

**FACTORS INFLUENCING ACCESSIBILITY TO FINANCE BY
SMALL SCALE WOMEN ENTREPRENEURS IN SOTIK SUB-
COUNTY, BOMET COUNTY, KENYA.**

**BY
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DECLARATION

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

Signature-----Date-----

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L50/63860/2013

This research project has been submitted for examination with approval by the university supervisor.

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DEDICATION

I dedicate this research report to my beloved wife, Ann Chebet Mutai for her financial and moral support and my children Emmanuel Kiptoo, Einstein Cheruiyot, Brian Kipngetich, Godwin Kipkemoi and Clare Cherop for offering their moral support during entire period of my masterø education.

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LIST OF ABBREVIATIONS AND ACRONYMS

MENA:	Middle East and North Africa
SME:	Small and Medium Enterprises
US:	United State
GPMI:	Global Partnership for Financial Inclusion
MFI :	Micro Finance Institution
WWB:	Women World Banking
SHG:	Self Help Group
NGO:	Non Governmental Organization
RRB:	Regional Rural Banks
GDP:	Gross Domestic Product
FSD:	Financially Deepening Kenya
NFWBO:	National Foundation For Women Business
SSA:	Sub Sahara Africa
BDS:	Business Development Service
MPNDV:	Ministry of Planning, National Development and Vision 2030
WEK :	Women Enterprise in Kenya
MSME:	Micro, Small and Medium Enterprise
ILO :	International Labour Organisation
R & D:	Research and Development
MS:	MicroSoft
SPSS :	Statistical Package for Social Science

ABSTRACT

The purpose of the study was to investigate factors influencing accessibility to finance by small scale Women entrepreneurs in kipsonoi ward, Bomet County. The study was guided by the objectives, influence of literacy level, number of lending institutions, collateral and interests rate on accessibility of finance by women entrepreneurs in Kipsonoi ward. This study targeted all 100 women operating licenced small businesses in kipsonoi ward. They are found in small market centers. Data will be collected by use of questionnaires composed of open ended and closed ended questions because it will be easy to administer, cheap and less time consuming. Because of few licensed small scale women entrepreneurs in kipsonoi ward sampling will not be done but instead census method is used. The purpose of the study was to investigate factors influencing accessibility of finance by Women entrepreneurs in Kipsonoi ward. The study was guided by the following Objectives: a)To establish how level of literacy influence accessibility of finance by small scale women entrepreneurs in Kipsonoi ward d)To assess how the number of lending institution influence accessibility of finance by small women entrepreneurs in Kipsonoi ward. c) To examine to what extend demand of collaterals influences accessibility of finance by small scale women entrepreneurs in Kipsonoi ward. To assess how interest rates influence accessibility of finance by small scale women entrepreneurs in Kipsonoi ward. The study used questionnaires to solicit information in line with objectives of the study. Target population of a survey is the entire set of units for which the survey data are to be used to make inferences. It defines those units for which the findings of the survey are meant to generalize. Piloting was done using split half technique. It was then edited, organized and analyzed using statistical packages for social sciences. The study was done in Kipsonoi ward, Bomet County of Kenya. A questionnaire was used to collect the data and split-half technique was used in piloting of the study. Opinions of experts, peer review were used to check the validity of the instruments and reliability calculated using Pearson's product moment correlation co-efficient. Data was collected after obtaining a research permit from the relevant authorities. There are 100 licenced small scale women entrepreneurs who are engaged in different kind of business in Kipsonoi ward. Because of small number of small scale women entrepreneurs in Kipsonoi ward, all of them were sampled, census method was used. This study used descriptive survey design. Descriptive survey designs are used when the objectives are systematic or descriptive of facts and characteristics of a given population or sample of the population or area of interest is factual and accurate. In Kipsonoi ward, level of education of majority of licenced small scale women entrepreneurs 53(53%) is primary and below thus literacy level is very low among them, majority of women entrepreneurs 96(96%) in Kipsonoi ward rarely engaged in training,42(42%) of small scale entrepreneurs are in the age bracket of (36-40) ,96(96%) does not have any form of collateral and this is one of the factors they cannot access credit finance from lending institution .2(2%) borrow loan very frequently,5(5%) do it frequently, majority of them 90(90%) does it occasionally and 3(3%) rarely borrow loan. 50(50%) have taken an average of one year of repayment,53(53%) who are the majority are of the opinion that they are hardly accessible to any lending institution. Based on the findings, conclusions, recommendations and recommendations for policy formulation were drawn. Recommendations for further research was also established so as to fill the gaps that might have been left out in the research.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Women's access to finance is a major constraint to start and expand businesses. Improving women's direct access to credit leads to higher investments in human capital and have a stronger impact on a country's economy in terms of health, education and long term implications for families and societies. There is a great need for women entrepreneurs to get access to credit facilities and the policy makers should understand and develop successful strategies to address the issue (World Bank, 2008).

According to Besley, (1995) without adequate access to this credit facilities women entrepreneurs will be subjected to negative shocks and factors such as poor production levels in their businesses, lack of growth and generally poor performance of the business and can lose some of the few assets they have unlike their male counterparts who can access well-designed credits and loans easily thus able to finance their businesses and adopt more effective and efficient strategies to stabilize their businesses (Diagne and Zeller, 2001). In general proper access to financial services provides opportunities for improving the women's businesses and the economy of the entire communities and countries. Despite this however, credit facilities have been designed and crafted in a manner that will lock most women entrepreneurs from accessing it since it does not recognize that women as well as men are active, productive and engaged in business and thus they face their own financial constraints and needs.

Access to finance is a challenge common to all MSEs, the challenge for women business owners is compounded by the multifaceted gender related problems that inhibit their ability to access credit. To securing capital for starting business is one of the major obstacles of every entrepreneur particularly in the MSE sector but women entrepreneurs face additional constraints to secure financial resources (Wole, 2009).

According to Gordon (2000) that the key issues facing new and growing women-owned enterprises in the United States include access to capital, access to information and access to networks. It is well pointed out in many countries that the key issues facing new and growing women-owned enterprises in the United States include access to capital, access to information and access to networks. Lee-Gosselin and Grise (1990) also supported this view by indicating that in general, the most common start-up problems seem to be lack of capital.

In Indonesian women entrepreneurs on the other hand, have difficulties in exporting their product overseas and in increasing the volume of production, both of which are of importance for their competition in the global market (Gordon, 2000).

Pandula (2011) looked at Sri Lanka and concluded that factors such as education, experience and type of businesses affected the accessibility of finance by women

It has been clearly indicated by Barwa (2003) on women entrepreneurs in Vietnam, that women face additional handicaps due to the prevailing social and cultural gender-based inequalities and biases. For instance, the barriers that women entrepreneurs face in accessing credit from formal institutions is magnified in view of their limited access to formal education, ownership of property, and social mobility. Other aspects of unequal access to opportunities and markets include business experiences, limited knowledge of marketing strategies, weak business associations, lack of networking facilities, and poor access to education and training programs.

In the finance industry where this study was undertaken, it is argued that there are a few things that arise making it hard for Women entrepreneur(s) to be able to have access to proper financing. These things are such as collateral constraint, inadequate business plan, state of the economy and bureaucratic procedures in applying for loans/finances.

Evidence of female entrepreneurs being less well financed than male counterparts comes from the Netherlands (Verheul and Thurik, 2001; Norway Alsos et al 2006, Italy Alesina et al(2008), the US Blanchflower 2008, Cavalluzzo and Wolken 2002 Women continue to face challenges in accessing debt finance. This has been shown to be more of a challenge for women who start or are involved in low growth businesses within industries, which are either small or stagnant.

In South Africa Black women entrepreneurs are denied access to affordable financial services (Brohman, 1996). The nature of the many challenges and obstacles facing women entrepreneurs suggest that their full economic potential is not actualized and women do not feature on the mainstream of the economic agenda.

In Mozambique, It is widely accepted that women have less access to financial services than men, particularly in Sub-Saharan Africa Aterido, et al (2013). Due to existence of gender gap in Sub-Saharan Africa, and conclude that the barriers for women are largely outside the financial sector.

In Botswana, Empirical literature suggests that SMEs, especially those owned by women and youth, have constrained access to external finance from formal banks (Kapunda, Magembe and

Shunda 2007; White and Kenyon 2001; Pissarides, Singer, and Svejnar 2003; Lin and Lin 2001). Collateral constraint and bureaucratic procedures being cited mostly as major factors; these constraints the attainment of funding from financial institutions (Kuzilwa J.A 2005).

In a poor country like Tanzania, it is quite hard to find an average citizen owning valuable land or other property that can be used to secure loans; if they do own one, most average Tanzanians don't find it a merit to have title deeds citing the difficulties of plot valuing and measuring as reasons for not seeking title deeds for their lands.

Business financing is a very important factor in growth and performance of businesses, Shepherd, et al (2007) noted that one of the most difficult problems in the new ventures and especially, the small businesses is obtaining financing. For the women entrepreneur available financing needs to be considered from the perspective of debts versus equity and using external versus external funds. The concern of this study was to study factors influencing accessibility of external finance by women entrepreneurs.

Debt is one of the most popular forms of financing for entrepreneurs particularly at start-up. Riding and Swift (1990). Women, however have found accessing debt finance a challenge (Buttner and Rosen 1992), for reasons stemming from unequal treatment by debt providers (Belcourt et al. 1991; Goeffe & Scase 1983; Hisrich & Brush 1984), lack of experience in dealing with lending institutions, inability to accumulate relevant experience and insufficient credit history and rating. Access to finance and financial resources have been found to be a challenge in the developing countries reviewed for this paper.

According to World Bank (2011), Middle East and North Africa (MENA) women business owners have access to *financial institutions*, yet they are not accessing *formal finance* itself. This is a significant and profitable opportunity for lending institutions.

Access to finance varies greatly between countries and ranges from about 5 percent of the adult population in Papua New Guinea and Tanzania to 100 percent in the Netherlands (for a comprehensive list of estimated measures of access to finance across countries, Demirgüç-Kunt, Beck, & Honohan, 2008, pp. 190-192).

The external finances or credit facilities is the type of finance that is obtained from persons other than the actual owners of the company, that is creditors to the company, Manasseh(2004) also

noted that, credit facilities can be in any of the following forms; loans debentures ,overdrafts, lease finance ,trade creditors, etc.Kuzilwa ,J (2005).

Access to finance refers to the possibility that women or enterprises can access financial services, including credit, deposit, payment, insurance, and other risk management services (Demirgüç-Kunt, Beck, & Honohan, 2008).

Researchers from various disciplines agree about the importance of small business to economic growth and personal wealth (e.g. Autio, 2005). The small business sector as a major source of employment and income is argued to be even more important to the economies in developing countries. In Africa, about 25 percent of the people employed outside agriculture depend on this sector for their livelihood; improving the conditions for small business is thus seen as a solution to unemployment and poverty alleviation (Mead & Liedholm, 1998). Self-employment and micro and small enterprise creation are routes that young people can actively explore to forge their futures.

Enterprises are the places where the jobs are (Haftendorn & Salzano, 2003).The economic contribution of small enterprises in Kenya is widely acknowledged. However, it seems little efforts are made to look at it from the youth perspective. The specific needs of the youth and particularly their entrepreneurial potential as well as their critical contribution to economic and social progress are underestimated (Irene, 2009).Often overlooked is the development of small enterprises in favour of formal employment. Many do not consider becoming entrepreneurs a genuine career path with financial reward and work satisfaction but as an alternative to joblessness. Schoof,(2006) quoted in Irene,(2009) states that there is still general lack of accurate and concrete data on youth entrepreneurship especially as it relates to entrepreneurial framework conditions and creation of new firms by youth.

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

Several studies around the world have been carried out which throw light on the financial factors

affecting women entrepreneurs (Stevenson and Jarillo, 2003). Though the three major stages in the entrepreneurial process of creating, nurturing and nourishing are the same for men and women, there are however, in practice, problems affecting women who are of different dimensions and magnitudes, owing to social and cultural reasons.

In Sotik Subcounty, Kipsonoi ward in particular Women entrepreneurs face numerous problems accessing finance for starting business which include lack of collaterals, high interest rates, low literacy level and few number of lending institutions.

1.2 Statement of the problem

Access to finance is a key issue for small scale women entrepreneurs. Accessing credit, particularly for starting an enterprise, is one of the major constraints affecting women entrepreneurs. In Kenya, women are almost invisible to formal financial institutions they receive less than 10 per cent of commercial credits (MahbubulHaq human Development Center, 2000).

