women entrepreneurs in your county?

A very low extent [] A low extent []

A moderate extent [] A great extent []

A very great extent []

20. In your own opinion what would you suggest to be done to increase credit availability to the young women entrepreneurs?

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THANK YOU FOR YOUR PARTICIPATION

APPENDIX V: KREJCIE & MORGAN TABLE FOR DETERMINING SAMPLE SIZE FOR A GIVEN POPULATION

Table for Determining Sample Size for a Given Population

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note: "N" is population size
"S" is sample size.

Source: Krejcie & Morgan, 1970