When women do have access to credit it is often in small amounts, whether this suits their needs or not. The risks, challenges and obstacles (Ojo, 2004) perhaps affect women entrepreneurs more than their men counterparts, making their chances of success to be considerably lower than men. Considering the various challenges and obstacles facing women particularly in Kenya which include; capital inadequacy, unavailability of the required infrastructures, lack of collaterals, high interest rates, low literacy level, few number of lending institution to mention but few, someone may quickly conclude that women are usually discouraged from venturing into enterprise development (Hisrich and Brush, 1986).It is for this reason that this study is conducted in Kipsonoi Ward to find out how these factors influences accessibility to finance by small scale women entrepreneurs.

1.3 Purpose of the Study

The purpose of the study was to investigate factors influencing accessibility to finance by Women entrepreneurs in Kipsonoi ward.

1.4 Objectives of the Study

The study was guided by the following objectives

1. To establish how level of literacy influence accessibility to finance by small scale women entrepreneurs in Kipsonoi ward.
2. To assess how interest rates influence accessibility to finance by small scale women entrepreneurs in Kipsonoi ward
3. To examine to what extend demand of collaterals influences accessibility to finance by small scale women entrepreneurs in Kipsonoi ward
4. To assess how the number of lending institutions influence accessibility to finance by small women entrepreneurs in Kipsonoi ward.

1.5 Research questions

The study was guided by the following research questions;

- 1 How does level of literacy influences accessibility to finance by small scale women entrepreneurs in Kipsonoi ward?
- 2 How does interest rates influence accessibility to finance by small scale women entrepreneurs in Kipsonoi ward?
- 3 To what extend does demand for collateral influences accessibility to finance by small scale women entrepreneurs in Kipsonoi ward?
- 4 To what extend does number of lending institutions influences accessibility to finance by small scale women entrepreneurs?

1.6 Significance of the Study

This study will be of great importance to women entrepreneurs as it will outline factors affecting women entrepreneurs' financial performance in Kipsonoi ward, Kenya. The study determined how women's entrepreneurship affects economic growth and development and the impact of women's entrepreneurship in economic development. To the stakeholders, the study will be of importance since it will provide information that can be used to formulate policy. To academicians and researchers, the study will be a source of reference material for future researchers on other related topics; it will also help other academicians who undertake the same topic in their studies. The financial institutions will come up with products which are tailor made to fit into woman financial needs. In addition through the financial institutions corporate social responsibilities they will factor in woman groups. The important role that women play in

businesses entrepreneurship play in stimulating economic activity, creating jobs, alleviating poverty and uplifting living standards, has been recognized internationally as well as in Africa (Van Vuuren & Groenewald, 2007:269).

1.7 Limitations of the Study

The researcher had anticipated to face some limitations in this research study which included poor state of the roads. Alternative means of transport used include motorcycle, bicycle and footing. Unwillingness or failure of the respondent to respond to questionnaires thus nature of the questionnaire was such that sensitive issues were concealed from direct interpretation which minimized failure and unwillingness of the respondent to participate.

1.8 Delimitation of the study

The study was done in Kipsonoi Ward among licenced small scale women entrepreneurs on factors influencing accessibility to credit finance.

1.9 Basic assumptions of the study

The assumption of the study was that all respondents were to answer questions correctly and truthfully. The sample selected was to be representation of the target population and the data collection instrument will be valid and reliable in measuring the desired outcomes.

1.10 Definition of significant terms as used in the study

Researcher- A person carrying out a planned exercise that is aimed at allocating or getting rid of a problem.

Entrepreneure- A person who creates a new business in the face of risks and uncertainty for the purpose of achieving profit and growth by identifying opportunities and assemble necessary resources to capitalize on them.

Woman- An adult female human being.

Accessibility; Is a general term used to describe how easy it is for people to get to, use, and understand things.

Accessibility to finance; Refers to the possibility that women or enterprises can easily seek financial services or credit without any difficult.

Woman entrepreneur: A woman who initiated a business and is actively managing it ,owns and operates it.

Credit access; Supply side phenomenon of credit market, to decide whether borrowers can get money or not.

Entrepreneurship; Organizing by starting a business venture through which individual identify opportunities by assuming risks that may a rise through innovation or is the process of identifying and starting a new business venture, sourcing and organizing the required resources, while taking both the risks and rewards associated with the venture.

Literacy level: Ability of women entrepreneurs to read and write.

Interest rates: The interest rate is the amount of interest that must be paid on top of a mount borrowed.

1.11 Organization of the Study

The research report is organized in five chapters with chapter one featuring background of the study, statement of the problem, purpose of the study, objectives of the study, significance of the study, limitations of the study as well as assumptions of the study, delimitation of the study and definition of significant terms.

Chapter two captures study of literature review against background of key study variables, theoretical framework and conceptual framework.

Chapter three captures research methodology used in the study including research design, target population, sample size and sampling procedures, data collection procedures, data analysis technique and ethical considerations.

Chapter four deals with data analysis, presentation, interpretation and discussions and finally

Chapter five contains summary of findings, discussions, conclusion and recommendations

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter seeks to review the various issues which in one way or another may help the researcher, to address the key factors which affect the accessibility of credit among women. These factors range from the literacy levels, the number of credit lending institutions, the interest rates charged and the demand for collateral from traders by financial institutions.

2.2 Concept of Accessibility of Finance

Women's access to finance is a major constraint and improving women's direct access to credit leads to higher investments in human capital and have a stronger impact on a country's economy in terms of health, education and long term implications for families and societies(<http://www.fao.org/economic/esa/publicaciones/esa-pubs-details/es/c/120250>,date accessed 4/10/2013). There is a great need for women entrepreneurs to get access to credit facilities and the policy makers should understand and develop successful strategies to address the issue (World Bank, 2008).

According to Besley, (1995) without adequate access to this credit facilities women entrepreneurs will be subjected to negative shocks and factors such as poor production levels in their businesses, lack of growth and generally poor performance of the business and can lose some of the few assets they have unlike their male counterparts who can access well-designed credits and loans easily thus able to finance their businesses and adopt more effective and efficient strategies to stabilize their businesses (Diagne and Zeller, 2001).

The extent to which institutions reach out to women and the conditions under which they do vary noticeably, but women are at a disadvantage when an institution does not fund the type of activities typically run by women, when it does not accept female guarantors, when its requirements are not clear or widely known or when, as it is typically the case, loans to women are smaller than those granted to men for similar activities (Baydas, Meyer and Aguilera 1994).

In South Africa Research supported the theory that women have been impeded from acquiring adequate levels of human capital because of social and cultural forces (Chusmir, 1983). Socio-cultural constraints have limited women's access to a meaningful business experience (Cromie

and Hayes, 1988), and led to careers interrupted by family obligations (Kaplan,1988). They have less human capital for the management and development of their businesses.

Additionally, barriers have been seen to impede women's access to financial resources Carter and Allen,(1992).The main focus of this study will be on loan facilities offer by the financial institutions as credit to the women entrepreneurs. Financial institutions such as banks offer finances to businesses which are mostly short term in nature. This is because the deposits made with them are demand deposits, which cannot be lent on long term basis. Due to this fact the financing role of commercial banks is limited to short term loans exceeding four years. Short term loans range from three months to a maximum of four years and are given to established customers of the banks who have the necessary security. These are expensive as the customers will have to only pay interest on them, but also the insurance of the security, Access to finance refers to the possibility that women or enterprises can access financial services, including credit, deposit, payment, insurance, and other risk management services (Demirgüç-Kunt, Beck, & Honohan, 2008).

According to a recent report by the United Nations 2006, access to formal financial services is limited due to several factors ranging from cultural norms to the lack of financial literacy. Previous studies have pointed out that formal credit access has traditionally been limited for women (Lycette & White, 1989; Van Staveren, 2002). Recent evidence from Latin American countries shows that women receive less credit than men (Tejerina & Westley, 2007; Fletschner, 2009).

Women's lower access to and use of financial services is primarily associated with economic criteria (Morris & Meyer, 1993) and the presence of gender-biased transaction costs (Baden, 1996).Availability of finance varies greatly between countries and ranges from about 5 percent of the adult population in Papua New Guinea and Tanzania to 100 percent in the Netherlands (for a comprehensive list of estimated measures of access to finance across countries, Demirgüç-Kunt, Beck, & Honohan, 2008,.Access to finance is a challenge that many entrepreneurs face. It is argued that Women entrepreneurs face additional challenges in accessing finance both in the developed and developing world.

The lack of access to informal and formal credit by women micro and small entrepreneurs has been identified by numerous studies as *a* major, some even say, *the* major constraint. Recent ILO studies in the Philippines (59 percent), Bangladesh (76.4 percent) and Trinidad and Tobago place the lack of capital, especially in the start-up period, as the problem most often mentioned by women micro entrepreneurs. These studies confirm that this problem is more severe for women than for men. Knowledge in this area will assist in the growth and development of women's businesses and tap into the underutilized resource of women entrepreneurs. Having barriers and unnecessary challenges when accessing finance has a negative impact on any firm and will affect its growth and development and by extension hamper the local and general economy's growth.

Hertz (2011) in her report argue that women entrepreneurs are a significant force in the economy generating in the US economy over a trillion dollars in revenue annually and employing millions of workers. Small and micro enterprises are the life blood of the economy. They are at the fore front of the government effort to promote enterprise, innovation and increased productivity. Small and micro enterprises will continue to be the main providers of new jobs (Hewitt, 2000).

According to the Global Partnership for Financial Inclusion (GPFI) and IFC, women typically run small and informal firms in lower value-added sectors, which offer smaller returns to creditors, thus impeding their access to finance. Though microcredit can be useful in expanding financing options for the poor, especially women, it is not enough to meet the needs of SMEs. Women entrepreneurs expanding their businesses have financing needs that exceed micro-credit ceilings. One of the chief complaints of women entrepreneurs in the MENA region has been the inability to secure the formal financing necessary.

Those role and importance of women participation in small businesses to the economies of both the developed and the developing nations has been the subject of increased scrutiny particularly in the last decade. This is due to belief that prosperous and dynamic women in SME sector are crucial to performance of a dynamic economy (Beaver, 2002). However for this sector to continue to growing unabated there is need for flow of credit financing among women, which is currently not the case. The study seeks to find out the factors that prevent accessibility of credit finance among women in the sector of Kenyan economy.

The gender gap may be more far reaching than the differences in *access* suggested by the data, due to differences in *usage* and *quality* of financial services.

For example, a study in Pakistan showed that women have access to financial services in name only, as they mostly pass on their loans to their male relatives. In terms of usage of financial services, data (in terms of number of transactions) from Findex indicates that across regions, women are less likely than men to withdraw frequently from their accounts on a monthly basis. This is particularly the case in the MENA region (30% less likely) and in South Asia (27% less likely). Women are also more likely than men to have no withdrawal activity on their account, particularly in Europe and Central Asia (46% more likely) and South Asia (32% more likely). In all regions, women are less likely than men to deposit frequently in their accounts on a monthly basis, especially in MENA (32% less likely) and in South Asia (29% less likely). In addition, it is not enough for women to have access to an account, but they also need to own their accounts and savings. Several studies, using randomized control trials, show that providing access to own savings instruments increases consumption and productive investment, especially for women (Dupas and Robinson, 2013) and women's empowerment.

White and Kenyon (2001) noted that women are faced with limitations when starting a business and their businesses viability is questioned due to lack of financial opportunities. The possible avenues to external finance for SMEs include grants, soft loans, conventional banking credit and support networks. Developing relevant knowledge and skills through entrepreneurial education is important. Arguably, these should be fostered from an early age through educational institutions (Kourilsky et al 2007) and also skills development through methods of Life Long Learning (Nafukho and Muyia 2010).

Mansor and Mat (2010), based on a study of 436 women business establishments in the state of Terengganu in Malaysia, observed that environmental factors influence women's involvement in entrepreneurship include access to credit markets, experience, availability of technically skilled labour force, market access, and government regulations. Women are observed to be constrained in their access to formal bank credit as they are perceived to be risky borrowers due to lack of adequate collateral. This perspective is more pronounced in cultural settings where the women have less land and property rights as compared to men, and so cannot offer to the banks the preferred type of collateral (usually land and property).

2.3 Influence of literacy level on accessibility to finance by women

Education is a basic human right and a special tool for achieving the goals of equality development and peace (UN 1995 cited Muia and Otiende, 2004). Education is crucial in changing the status of women and improving their empowerment. Two-thirds of the world's illiterate people are women. In Africa, the high illiteracy rates for women have meant that they are in the lowest paying jobs mostly manual occupations.

Women entrepreneurs are often prevented from running competitive businesses by their relatively low education and skill levels, which generally limit their access to the various support and credit services (Cutura, 2007). Even when they have access to information on the financial services and market opportunities available to them, women may be less equipped to comprehend it due to low levels of literacy (UNDP, 2007).

Access of information among women Entrepreneurs is important both from the SME perspective and from the provider of the financial services. The SMEs requires information in which to identify the potential supplier of the financial services. This information is useful in evaluation of the cost of the financial services that are being offered. Lack of awareness about financial assistance in the form of loans and schemes by the institution in the financial sector, hinders the sincere effort towards women entrepreneurs from reaching those in the rural and backward areas. Education is one of the factors that impact positively on growth of firms (King and McGrath, 2002).

Access of information among women Entrepreneurs is important both from the SME perspective and from the provider of the financial services. The SMEs requires information in which to identify the potential supplier of the financial services. This information is useful in evaluation of the cost of the financial services that are being offered. Lack of awareness about financial assistance in the form of loans and schemes by the institution in the financial sector, hinders the sincere effort towards women entrepreneurs from reaching those in the rural and backward areas. Poor understanding of financial terminologies and lack of understanding of credit processes and the role of credit bureaus places women at a disadvantage. Despite the resources available, from private and public development finance institutions, few women know about them, their products and how to access them. Even when they have access to information on the financial services and market opportunities available to them, women may be less equipped to process it. Their lower levels of literacy and lack of exposure to other languages, especially relative to male

family members, hampers women's ability to benefit directly from information that is provided in writing or in languages other than those they speak at home (UNDP, 2007 and Ngimwa et al., 1997) and to fully understand the conditions of complex financial products available to them (Brown, 2001).

This matters as demonstrated by Cole et al.'s (2009) experimental work in India and Indonesia that finds financial literacy as a strong predictor of demand for financial services. This is worsened by the low level of training among women entrepreneurs. This reality of perception of women's low education, skill level and work experience may further lessen their attractiveness to lenders. Entrepreneurial education and training has been noted to have a significance role in stimulating entrepreneurship and self-employment Namusonge (2005)

In Kenya 78.9% of people in the lowest paying jobs are women. Women empowerment includes access to available opportunities, information, basic resources of education, decision-making authority and ability over one's life (UN, 1995 cited Muia and Otiende, 2004).

Majority of women in the world are illiterate and this has led them to get low and less opportunities of jobs and increased cases of public and domestic violence against girls and women (Porter, 1999). Women are also deprived of their basic education and are not provided with employment and decision-making authorities as men have.

In addition women literacy rates shows that investment in human capacities tend towards favoring men over women (Skalli, 2001). More educated women have a higher income. Education equips them the job opportunities. Access to employment expands their choices (Kabeer, 1998).

Equal access to education and equal opportunity in the gaining the skills are necessary for women to compete in the labor market. The better education a woman has the more able and willing to compete with men and this leads to increase in their productivity and in turn reduces discrimination against them (Ngunjiri,2010).

According to the CIA World Factbook, almost 75% of the world's 775 million illiterate adults are concentrated in ten countries (in descending order: India, China, Pakistan, Bangladesh, Nigeria, Ethiopia, Egypt, Brazil, Indonesia, and the Democratic Republic of the Congo). Women

represent two-thirds of all illiterate adults globally. Extremely low literacy rates are focused in three regions: South Asia, West Asia and Sub-Saharan Africa. The global literacy rate for all people aged 15 and over is 84.1%. The global literacy rate for all males is 88.6% and the rate for all females is 79.7%

Research shows that women's limited access to formal education, limited skills and access to productive resources, heavy domestic workload and cultural attitudes are all challenges that women encounter in the establishment and operation of micro enterprises (Suda, 2010).

The United Nations Educational Scientific and Cultural Organization (UNESCO) defines a literate person as someone who can with understanding, both read and write a short, simple statement on their own everyday life. To achieve this mainstreaming gender perspective in policy formulation, planning, programming and implementation in all sectors of development is imperative. As it is said, knowledge to the poor is power to the poor. Women's general education and Literacy creates a situation of dependency on others that can limit individual's prospects for empowerment (Muia and Otiende, 2004).

Most lenders advertise their services on the print media. Since the literacy levels among the woman in the small scale enterprise 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 accessibility of credit, among woman. Those entrepreneurs with larger stocks of human capital, in terms of education and (or) vocational training, are better placed to adapt their enterprises to constantly changing business environments (King and McGrath, 1998)

Women's lower access to and use of financial services is primarily associated with economic criteria (Morris & Meyer, 1993) and the presence of gender-biased transaction costs (Baden, 1996). From a broader perspective, reduced participation in credit markets is due to both demand and supply constraints (Lycette & White, 1989; Zuñiga, 2004). The most common demand-side constraint consist of: (i) collateral requirements; (ii) transaction costs; (iii) limited education and familiarity with loan procedures; (iv) low levels of financial literacy do not match with the complexity of formal financial products and do not allow people to perceive related benefits; (v) social and cultural barriers; and (vi) the nature of women's businesses. These factors constitute barriers that prevent women from having access to resources

Women tend to have lower financial literacy in most countries and face particular challenges to improve their financial competencies. A wide variety of sources covering developed and developing economies, including the OECD/INFE financial literacy survey (Atkinson and Messy, 2012) and other international and national studies, provide evidence of gender differences in all aspects of financial literacy, including financial knowledge, attitudes and behavior. Gender differences in financial literacy among woman participation are correlated with differences in socio-economic conditions of men and women. These factors not only reduce women's financial well-being, but also limit the extent to which women can improve their knowledge, confidence and skills about economic and financial issues.

According to the report by Gender and Monitoring Unit, women also have been a victim of gender violence domestically, emotionally and psychologically (GoK; 2006). This has made it worse for women to participate fully in entrepreneurship due to the fear. In settings where socio cultural norms restrict women's mobility, their ability to attend trainings or receive formal education, access to information, institutions and markets is compromised.

The location of their businesses at home as noted by Marlow (2002), may also seem to underrate the legitimacy of the businesses as perceived by their potential customers and creditors. As a result of these constraints, rural women tend to get their information from informal networks of women, reinforcing the gender gap in access to information. The gap can be substantial: recent work to quantify it using data from Paraguay compares husbands' and wives' knowledge of financial markets and finds that rural women are 15 to 21 percent less likely than men to have basic information about the financial institutions in their communities (Fletcher and Mesbah, 2010).

Several studies around the world have been carried out which throw light on the financial factors affecting women entrepreneurs. Though the three major stages in the entrepreneurial process of creating, nurturing and nourishing are the same for men and women, there are however, in practice, problems affecting women who are of different dimensions and magnitudes, owing to social and cultural reasons. The gender discrimination that often prevails at all levels in many societies impact the sphere of women in industry too, and a cumulative effect of psychological, social, economic and educational factors act as impediment to women entrepreneurs entering the mainstream (McCormick, 1996)

In practice, it is necessary to acknowledge the inter-related nature of these aspects for example: factors limiting women's financial opportunities may reduce their ability to gain more financial literacy, and at the same time gender differences in financial literacy may reinforce disparities in other domains. In particular, the evidence reveals that: Women have lower financial knowledge than men. In a large number of countries, women have lower financial knowledge than men. Only in a very small number of countries/regions gender differences are not significant, and in no country women were found to be more knowledgeable than men (OECD, 2013).

The international evidence shows that young women, widows, less well-educated and low-income women lack financial knowledge the most. Gender differences in financial knowledge among women are in part, but not entirely, related to demographic and socio-economic factors, indicating that, at least to some extent, differences in understanding are related to the different opportunities that women and men have to experience with financial issues along their life. While several of these financial factors are inherent to many countries, some of them are more severe in Kenya (Barrett and Weinstein, 2006).

Women entrepreneurs are often prevented from running competitive businesses by their relatively low education and skill levels, which generally limit their access to the various support and credit services (Cutura, 2007). Even when they have access to information on the financial services and market opportunities available to them, women may be less equipped to comprehend it due to low levels of literacy (UNDP, 2007)

Women are less confident than men in their financial knowledge and skills. Available evidence of financial attitudes suggests that women are less confident than men in their financial knowledge and skills, less over-confident in financial matters, and more averse to financial risk. Gender differences in attitudes towards money matters are particularly relevant as they may have important implications for women's willingness and ability to use formal financial services to seek for advice and choose appropriate information sources, and to learn more about financial issues.

A study (Cooper, 2000) of women entrepreneurs in the western world, proposed that three factors influence entrepreneurship antecedent influences such as background factors like working capital and genetic factors that affect motivation, skills and knowledge), the "incubator organization" the nature of the organization where the entrepreneur was employed just prior to

starting a business; the skills learned there) and environmental factors economic conditions, access to venture capital and support services, role models). Research from the rest of the world indicates that women and men differ on some of the above factors. While several of these financial factors are inherent to many countries, some of them are more severe in Kenya (Barrett and Weinstein, 2006).

Women have difficulties in some aspects of financial behavior such as, making ends meet in saving and in choosing financial products appropriately. Women show a number of weaknesses in financial behavior that can be attributed to lower financial literacy, but also to some external constraints in accessing economic and financial opportunities on an equal basis with men. On the one hand, women appear to be better than men at keeping track of their finances, but on the other hand they have difficulties in making ends meet in saving and in choosing financial products appropriately.

Owing to the aforementioned challenges, the performance of women enterprises has been far less than optimal. McCormick (2001) noted significant differences in the performance of women's enterprises vis-à-vis those of Kenyan men. Their enterprises are smaller, less likely to grow, less profitable, and begin with less capital investment than those owned by men. Women and men also operate from different locations. Men are twice as likely as women to locate in trading centres, commercial districts or roadside locations; women are almost twice as likely to be operating from the home. Women are three times as likely as men to belong to some type of business association, although there are indications that women's networks have little or no power to assist their businesses.

McCormick (2001) isolated three factors that account for these differences in enterprise performance. The first factor has to do with the level of education. On average, women entrepreneurs are less educated than their male counterparts and twice as likely as men to be illiterate. The major reasons for this difference are institutional in nature. Marriage institutions discourage investment in women's education and the division of labour assigns a greater share of household responsibility to girls. The second factor has to do with the opportunity to accumulate savings. Because women have lower levels of education and are segregated into lower paying jobs, they have lower savings with which to start a business. Third, women spend less time in their businesses than men because they are expected to carry out their domestic responsibilities,

including housework, food preparation and childcare. This also explains why women are more likely to operate their business from the home

More specifically, women and men appear to have different coping strategies when their income is not sufficient to cover living costs, with women cutting expenses, and men finding ways for earning extra money. In terms of saving behavior, women tend to save less and accumulate less wealth than men, typically as a result of their weaker labor market position. Moreover, women are more likely than men to be saving in informal ways. In choosing financial products, women are less likely than men to shop around, to take informed financial decisions, and to use independent advisors.

In addition, women are usually less educated than men, making them less well equipped to manage a business (Commonwealth Secretariat, 2002). Namusonge (2006) noted that entrepreneurial education and training play a key role in stimulating entrepreneurship and self-employment. Despite the presence of Business Development services in Kenya not many women entrepreneurs use it because of cost, access, necessity, or availability (Steven et al 2005). Education and skills are needed among woman to run a business. Majority of woman carrying out Small & Medium Enterprises 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 Small & Medium Enterprises sector. The literacy level among woman was reflected in their ability to carry out managerial routines. The routine includes making decisions on financial investment and management. This affects the decision on the external funding of their enterprise. The low literacy levels among woman participation in SME's are evidenced by the declining levels of the primary and secondary school enrolment of students in Kenya. This makes an entrance to the Jua kali sector increasingly the last resort for the disadvantaged students with relatively low levels of education. Women generally lack knowledge on the financial options available to them. Furthermore, the cost of getting this information (measured in money, time, and energy) may be high due to family responsibilities. At the site, www.ilo.org, it is observed that an entrepreneur's level of education is directly correlated with his ability to make financial decisions of his business. Kenya's declining level of education among woman, has had negative impact on entrepreneur's ability awareness on how

and where to get loans to improve their businesses. With low ability to read and write therefore, a woman 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 among women is required to read and interpret.

Even when they have access to information on the financial services and market opportunities available to them, women may be less equipped to process it. Their lower levels of literacy and lack of exposure to other languages, especially relative to male family members, hampers women's ability to benefit directly from information that is provided in writing or in languages other than those they speak at home (UNDP, 2007 and Ngimwa et al., 1997) and to fully understand the conditions of complex financial products available to them (Brown, 2001). This matters as demonstrated by Cole et al.'s (2009) experimental work in India and Indonesia that finds financial literacy is a strong predictor of demand for financial services.

Saleemi, (1997) explains that; complete, accurate and precise information among women 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 women 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 women traders are discouraged from applying for the loans. Furthermore, inadequacy in financial management skills and strategic planning put the women participating in Small & Medium Enterprises in a disadvantaged position in competing with large firms which are run by well educated professional managers.

In education, preference is given to boys, thus the educational level of most women entrepreneurs is very low, creating a barrier to them accessing training and other business developments services. (Women entrepreneurs in Kenya, 2008)

Education and skills are needed to run a business. Majority of people carrying out SMEs 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 affects the decision on the external funding of his enterprise

The low levels of literacy among women are working against the growth of the sector. For example due to this, including low levels of business knowledge, there are no associations representing the women in this region. Low literacy levels among women lead to poor communication within the sector, and externally and makes it difficult to undertake campaigns, or lobbying for better loan services. Information flows among the different women participation in the sector are quite in adequate.

Different aspects of training and support will help develop both the personal skills and business knowledge necessary for successful entrepreneurship taking into account the background of each woman (Namusonge, 2005). Developing these skills however is hard when the women are inexperienced in business and thus proposal should place particular importance on incorporating measures that develop personal skills and amongst other things enable entrepreneurs to take initiatives, be ambitious, have good negotiation skills and be ready to grasp new opportunities that arise.

On line with personal characteristics a study by Riria cited Ngunjiri, (2010) had indicated that Religion sometimes preaches low value of women and recognized three factors that affect women access to resources: lack of financial resources, socialization from culture and religion that dehumanizes women and literacy levels and indication that religious affiliation affects women participation in micro-financing.

Another study by UN 1995 cited Muia and Otiende, (2004) also established that education as one of personal characteristics is crucial in changing the status of women and improving their empowerment an implication that the level of education affects women's economic participation through determining both the livelihood of women's labor force participation and their competitiveness of labour market.

The findings of this study are in line with Malhotra, (1997) who also established that education is a important tool for controlling the social environment by providing guidelines to analyze information, control environment and protect them from violence hence enhancing women's

well-being and reduces violence against them, giving them a more autonomy in shaping their lives. It also improves their status within the family and gives them a greater voice in household decisions including financial decisions (Digummarti and Digummarti, 1999)

Due to low literacy levels again, there is no organization in charge of promoting and providing incentives for the creation of the type of the information exchange needed between the women and the lenders in the sector. Therefore, the business women in this sector should lobby for the creation of such an organization to fight for their welfare. Weaknesses in the information and knowledge flow in this sector therefore, translate into greater difficult in the communication and information provision, on the source and the type of credit available. Women informal nature increases their vulnerability in contract relationships with their lending institutions as the women are uninformed in the contract laws pertaining to credit. There is therefore a perpetuated vicious cycle among women in the Small & Medium Enterprises with regard to their information and literacy levels. Low literacy levels among women produces low levels of information and the low levels of information tend to legitimize the ignorance on the type and source of the loan service in the market.

Women have limited access to vocational and technical training in Kenya, women on average have less access to education than men, and technical and vocational skills can only be developed on a strong foundation of basic primary and secondary education. Kenya is characterized by low enrolment among women in education, high dropout rates and poor quality of education (Morris, 2006).

Studies have shown that there is low participation of women in small scale Entrepreneurship precipitated by lack of capital, low levels of education, high interest rates, other cultural factors hence low economic empowerment for women. Guided by the Blumberg (1988) gender and development theory which champions for women economic empowerment, this study will therefore seek to establish the factors affecting women participation in small scale entrepreneurship programmes in Bomet County.

2.4 Influence of Interest Rate on Accessibility to Finance by Women

An interest rate is the rate at which interest is paid by a borrower (debtor) for the use of money that they borrow from a lender (creditor). Specifically, the interest rate (I/m) is a percent of principal (P) paid a certain amount of times (m) per period (usually quoted per annum). For

example, a small company borrows capital from a bank to buy new assets for its business, and in return the lender receives interest at a predetermined interest rate for deferring the use of funds and instead lending it to the borrower. Interest rates are normally expressed as a percentage of the principal for a period of one year. Interest-rate targets are a vital tool of monetary policy and are taken into account when dealing with variables like investment, inflation, and unemployment. The central banks of countries generally tend to reduce interest rates when they wish to increase investment and consumption in the country's economy

Several studies have been conducted on the women entrepreneurs and the access to financial facilities by the women Small and Medium Enterprises. For example, (Bowen et al, 2009) on their study Management of Business Challenges Among Small and Micro Enterprises in Nairobi-Kenya found out that SMEs face the following challenges; competition among themselves and from large firms, lack of access to credit, cheap imports, insecurity, high interest rates and debt collection.

Peninah(2012), suggested that although more businesses have become the customers of banks, the overall volume of credit has not necessarily increased. Taken together with a squeeze in demand for their products and high inflation, small businesses are not always eager for larger bank loans at higher interest rates.

Fiona (2008), on her study on Government's administrative burden on SMEs in East Africa concluded that Governments in the region have begun to recognize that lower-level policies and administrative procedures impose significant constraints on private sector development, stemming primarily from the command and control bureaucracies that characterized colonial governance. There are three priority areas for administrative reform: business licensing and registration, tax and customs procedures and specialized approvals.

According to Adams, Graham & Von Pischke,(2008) in their classical analysis "undermining rural development with cheap credit", when poor people/women borrow they often rely on relatives or a local moneylender, whose interest rates can be very high. An analysis of 28 studies of informal money lending rates in 14 countries in Asia, Latin America and Africa concluded that 76% of moneylender rates exceed 10% per month, including 22% that exceeded 100% per month. Moneylenders usually charge higher rates to poorer borrowers than to less poor ones. While moneylenders are often demonized and accused of usury, their services are convenient and

fast, and they can be very flexible when borrowers run into problems. Hopes of quickly putting them out of business have proven unrealistic, even in places where microfinance institutions are active. The rate of interest charged on the credit determines the cost of the credit. The cost credit is the amount of money the woman is obligated to pay above the principal sum of money lent to her.

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. The interest rate usually, is a percentage of the borrowed amount, determines by 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 women from borrowing, hence reducing the accessibility of credit among them. Every business needs financing, even though at first glance it might appear that funding is unnecessary. It is important that financing be as efficient as possible Stutely, (2003). Stutely argues that the woman 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 has to be used, or the nature of the business.

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In Egypt, patriarchal values continue to perpetuate male's control of females, as men hold the right to decide whether or not their wives are allowed to work outside the home (Assaad, 2003; MacLeod, 1996). Similarly, women in Saudi Arabia must obtain permission from their husbands, or if unmarried, their fathers or brothers. Women who own and run their own businesses, but are

required to hire a male to handle daily operations if they do not have an all-female clientele (Heindel, 2001).

In Kuwait, female employment demonstrates many inequalities within the workforce. For example, Kuwaiti women in general and especially those employed in the banking sector do not have employment roles that accurately match their qualifications and abilities (Metle, 2001). In other Arab countries with much less economic status, women face more challenges in education. In Morocco,

Skalli (2001) explains, there is an alarming status of illiteracy among the female population, demonstrating that investment in human capacities tends to favour men over women. Instead of attending educational institutions, young girls are often left to take on traditional chores such as cleaning and providing the household with water and wood. Various reasons are behind the exclusion of girls from education in Morocco; mainly, the patriarchal ideology that prioritizes the education of male children in Moroccan families over females.

In Libya, prior to the 1969 revolution, the majority of women were not offered the opportunity to attend school, in part due to a scarcity of schools outside of urban areas (Hanley, 2001). In Jordan, women constitute fewer than half of Jordan's population. Although the average school enrolment is similar for males and females, the actual percentage of women who completed their secondary education averaged considerably lower than the completion rate among men (Faqr, 2001)

There are various other financial challenges that face small enterprises. They include the high cost of credit, high bank charges and fees. The scenario witnessed in Kenya particularly during the climaxing period of the year 2008 testifies the need for credit among the common and low earning entrepreneurs. Numerous money lenders in the name of Pyramid schemes came up, promising hope among the little investors, that they can make it to the financial freedom through soft borrowing. The rationale behind turning to these schemes among a good number of entrepreneurs is mainly to seek alternatives and soft credit with low interest rates while making profits. Financial constraint remains a major challenge facing SMEs in Kenya (Wanjohi and Mugure, 2008)

A general lack of experience and exposure also restricts women from venturing out and dealing with banking institutions. Those who do venture out often find that transaction costs for accessing credit are high, and cannot be met by the cash available to them. Because of this, they are dependent on the family members for surety or collateral and hence restrict the money they borrow. This results in lower investments. Alternately they tend to find working capital at higher rates of interest. The availability of finance and other facilities, such as industrial sheds and land for women entrepreneurs are often constrained by restrictions that do not account for practical realities (Hannan and Freeman, 1989).

Arab women's duties remain restricted to domestic and agricultural tasks, contributing to the soaring rates of illiteracy in countries such as Jordan. Walters (2001) explains that the persistent workloads ultimately do not permit them to take full advantage of growing trends in economic or educational opportunities. Arab societies are seemingly reluctant to abandon their traditional viewpoints of women, which restrict them to household and child rearing commitments (Anker & Anker, 1989; Mostafa, 2004).

2.5 Influence of Security/Collateral on Accessibility to Finance by Women

Globally, women face legal obstacles in starting and running a business. According to World Bank report (2012) on Women Business and Law, women in Middle East and North African countries have fewer inheritance rights than men. The report also indicates that women only own one percent of the world's property and in two thirds of countries, legal rights of women decline with marriage.

Several studies have been conducted on the women entrepreneurs and the access to financial facilities by the women Small and Medium Enterprises. For example, (Bowen et al, 2009) on their study Management of Business Challenges Among Small and Micro Enterprises in Nairobi-Kenya found out that SMEs face the following challenges; competition among themselves and from large firms, lack of access to credit, cheap imports, insecurity, high interest rates and debt collection.

Peninah (2012), suggested that although more businesses have become the customers of banks, the overall volume of credit has not necessarily increased. Taken together with a squeeze in

demand for their products and high inflation, small businesses are not always eager for larger bank loans at higher interest rates.

Women throughout the world contribute to national agricultural output and family food security, detailed studies from Latin America, South Asia, and Sub-Saharan Africa consistently indicate that rural women are more likely to be credit constrained due to lack of collateral than men of equivalent socio-economic conditions (Fletschner, 2009 and Diagne et al., 2000).

In Kenya although inheritance laws were raised with the succession Act of 1981 women have rarely inherited land and other property in their own rights. Legal regulations and customary rules often restrict women's access to and control over assets that can be accepted as collateral such as land or livestock. Women are much less likely to have land titled under their name, even when their families own land, and are less likely than men to have control over land, even when they do formally own it. Biased inheritance rights often grant land to male relatives, leaving both widows and daughters at a disadvantage (Agarwal, 2003).

Neither the state mandated agrarian reforms of past decades that granted much of the land to household heads, who were typically men, nor the more recent market-assisted land reforms have led to significant improvements in women's access to and control over land (Deere and Leon, 1997 and Bezner Kerr, 2008).

Even in countries where laws do protect women's land rights, these laws tend to be loosely regulated and implemented (USAID, 2003). Women's control over their families' livestock varies by culture (Tipilda and Kristjanson, 2008). Yet, typically, men are responsible for the purchase, sale or pawning of large animals, such as cows, horses and oxen, while women tend to claim control over small animals such as goats, sheep, poultry and pigs (World Bank, 2008b; IFAD, 2004, and; Miller, 2001).

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

According to ILO (2008), women in Kenya make up nearly half of small and medium enterprises owners and 40 percent of small holder farm managers yet they have less than 10 percent of the available credit and less than 1 percent of agricultural credit. Gender discriminatory factors Finally, women's access to financial resources is also limited by biased lending practices that emerge when financial institutions in the area consider them smaller, less experienced and therefore less attractive clients, or when institutions lack the knowledge to offer products tailored to women's preferences and constraints (Fletschner, 2009).

The extent to which institutions reach out to women and the conditions under which they do vary noticeably, but women are at a disadvantage when an institution does not fund the type of activities typically run by women, when it does not accept female guarantors, when its requirements are not clear or widely known or when, as it is typically the case, loans to women are smaller than those granted to men for similar activities (Fletschner, 2008a; World Bank, 2008b; Ospina, 1998).

This lack of clarity and transparency enables employees responsible for loan approvals to frame them as special favours that women are often unable to repay. The most common forms of repaying such favours such as inviting loan officials for a drink or for dinner or the giving of bribes are not considered acceptable behaviour for women (Ospina, 1998 and Lycette and White, 1989).

Combining these elements and acknowledging that, compared with men, women tend to have more limited control over resources accepted as collateral, less access to information, to be more risk averse and face a different set of activity-regulating social norms and family rights and responsibilities, it is easy to see that the type of financial products they need, the conditions under which they are willing to participate in formal financial markets and their ability to meet their financial needs differs dramatically from those of their male partners. Supporting these arguments, quantitative studies in Paraguay, Malawi and Bangladesh find that women are more likely to be credit constrained than men, and the factors affecting whether or not they are able to meet their needs for capital are different (Fletschner, 2009 and Diagne et al, 2000).

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Most banking institutions demand collateral as one of the requirements for the access to credit

facilities. This becomes a constraint among women participation in SMEs, most of them may not have deeds to capital assets to present as security against the loans.

Most women who venture into businesses in the rural areas and need financing lack the needed collateral to enable them secure bank loans (Karwenji, 2012). Responsibility of entrepreneurs for dependants has limited opportunities to make savings or undertake business expansion and diversification (Athanne, 2011).

Formal and informal banking institutions always demand collateral to act as a security on loans (Thuranira, 2009). This is often in the form of houses or deed to some immovable assets. This precondition plays a major part in the accessibility of loans and the situation may be more complicated for women entrepreneurs, who may not have right of ownership to expensive property including land and houses

Women's access to finance especially at the small and medium enterprise level is a major constraint to start and expand businesses (Langowitz, and Minniti, 2007). Women in Nigeria are face tighter constraints in terms of the cost of and access to finance. Majority of the loan applications rejections are based on the lack of acceptable collateral, a major constraint for women. Female entrepreneurs fail to excel effectively compared to one owned by men due to lack of accessibility to finance (Agarwal, 2003),

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 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 (Beaver, 2002). Therefore, although there has been a considerable progress in the lending to the SMEs, banks remain cautious because many these businesses have neither, collateral nor, asset registers (<http://thuraniraCharlesatayacurriculumvitae.blogspot.com/2009/10/factorsaffectingaccessibility-of.html>, date accessed 4/10/2013).

Access to Credit According to Schmidt and Kropp, (1987) the main problem among the formal lending and saving institutions is caused mainly by the policies they put in place regarding access to loan facilities. For example, the terms of payment, the mode of application, the qualification requirements and complex procedures and in most cases the women entrepreneurs

cannot properly understand and access these credit facilities. The banks mostly have prescribed minimum loan amounts which are not enough to improve or start their businesses. In addition, some financial institutions require security that does not fit the needs of the women which will hinder them from applying for the loans

According to Kuratko and Welsch, (1994), women entrepreneurs have long been victims of gender related discrimination. Abor and Biekpe (2006) emphasise that this discrimination against women seems to be worse in African countries where the financial sector is male oriented for example, they experience particular difficulties in gaining bank finance for their ventures. Although men and women both experience personal problems, women face more difficulties. This is especially true with regard to a lack of self-confidence and not being taken seriously by providers of funds when applying for funds.

It is widely acknowledged that African women have access to fewer resources than men. For example they tend to have lower access to credit facilities, education, land and training facilities than their male counterparts (Katepa, 1999). In the developing world, women's access to credit is limited because lending offices usually require tangible collateral from borrowers.

The financial aspects of setting up a business are without doubt the biggest obstacles to women (Zororo 2011, Brush 1992). Women entrepreneurs often lack information about how to get a loan, lack the necessary collateral to obtain one and /or face discriminatory laws or practices related to finance and credit Commonwealth secretariat (2002).

Women entrepreneurs cite access to finance as the most significant constraint affecting launch, growth and sustainability of their business (Eurochambers, 2004)

A major barrier that women entrepreneurs encounter is the lack of access to adequate Institutional support in technical, business and financial services. Recent studies have shown that the majority of the poor and especially women lack access to formal banking services of any kind and have emphasized the importance of enabling savings (Republic of Kenya, 1992)

When a financial institution gives a loan, it wants to make sure it will get its money back. That is why a lender usually requires a second source of repayment called collateral. Collateral is personal and business assets that can be sold in case the cash generated by the small business is

not sufficient to repay the loan. Every loan program requires at least some collateral. If a potential borrower has no collateral, he/she will need a co-signer who has collateral to pledge. Otherwise it may be difficult to obtain a loan. This is one of the factors which prevent women entrepreneurs from accessing loans.

Collateral reduces the riskiness of a loan by giving the financial institution a claim on a tangible asset without diminishing its claim on the outstanding debt. Coco (2000) point out that collateral is the lender's second line of defense.

In Latin America, as well as in most developing countries, collaterals accepted by the formal financial sector are almost exclusively real estate (Inter-American Development Bank, 2004). Because women often hold their personal wealth in form of moveable assets like jewelry (Baden, 1996), but lack properties or financial collaterals, (United Nations,2006) they are frequently credit rationed.

One of the most important barriers to access credit is credit rationing that has been extensively analyzed in the literature as a consequence of agency problems (Stiglitz & Weiss, 1981). Adverse selection appears when the lender ignores the borrower's default risk, while moral hazard (the debtor might not repay the debt, regardless of being able to do so) arises after the loan has been granted (Jaffee & Russell, 1976).

As an attempt to reduce asymmetric information, lenders can monitor borrowers by acquiring information about the project to be financed or calling for collaterals (Bester, 1985; Besanko & Thakor, 1987; Manove, Padilla, & Pagano, 2001). However, credit rationing persists because monitoring is costly (Williamson, 1987) and collateral is often required to mitigate the asymmetric information problem.

The collateral secures the debt when it is valuable for both parties involved in the contract, when the lender can take possession of the security without incurring high transaction costs according to the legal framework (Fleisig, 1995) and when its value does not diminish with use. Because the collateral's value often surpasses the loan (Picker, 1992), it is easier to recover a secured debt than an unsecured one.

The compulsory savings which is a pre-requisite for borrowing, act partly as security. However, collateral is put in writing such that on default by a member, the group members can sell the given security to recover the loan. Social collateral works through reputation effects on group members in which repayment of loans is seen by group members as necessary to maintain their social standing in the community, (Woolcock, 2002).

Van (2005), concludes that agents will always form groups with agents of the same type and that agents' types can be distinguished according to the rate at which they are willing to trade increased joint liability commitments. For individual loans, security is a requirement and the MFI takes security like land titles, vehicle logbooks which are kept in custody. Security is also what the client offers as form of guarantee to acquire loans, and surrender in case of failure to pay. Lenders should consider security very important because it is an alternative payment in case the customer fails to pay. Rajan (2002) indicated that securities apart from land and building keep on losing value as to globalization where new technology keeps on developing therefore, credit institutions shouldn't emphasize more on collateral.

According to Chan and Thakor (2000), security should be safe and easily marketable. The extent of the risk of primary sources of repayment failing will determine the extent to which security should be relied upon. Atieno (2009) shows that loan security is one of the important aspects of credit to the small and medium enterprises. Most lending to small scale enterprises is security based, without any regard for potential cash flow. However, organizations lending to micro enterprises have devised alternative forms of collateral. These include group credit guarantee where institutions lend to individuals using groups as guarantors and personal guarantors where individuals are given loans.

Micro credit is most often extended without traditional collateral (Wenner, 2006). He argues that if physical collateral were a requirement for borrowing, most MFIs clientele would be unable to participate due to their extreme poverty levels. Since borrowers do not have physical collateral, MFIs focus on using social collateral via group lending. Group lending encompasses a variety of methodologies (Woolcock, 2002), but all are based on the principal of joint liability. In essence the group takes over the underwriting, monitoring, and enforcement of loan contracts from the lending institution.

Goldmark (2001) indicated that under joint liability each group member is made responsible for the loan of other group members. If one defaults, the other group members are required to cover the loan from their own resources, and if they do not, they lose access to future loans. It is thus in each member's interest to ensure that the other members pay. Woolcock (2002), shows that social collateral also works through reputation effects on group members as necessary to maintain their social standing in the community.

Women entrepreneurs face many problems. Kimathi (2009) emphasize that small businesses are held back by tough local conditions some of them are unable to raise huge collaterals demanded by banks as a condition to access loans. This has created an impression that they are too big for microfinance institutions but too small for conventional banks.

Legal regulations and customary rules often restrict women's access to and control over assets that can be accepted as collateral such as land or livestock. Women are much less likely to have land titled under their name, even when their families own land, and are less likely than men to have control over land, even when they do formally own it. Biased inheritance rights often bestow land to male relatives, leaving both widows and daughters at a disadvantage (Agarwal, 2003).

In Jordan, a Women's World Banking (WWB) market research found that due to the high cost of registration, title almost always remained in the name of the husband (or the father-in-law) years after the male relative was deceased! Furthermore, recent research also shows that though an important goal in itself property ownership may not be a sufficient condition for obtaining a loan. Findings of two recent natural experiments in Argentina and Peru show that land titling did not automatically aid in access to credit: in order to sit down with a lender, prospective borrowers need formal employment, decent wages and a minimum amount of time in their jobs without these and other conditions, titling alone opens few doors in the world of credit (Field and Toreo, 2006). For many time constrained women in informal businesses and employment thus titling alone may not increase access to credit.

In Peru, women have equal rights to land and property but research suggests their ability to exercise these rights and hence use land and property as collateral for a loan is thwarted by embedded cultural norms of family and societal institutions (Sangroula & Pathak 2002).

Borrowers who provide more collateral receive a better rating which may explain why high risk borrowers have a lower percentage of their loan collateralized as in Lehmann and Neuberger (2001). Formal banking institutions always demand collateral to act as a security on loans. This is often in the form of houses or deed to some immovable assets. This precondition plays a major part in the accessibility of loans among women participation in SMEs since majority of them cannot attain these requirements. The situation may be more complicated for women entrepreneurs, who may not have right of ownership to expensive property including; land and houses.

Jiménez et al. (2006) found a positive relationship between relationship duration and the likelihood of collateral pledging for borrowers with known low credit quality, giving support to the hold-up proposition. They also found that if a firm works with multiple banks, it increases the probability of pledging collateral for long term loans while it decreases the probability of pledging collateral when acquiring short term loans.

Collateral is often considered as part of the supply function for bank debt (Ogawa and Suzuki, 2000; Shen, 2002; Atanasova and Wilson, 2004). A higher availability of collateral is expected to increase the supply of bank debt since collateral can mitigate the informational asymmetries between borrower and lender. Increasing the supply of bank debt for a certain firm decreases the probability of creating an excess demand and thus decreases the probability of credit rationing. Hence, collateral can help solving credit rationing for any specific firm.

Chan and Kanatas (1985) consider business collateral as an asset belonging to the borrowing firm, that will be transferred to the lender in the event of default. As such, business collateral (or inside collateral) does not increase the assets that the borrower would lose in case of default, since all the borrower's assets are attachable. Personal collateral/guarantee refers to assets not belonging to the legal entity of the firm but provided by an external party or owner/manager of the firm.

A collateralized loan represents less risk concerning the recovery of the loan and thus less equity has to be reserved by the financial institution (Bank for International Settlements, 2004). The

banks equity is limited and has to be used in the most cost effective way. Consequently, banks would prefer collateralized loans since it would decrease the amount of reserved equity for bank lending.

According to Schmidt and Kropp, (1987) the main problem among the formal lending and saving institutions is caused mainly by the policies they put in place regarding access to loan facilities. For example, the terms of payment, the mode of application, the qualification requirements and complex procedures and in most cases the women entrepreneurs cannot properly understand and access these credit facilities. The banks mostly have prescribed minimum loan amounts which are not enough to improve or start their businesses. In addition, some financial institutions require security that does not fit the needs of the women which will hinder them from applying for the loans

Women's control over their families' livestock varies by culture (Tipilda and Kristjanson, 2008). Yet, typically, men are responsible for the purchase, sale or pawning of large animals, such as cows, horses and oxen, while women tend to claim control over small animals such as goats, sheep, poultry and pigs (World Bank, 2008b; IFAD, 2004, and; Miller, 2001). Finally, in settings where men are portrayed and perceived as the main breadwinner, women's ability to offer family assets as collateral and their incentives to invest in productive activities are influenced by family dynamics that are likely to prioritize men's investments (Ospina, 1998)

(Beaver, 2002) explains that the historical development and the associated culture of the banking system underpins the problem of the emphasis on the provision of collateral as a primary condition in lending. Banks have always adopted a risk averse stance towards small women entrepreneurs with an accompanying inability to focus on the income generating potential of the venture when analyzing the likelihood of loan repayment.

Gender-based obstacles óconventional thinking, cultural and social values, and lack of collateral óall aggravate the difficulties affecting women. High transaction costs, the rigidity of collateral requirements and heavy paperwork are further impediments to women entrepreneurs (Stevenson and Jarillo, 2003)

In Botswana Empirical literature suggests that SMEs, especially those owned by women and youth, have constrained access to external finance from formal banks (Kapunda, Magembe and Shunda 2007; White and Kenyon 2001; Pissarides, Singer, and Svejnar 2003; Lin and Lin 2001). Access to external finance is important for start up and growth of SMEs to enable them to reach their full potential of enhancing household welfare and creation of employment opportunities. The constrained access to formal bank credit to SMEs is due to a number of factors which include discriminatory attitudes of financial institutions and lack of market information about women SME entrepreneurs at formal financial institutions level.

In Nepal Access to financial support is critical for successful entrepreneurship for both men and women (Aldrich & Zimmer 1986). Theoretically, women are equal to men in access to credit, but in practice cultural and social barriers severely limit access for women. Collateral, almost, always land is necessary to obtain a loan from bank and other lending institutions.

Therefore, although there has been a considerable progress in the lending among women in Small & Medium Enterprises, banks remain cautious because many of these businesses have neither collateral nor asset registers. Kenyan women are generally handicapped when it comes to accessing the international market as business people. In order to engage in business at this level, one needs a significant amount of money as capital. However, women are financially handicapped for a number of reasons.

Alice Carloni (1973) found that more women in Kenya committed their income to family's daily subsistence and nutrition than their male counterparts. In any case, as Judith Bruce (1991) observes: though the specifics of women's consumption responsibilities vary in Africa and across the world, it is quite commonly found that gender ideologies support the notion that men have a right to personal spending money which they are deemed to need or deserve, and that women's income is for collective purposes. This would mean that women have difficulties accumulating surplus funds that are needed as a capital base in business.

The World Bank 2001, has shown that lack of access to land and credit facilities is also a major cause of poverty in Kenya which leads to economic stagnation among women entrepreneurs.

According to Alice .C. (1985) It was noted that discriminatory customs and practices bar women from inheriting property and even deprive them of their personal assets after their husbands

demise. Lack of property means that a woman generally cannot use banks, without something to offer as security.

The lack or insufficiency of personal collateral may limit women entrepreneurs' ability to access start-up loans. In some cases it can impair their small business' ability to borrow due to the fact that most companies of the MENA region are small family enterprises, in which the border between personal and professional credit is blurred (EC, 2006). In addition, researchers have noted that poor women often lack the formal property rights required to translate their property into capital and hence collateral De Soto, (1997).

Women SMEs face many problems both at start up phases and their growth in many developing countries. Lack of proper skills and the inability to access credit has led to a high failure rate of SMEs in Africa. Approximately 85% in every 100 enterprises fail Fedahunsi, (1997). SMEs in Africa lack business training in that is critical for them to run their businesses and also do not have collateral needed in order to meet the lending criteria that has been set by the financial institutions.

In India, Loans to poor people/women by banks have many limitations including lack of security and high operating cost and so Microfinance was developed as an alternative to provide loans to poor people with the goal of creating financial inclusion and equality. Muhammad Yunus a Nobel Prize winner introduced the concept of Microfinance in Bangladesh in the form of the "Grameen Bank". NABARD took this idea and started concept of Micro Finance in India. In this concept, there exist a link between SHGs (Self-help group), NGOs and Banks. The SHGs are formed and nurtured by NGOs and only after accomplishing a certain level of maturity in terms of their internal thrift and credit operations are they entitled to seek credit from the banks. There is an involvement of the concerned NGO before and even after the SHG-Bank linkage. The SHG-Bank linkage programme, which was undertaken since 1992 in India, had financed about 22.4 lakh SHGs by 2006. It involved commercial banks, Regional Rural Banks (RRBs) and cooperative banks in its operations.

According to the Mozambique Microfinance Facility report, women's major constraint in accessing finance is to do with the lack of guarantees for credit, Sibanda, (2010). Women in Mozambique often do not own property or significant assets, meaning they cannot provide either

collateral for the bank or use assets as credit. Most women depend on family approval to put up property as a guarantee. Women are also time-poor due to their care burden on top of paid work, and have less time than men for networking or attending training.

Women's ability to undertake entrepreneurial activities that depart from well-established social norms is influenced by whether or not a sufficiently large group of women engage in comparable enterprises. As a result, each woman's economic opportunities are shaped not just by their own individual access to financial resources but also by whether those other women have collateral to enable them obtain the capital they need (Fletschner and Carter, 2008).

Wealth is expected to be positively related to an individual's credit limit. Although there are clear limits in the types of wealth that can be used as collateral in this low-income context (Besley, 1992), lenders are expected to use current wealth as a signal of the borrower's ability to pay and the quality of their investment projects (Boucher et al., 2005).

If lenders know that the woman in our previous example has some assets, they may be willing to extend a larger loan to her because they know she can pay them back. This means that she will be less likely to be credit constrained for as long as her credit limit rises more than her credit demand. We maintain that a better understanding of the workings of financial institutions (both formal and informal) and determinants of households' access to credit is an integral part of poverty reduction efforts in poor countries (Amin et al 2003).

2.6 Influence of the number of lending institutions on accessibility to finance by Women

In Kenya, women owned businesses account for over 48% of all SMEs (ILO, 2008). Stevenson and St-Onge (2005) contends that there are three profiles of women entrepreneurs operating SMEs in Kenya namely; Jua Kali micro-enterprises, very small micro enterprises and small scale enterprises. These are differentiated by their demographic profiles, extent of previous business experience, needs, access to resources and growth orientation. The bulk of women entrepreneurs in Kenya operate enterprises associated with traditional women's roles such as, hairstyling, restaurants, hotels, retail and wholesale outlets (ILO, 2008).

Women owned enterprises are making a significant contribution to the Kenyan economy, accounting for 20% of Kenya's GDP. Of the 462,000 jobs created annually since 2000 in Kenya,

445,000 jobs have emanated from the informal sector, where 85% of women's businesses are found. (Voices of Women entrepreneurs, Kenya). Female entrepreneurship has received growing attention in recent years, both at the academic and policy level. Their contribution to the economy is noted to be higher than that of men in entrepreneurial activities (Miniti, 2010).

The role of women in creating, running, and growing businesses is recognized as fundamental for growth and poverty reduction. In many countries, women are starting businesses at a faster rate than men. However, women entrepreneurs tend to face disproportionately larger obstacles in accessing credit, training, networks and information in addition to barriers in the legal and policy framework and as a result may not achieve the same level of performance as their male counterparts. According to the World Bank Group's Enterprise Surveys (2007-2012), women own more than 34% of registered businesses in developing countries.

Women's access to financial resources is also limited by biased lending practices that emerge when financial institutions in the area consider them smaller and less experienced or when institutions lack the knowhow to offer products tailored to women's preferences and constraints. The extent to which institutions reach out to women and the conditions under which they do vary noticeably, but women are at a disadvantage when an institution does not fund the type of activities solely run out by women and when it does not accept female guarantors, when its requirements are not clear or widely known or when, as it is typically the case, loans to women are smaller than those granted to men for similar activities (Baydas, Meyer and Aguilera 1994).

Few Formal financial institutions mainly influence the extent to which female entrepreneurship is able to develop, and the characteristics of their businesses, as noted by Welter and Smallbone (2003).

While formal institutions such as laws and policies can create opportunity fields for entrepreneurship, informal institutions such as values, norms, and the general attitude of a society toward entrepreneurship can strongly influence the collective and individual perception of entrepreneurial opportunities (Welter et al, 2003).

Cultural norms and values help to shape the way into entrepreneurship and more specifically influence an individual's tendency towards entrepreneurship. The evolving institutional frameworks might constrain women's formal integration into the emerging market economy due

to redefined and changed gender roles, thus restricting their access to the external resources that are needed in order to start, run and realize a successful business. Over 98% of women entrepreneurs have no access to formal financing (Ayyagari, Demirgüç-Kunt and Maksimovic, 2006; Beck et al. 2006).

Lin (2007) contends that small scale women's firms tend to face greater financial constraints than do larger firms due to fewer financial lending institutions. Women entrepreneurs are operating in more difficult conditions than men entrepreneurs. The constraints that impede all entrepreneurs such as political instability, poor infrastructure, high production costs, few lending institution and non-conducive business environment, tend to impact more on businesswomen than businessmen.

According to Atieno, (2001) also pointed out that access to credit by many women borrowers is affected mainly by credit rationing behavior of few lending institutions who used descriptive statistics to analyze the role of institutional lending policies of formal and informal credit institutions in determining access to and uses of credit facilities by small-scale entrepreneurs in Kenya. Lack of information about credit and lack of required security are the major reasons and that the amount applied for was higher than the amount received from both formal and informal sources suggesting credit rationing by the institutions. Contribution to the existing body of Knowledge.

In addition, women's entrepreneurial development is impeded by specific constraints such as limited access to key resources (including land and credit), the legal and regulatory framework, and the socio-cultural environment. Furthermore, the combined impact of globalization, changing patterns of trade, and evolving technologies call for skills that women entrepreneurs on the continent do not for a large part possess, as many more women than men lack the requisite level of education and training, including business and technical skills and entrepreneurship training (Stevenson & St-Onge 2005b).

MSMEs tend to be large in number, accounting for about 90 percent of all enterprises in many African countries and over 80 percent of new jobs in a given country (Reinecke 2002). With their large number comes increased competition, and continuous technological breakthroughs

and rapidly changing customer requirements demand strong market orientation if MSMEs are to be successful (Shiu & Walker 2007).

In Kenya, the small business sector has both the potential and the historic task of bringing millions of people from the survivalist level including the informal economy to the mainstream economy. Recognizing the critical role small businesses play in the Kenya economy, the Government through Kenya Vision 2030 envisages the strengthening of MSMEs to become the key industries of tomorrow by improving their productivity and innovation (Ministry of Planning, National Development & Vision 2030 [MPNDV2030], 2007). However, it is generally recognized that MSMEs face unique challenges, which affect their growth and profitability and hence, diminish their ability to contribute effectively to sustainable development. The International Finance Corporation (IFC) (2011) has identified various challenges faced by MSMEs including lack of innovative capacity, few financial lending institutions, lack of managerial training and experience, inadequate education and skills, technological change, poor infrastructure, scanty market information and lack of access to credit. Although the lack of access to finance is almost universally identified as a key challenge for MSMEs (Wanjohi & Mugure 2008), the contention in this study is that the success of MSMEs, especially the lower values ones that many women entrepreneurs operate, is in their ability to apply finances appropriately to support innovative initiatives that can give them a competitive edge in the market, thereby spurring their growth.

In Kenya, although women constitute 50.5 percent of the total population (WEF 2009), majority of them have been excluded from the formal financial services, hence cannot engage in a meaningful entrepreneur or small-scale business. Stevenson and St-Onge (2005a) noted that the total number of women loan clients in microfinance institutions in Kenya is about 30 percent. Data in 2003 from the Association of Microfinance Institutions (AMFI) showed that just over 10 percent of the estimated 1.3 million women MSEs in the country had access to formal loans from microfinance institutions. Even for those women who are able to participate in formal microfinance programmes, the short-term nature of the loans, the low loan ceilings (of up to Kshs.500,000), and the high interest rates are liabilities for a growth and innovative firm.

There are various other challenges that have continued to have negative impact on the growth of SMEs in Kenya. These challenges include but may not be limited to poor infrastructure, few

lending institutions, insecurity and high cost of energy. There has also been unfavourable investment climate occasioned by poor governance, institutional failures, macroeconomic policy imperfections and inadequate infrastructure, as well as rampant corruption, bureaucratic red tape, weak legal systems and a lack of transparency in government departments. (APRM 2007)

Almost 60% of Kenyans have access to banks or microfinance institutions with 30% of rural users having no access to banking services at all, according to the data by Financially Deepening Kenya (FSD), Business Daily (May 6, 2009) this further shows shortage in supply of financial services including credit compared to demand. Needless to say an unfavourable environment with high taxes, corruption, few lending institutions and an oppressive bureaucracy further compromises the prospects of success (OSCE 2006). Several challenges undermine the ability of the MSME sector to develop, grow and contribute to the national economy, especially in Sub-Saharan Africa (SSA), and particularly women-owned enterprises.

According to ILO,(2008) 80 percent of women entrepreneurs in Kenya fall within the 20-39 age bracket and are faced with a number of challenges in the development of small and micro enterprises. They include among others, lack of sufficient capital for expansion and cash for the business, lack of managerial skills to run the business, lack of awareness on availability and accessibility to Business Development Services (BDS), legal and regulatory constraints, inaccessibility to appropriate technology, limited entrepreneurial culture, few number of lending institution and decline in economic growth.

Women owned businesses are known for their low start up and working capital (Siwadi etal 2011, Glen 2003) note that under normal circumstances women's enterprises have low growth rate and limited potential partially due to the type of business activities they run. this could be attributed to few number of lending institutions among other factors.

Rural women's access to financial resources is also limited by biased lending practices that emerge when few financial institutions in the area consider them smaller, less experienced and therefore less attractive clients, or when institutions lack the knowledge to offer products tailored to women's preferences and constraints (Fletschner, 2009).

The extent to which few financial institutions reach out to women and the conditions under which they do vary noticeably, but women are at a disadvantage when an institution does not

fund the type of activities typically run by women, when it does not accept female guarantors, when its requirements are not clear or widely known, Combining these elements and acknowledging that, compared with men, women tend to have more limited control over resources accepted as collateral, less access to information, to be more risk averse and face a different set of activity-regulating social norms and family rights or when, as it is typically the case, loans to women are smaller than those granted to men for similar activities (Fletschner, 2008a; World Bank, 2008b; Ospina, 1998, and; Baydas et al., 1994).

Recent studies have shown that the majority of the poor and especially women lack access to formal banking services of any kind and have emphasized the importance of enabling savings (Republic of Kenya, 1992). Access to an account increases monetary assets and total assets without causing any crowding out in other kind of assets or savings institutions. The effect is greater for households at the bottom and middle of the assets distribution and for the ones with no access to the financial system either formal or informal.

Access to a fully liquid savings account with no withdrawal fees affects investments behavior and enables assets building and investment. Most important is to build the capacity of women entrepreneurs to confidently interact with public and private sector agencies providing both financial and non-financial services. This will enable them to make use of their savings for other beneficial ways to them (Primo, 2003)

In African countries, for instance Kenya, it is believed that women entrepreneurs face daunting challenges that have always suppressed their robust growth (GOK), 2005). Among these challenges are; lack of managerial expertise, inadequate education and skills, lack of credit, technological change, poor infrastructure, few number of lending institutions and insufficient markets information among others. This has affected the profitability of the SMEs. SME financing is the funding of small and medium enterprises and represents a major function of the general business finance market in which capital for different types of firms are supplied, acquired and costed or priced. Capital is supplied through the business finance market in the form of bank loans and overdrafts, leasing and hire-purchase arrangements, equity/corporate bond issue, venture capital and asset based finance such as factoring and invoice discounting. Women owned businesses are known for their low start-up and working capital. Siwadi and

Mhagari (2011), Gen (2003) notes that under normal circumstances, women's enterprises have low growth rate and are limited potentially due to the type of the business they operate.

A study by Stevenson and St-Onge (2005a) on women enterprises in Kenya also identified, specific factors that limit their growth and development are largely around financing. These include: (i) Women are very often unable to meet loan conditions, specifically collateral requirements. This is primarily due to cultural barriers that restrict women from owning fixed assets such as land and buildings; (ii) Many financial institutions lack confidence in projects owned by women; (iii) Women are perceived to be risk adverse in approaching banks to finance their small projects. Small loans are costly for financial institutions to put on the books and administer; (iv) Women are seen to lack management skills, and some women have relatively low levels of education and technical skills; (v) Women often lack the ability to approach a financial institution and to develop a proposal for financing (business plans); and (vi) Women do not have the same opportunities for full-time waged employment, and therefore have more and limited capacity for savings accumulation than men. (vii) few number of lending institutions

Other barriers affecting women's entrepreneurship in Kenya include gender roles, social inequality, entrenched cultural and traditional practices, technology, legal, institutional and policy levels, few number of lending institutions as compared to many women among others (IFC/World Bank, 2006).

Kiraka (2009) categorized barriers facing women entrepreneurs into three ó barriers at the macro level, the meso level and the micro level. On the macro-level, the barriers include: (i) a bureaucratic legal and regulatory framework; (ii) poor physical infrastructures including power and water supply, telecommunication, and road and rail network; (iii) multiplicity of taxes (Aikaeli 2007) and (iv) corruption by government officials (Amakom 2006). On the meso level, the challenges include: (i) the inability to transform resources into goods and services; (ii) inadequate support in terms of business training and skills; (iii) unavailability of information on markets, suppliers and partners; (iv) limited access to finance owing to lack of collateral, high costs of administering MSME loans and absence of specially dynamic MSME credit streams; (v) weak, fragmented and uncoordinated institutions that support MSMEs; (vi) limited access to markets, and (vii) limited access to support services as they are mainly located in urban areas (Aikaeli 2007).

At the micro level, the challenges include: (i) unwillingness or inability to take up new technology, partly owing to lack of relevant information, but also due to being averse to technology; (ii) low literacy levels among women enterprise owners ó this limits their ability to access information and training opportunities;(iii) lack of motivated attitudes by entrepreneurs to invest in the development of their own enterprises (Olomi 2006); (iv) employees negative attitude and behaviour, unreliability, and insufficient skills, making delegation difficult; (v) weak business organisation due to a multiplicity of gender-based roles (vi) lack of managerial capacity in business; and (vii) lack of, or informal business plans and the inability to think strategically about the business (Mambula & Sawyer 2004; World Bank 2008) .

Start-ups and early stage women businesses face daunting barriers when attempting to access local finance. The lack of guidance and business skills needed to move a company forward is a major handicap for many proprietors (Mambula & Sawyer 2004). In Kenya, market failures and few lending institution have constrained MSME innovation, as in many developing countries, by limiting the necessary access to information, finance, labour skills, and business development services (BDS) to increase competitiveness and productivity. Lack of information and negative past experience with transactions is a common factor that limits the willingness of potential suppliers to take risks (or calculate them reliably) to adapt products to MSMEs (World Bank 2004).

In Meru town, the concentration of banking services is even much lower with few branches of the major banks operating. The other lending institutions operating include the micro finance companies.(Wanjohi and Mugure,2008) in acknowledging that credit sources remain a major challenge among women participation Small &Medium Enterpriseø found out that, in the climaxing of the year 2008, money lenders in the name of ‘pyramid schemesøcame up promising hope among the small women investors that they can make it to financial freedom through soft borrowing. The rationale behind turning to these schemes among a good number of women entrepreneurs is to seek source of credit which is not available among the formal financial institutions.

The number of lending institutions and their network of branches is a challenge to the accessibility of loans among women in Small & Medium Enterpriseø. A wide branch network enables a financial institution to have lower cost of funds. The cost of funds being the amount paid by the banks for its liabilities, including the loans business women borrow from other

financial institutions. Banks take loans from other financial institutions in order to lend to the customers where their deposit base is insufficient to cover the amount lent. But a wide branch network bring with it a significant operating expenses in the forms staff costs and structures, (Business Daily may 18, 2009).

A major barrier that women entrepreneurs encounter is the lack of access to adequate institutional support in technical, business and financial services. Recent studies have shown that the majority of the poor and especially women lack access to formal banking services of any kind and have emphasized the importance of enabling savings (Republic of Kenya, 1992)

In Kipsonoi ward, the numbers of lending institutions are very few compared to many potential women entrepreneurs who would like to borrow finance to start business and thus this act as a limitation to women.

2.7 Theoretical framework

According to Schumpeter's theory of innovation: Development implies carrying one of new combinations of entrepreneurship. -Entrepreneur is an innovator who carry new combination of: New goods/ services, New method of production, New market, New source of supply of raw materials, New organization.

In political economics, entrepreneurship is the process of identifying and starting a new business venture, sourcing and organizing the required resources, while taking both the risks and rewards associated with the venture.

According to Schumpeter, a woman entrepreneur is willing and able to convert a new idea or invention into a successful innovation despite limitation accessibility to business finances. Entrepreneurship employs what Schumpeter called "the gale of creative destruction" to replace in whole or in part inferior offerings across markets and industries, simultaneously creating new products and new business models. Thus, creative destruction is largely responsible for the dynamism of industry and long-term economic growth

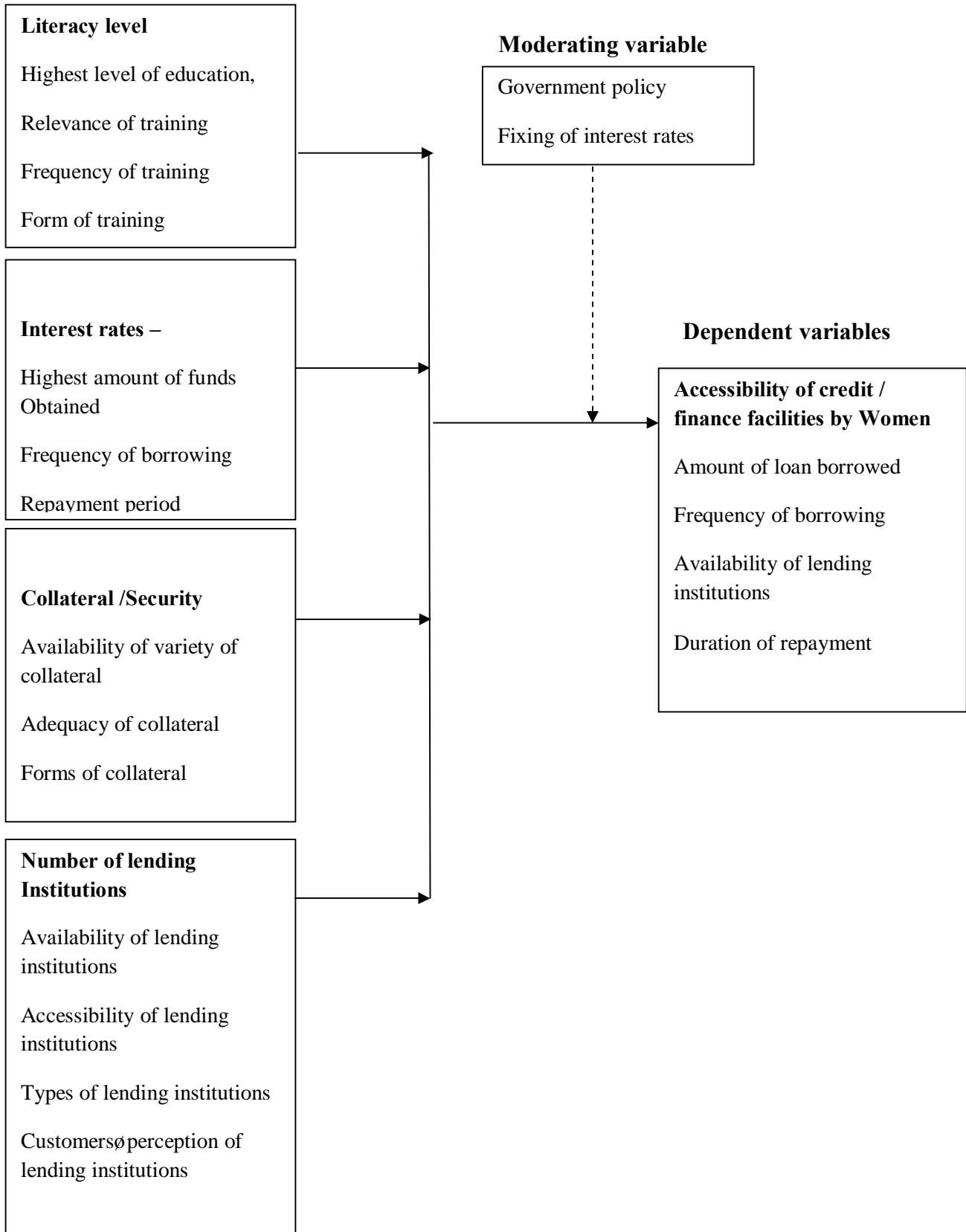
In spite of consensus that size has little effect on innovation, size does have important consequences on innovation. Some advantages of large firms are;

- a) The spread of fixed costs of innovation
- b) Economies of scale, scope in research and development
- c) Capital market imperfection confer advantages to large firms in securing finance for risky research and development projects

As firms grow larger, efficiency in R & D is undermined either through the loss of managerial control or alternatively, excessive bureaucratic control which diverts attention of the firm's bench scientists and technologists. Moreover as firm grow large the incentives of individual scientist and entrepreneurs may be blunted as either their ability to capture benefits from their individual efforts diminishes or their creative impulse are frustrated by the conservatism characteristics of hierarchy of large corporations.

2.8 Conceptual Framework

Independent variables



2.9 Summary of Literature Review

Women entrepreneurs are often prevented from running competitive businesses by their relatively low education and skill levels, which generally limit their access to the various support and credit services (Cutura, 2007). Even when they have access to information on the financial services and market opportunities available to them, women may be less equipped to comprehend it due to low levels of literacy (UNDP, 2007).

Access of information among women Entrepreneurs is important both from the SME perspective and from the provider of the financial services. The SMEs requires information in which to identify the potential supplier of the financial services. This information is useful in evaluation of The cost of the financial services that are being offered. Lack of awareness about financial assistance in the form of loans and schemes by the institution in the financial sector, hinders the sincere effort towards women entrepreneurs from reaching those in the rural and backward areas. Education is one of the factors that impact positively on growth of firms (King and McGrath, 2002).

Several studies have been conducted on the women entrepreneurs and the access to financial facilities by the women Small and Medium Enterprises. For example, (Bowenet al, 2009) on their study Management of Business Challenges Among Small and Micro Enterprises in Nairobi-Kenya found out that SMEs face the following challenges; competition among themselves and from large firms, lack of access to credit, cheap imports, insecurity, high interest rates and debt collection.

Peninah (2012), suggested that although more businesses have become the customers of banks, the overall volume of credit has not necessarily increased. Taken together with a squeeze in demand for their products and high inflation, small businesses are not always eager for larger bank loans at higher interest rates.

The financial aspects of setting up a business are without doubt the biggest obstacles to women (Zororo 2011, Brush 1992). Women entrepreneurs often lack information about how to get a loan, lack the necessary collateral to obtain one and /or face discriminatory laws or practices related to finance and credit Common wealth secretariat (2002).

Women owned businesses are known for their low start up and working capital (Siwadi et al 2011, Glen 2003) note that under normal circumstances women's enterprises have low growth rate and limited potential partially due to the type of business activities they run. This could be attributed to few number of lending institutions among other factors.

Rural women's access to financial resources is also limited by biased lending practices that emerge when few financial institutions in the area consider them smaller, less experienced and therefore less attractive clients, or when institutions lack the knowledge to offer products tailored to women's preferences and constraints (Fletschner, 2009).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes methodology used in the study. It also described research design, target population, sample size and sampling procedures, research instrument, piloting of the study, reliability of research instrument, data collection procedures, data analysis technique and ethical considerations.

3.2 Research design

This study used descriptive survey design. Descriptive survey designs are used when the objectives are systematic or descriptive of facts and characteristics of a given population or sample of the population or area of interest is factual and accurate (Kothari, 2007). It gathers data at a particular point in time with intention of describing the nature of existing conditions, identify standards against which the existing conditions can be compared and determining the relationship that exist between specific events (Orodho, 2005). Descriptive survey seeks to uncover the nature of factors involved in a given situation, the degree in which it exists and the relationship between them (Traver, 1969). This design is suitable because the study will strive to investigate factors affecting accessibility to finance by small scale women entrepreneurs in Kenya without manipulating the variables.

3.3. Target population

This study targeted all the women operating small businesses in Kipsonoi Ward. They are found in small market centers . According to the financial records of 2014 at the Revenue office of Sotik sub-county, there are hundred (100) licenced small scale women operating small businesses spread in 8 small market centers. Their businesses include operating small shops, Mpesa, Groceries, selling mitumba, buying and selling milk, potatoes, operating salon, bodaboda etc

3.4 Sample Size and Sampling Procedure

There are 100 licenced small scale women entrepreneurs who are engaged in different kind of businesses in kipsonoi ward. Because of small number of women entrepreneurs in Kipsonoi ward, all of them were sampled and census method was used.

3.4.1 Sample size

No sampling, census method was used because licenced small scale women were not many.

3.5 Data collection instruments

Structured questionnaire was used to collect information from respondents. Data was collected by use of questionnaires composed of open ended and closed ended questions because it was easy to administer, cheap and less time consuming.

3.5.1 Piloting/Pre-test of the study

Pilot testing means pre-testing the instrument with a few respondents to test their accuracy of the data collection instrument (questionnaire). The researcher will use split-half technique. This involves randomly dividing the sample into two sets and then administering instrument to each group to respond without prior notification. According to Mugenda and Mugenda (2003) a pre test sample of a tenth of the total sample with homogenous characteristics is appropriate for the pilot study. Validity of the instrument can be known by studying responses to the questions and also by identifying gaps in the instrument.

3.5.2 Instruments validity

Mugenda and Mugenda (1999) define validity as the accuracy and meaningfulness of inferences which are based on research results. According to Kathuri and Pack (1998) validity is the degree to which a test actually measures variables it claims to measure. In other words validity is the degree of which results obtained from the analysis of the data actually represents the phenomenon under study. The items of questions should reflect four objectives and four research questions based on the terms under literature review. It should relate accurately to the research questions. According to Mugenda and Mugenda (2003) content validity is a degree to which data collected using a particular instrument represent a specific domain of indicators or content of a particular concept.

3.5.3 Instrument Reliability

Mugenda and Mugenda (1999) define reliability as a measure of degree to which research instrument yields consistent results after repeated trials. Reliability in research is influenced by a true measurement being addressed by researcher. An instrument is reliable when it can measure a variable accurately and consistently and obtain same results under same condition over time. Reliability is a measure of the degree to which a research instrument yields consistent results after repeated trials Mugenda and Mugenda (2003).

3.6 Data collection procedures

Data collection commenced immediately research proposal was approved by the supervisor. Secondly, the researcher sought for a permit from the National Council for Science, Technology and Innovation-Ministry of higher education, prepared permit relevant to my area of study, and then begun collecting data from respondents using questionnaires. The questionnaires were coded. Then data analysis followed.

3.7 Data analysis techniques

The researcher used MS excel and SPSS in the analysis of data. Data was coded and keyed into computer for analysis to make interpretation possible. Data analysis deals with statistics to be used to analyze data organization, interpretation, and presentation of data collected. Data was presented by use of frequency tables and analyzed by use of percentages in line with research questions.

3.8 Ethical considerations

The researcher had obtained a research permit from the National Council for Science, Technology and Innovation (NACOSTI).The researcher, first, has to identify himself to the respondents. He was required to brief the respondents on the study and why he is carrying out the study. To ensure confidentiality, Names of respondents were not used in the study and that they were not forced to fill the questionnaire. All the sources used to obtain the information was acknowledged.

3.9 Operationalization of Variables

Factors influencing accessibility to finance by licenced small scale Women entrepreneurs include Independent variables such as literacy level which has the following indicators; highest level of education, relevance of training, frequency of training, and forms of training. Another variable is collateral/security requirement which has the following indicators; availability of variety of collaterals, adequacy of collateral and form of collateral. Number of lending institutions which has the following indicators;. availability of lending institutions, accessibility of lending institutions, Type of lending institutions and customerø perception of available lending institutions and finally interest rate which has the following indicators; highest amount of loan borrowed, frequency of borrowing and repayment period. Moderating variables include government policy and fixing of interest rates.

Table 3.10 Operational definition of Variables

Dependent variable

Objectives	Variable	Indicators	Measures	Scale
Factors influencing accessibility of finance by small scale Women Entrepreneurs	Accessibility of finance by small scale Women entrepreneurs	Sustainable small scale women enterprises	-To know the performance of SMES	Interval

Independent Variables

Objectives	Variable	Indicators	Measures	Scale
1.Influence of literacy level On accessibility to finance by Women entrepreneurs	Literacy level	-Highest level education	If they have Professional certificate	Nominal
		-Relevance of training		Nominal
		-Frequency of training	-If they can read and write	Ordinal
		-Forms of training	-How frequent do they participate in training	Nominal
			If they are involved in workshop/seminars, inservice, software	

Objectives	Variable	Indicators	Measures	Scale
2.To assess the influence of number of lending institution on accessibility to finance by small scale women entrepreneurs in Kipsonoi Ward	Number of lending institutions	-Availability of lending institution	-If financial records are available	-Nominal
		-Accessibility of lending institutions	-If financial institutions are accessible to women	-Nominal
		-Types of lending institutions	How many types are available	-Ordinal
		-Customersø perception	How do women perceive these institutions	-Ordinal

Objective	Variable	Indicators	Measures	Scale
3.To examine the influence of collateral on accessibility to Finance by small scale Women entrepreneurs	collateral	-Availability of variety of collateral	If variety of collateral are available	-Nominal
		-Adequacy of collaterals	How adequate collaterals are	-Ordinal
		-Forms of collateral	If available forms of collaterals are acceptable	-Nominal

Objective	Variable	Indicator	Measures	Scale
4.To investigate the influence of interest rates on accessibility to finance by small scale women Entrepreneurs in Kipsonoi ward	Interest rates	-Highest amount of funds obtained	-If there is a limit in the amount obtained	-Nominal
		-Frequency of borrowing	-How frequent do women -borrow a loan	-Ordinal
		-Repayment period	-How do repayment period influence interest rates	-Ordinal

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION, INTERPRETATION AND DISCUSSION

4.1. Introduction

This chapter contains data analysis, presentation, interpretation and discussions on the basis of key study variables:

It shows influence of interest rates, collaterals, literacy level and number of lending institutions on accessibility to finance by licenced small scale women entrepreneurs in Kipsonoi ward, Bomet County, Kenya.

4.2. Questionnaires return rate

The researcher issued 100 copies of questionnaires. Only 94 copies of questionnaires were returned, which represented 94%. Response rate refers to the number of subjects that respond to a research instrument. A response rate of 50% is adequate for analysis and reporting, a response rate of 60% is good and a response rate of 70% and above is very good, (Mugenda and mugenda 2003). This study therefore returned an excellent questionnaire response rate

4.3. Demographic characteristics of the respondents

The demographic characteristics of the respondents; age, marital status and qualification were sought to find out influence of accessibility to finance by Women Entrepreneurs in Kipsonoi Ward.

4.3.1. Small scale Women entrepreneurs demographic characteristics in Kipsonoi ward.

The small scale Women Entrepreneur's ages, marital status, and qualification levels were necessary to ascertain the influence of accessibility to finance in Kipsonoi ward. These are shown below.

Table 4.3. Demographic characteristics by age

Respondents	Category	Frequency	Percentage %
Age	15-21	10	10
	22-28	15	15
	29-35	25	25
	36-40	42	42
	Above 40	8	8

N= 100

10(10%) of Women entrepreneurs are in the age bracket of (15-21) which means very few young women venture in business in Kipsonoi ward.15(15%) of women are in the age bracket of (22-28) years.25(25%) are in the age bracket of 29-35 years.42(42%) of small scale entrepreneurs are in the age bracket of (36-40) which means majority of small scale women entrepreneurs in Kipsonoi ward are in these age bracket.8(8%) of women are above the age of 40.which means older women above 40 years are not active and aggressive in business.

Table 4.4 Demographic characteristics by level of education

Respondents	Category	frequency	Percentage%
Level of education	Primary and below	53	53
	Secondary level	25	25
	Tertiary level	20	20
	University	2	2
	Others	0	0

N=100

53(53%) of licensed small scale women entrepreneurs are in the education category of primary and below and this is because of cultural reasons where parents were investing more in boys than girls in education but currently that mentality has changed. 25(25%) have gone upto secondary level of education which means can be able to write, read and interpreted written bank requirements.20(20%) have gone upto tertiary level, because of unemployment have decided to venture in business.2(2%) have gone upto university level, also unemployment has forced them to venture in business. These are literate group.

Table 4.5 Demographic characteristics by marital status

Respondents	Category	Frequency	Percentage %
Marital status	Single	15	15
	Married	40	40
	Divorced	25	25
	Widowed	20	20

N=100

15 (15%) of licenced small scale women entrepreneurs in Kipsonoi ward are single thus lack collateral which enable them access finance in the lending institutions.40(40%) of them are married which is the majority live in husband`s land who is the owner thus does not have collateral of their own to enable them access loan from bank.25(25%) of them are divorced meaning they live on their own and they lack collateral which they can use to apply for bank loan.20(20%) of them are widowed and extended family cannot allow for succession to enable them own title deed which they can use to apply for loans.

Factors affecting accessibility to finance by licenced small scale women entrepreneurs in Kipsonoi ward.

The researcher sought the opinions from small scale women entrepreneurs on their level of education, collateral, interest rates and finally on number of lending institutions and their feedback captured in form of a table and finally analyzed as shown below.

i) Level of education

Table 4.6 Level of education

Item	Frequency	Percentage%
a) Primary and below	53	53
b) Secondary	25	25
c) Tertiary	20	20
d) University	2	2
e) Others	0	0

N=100

In Kipsonoi ward level of education of majority of licenced small scale women entrepreneurs 53(53%) is primary and below thus literacy level is very low among them.25(25%) of them have secondary level of education thus are literate that is able to read , write and interpret banks loan requirements.20(20%) have gone upto tertiary level of education and finally 2(2%) have highest level of education so generally higher percentage of women entrepreneurs in Kipsonoi ward have low literacy level and has affected accessibility of finance from lending institution by women in Kipsonoi ward.

Table 4.7 Areas of training

Item	Frequency	Percentage%
a) Business management	10	10
b) Agricultural education & extension	6	6
c) ICT	3	3
d) Others	3	3

N=22

From the above table, those who have trained are those in Tertiary and University level which constitute 22%, other 78(78%) have not had any training at all. 10(10%) have trained in business management which is the relevant course in entrepreneurship. 6(6%) have trained in community development. 3(3%) have trained in agricultural education & training. And finally 3(3%) have ICT training. It can be concluded that majority of small scale women entrepreneurs 78(78%) in Kipsonoi ward have no formal training which is required for SMEs sustainability.

Table 4.8 Frequency of training

Item	Frequency	Percentage%
a) Very frequently	2	2
b) Frequently	1	1
c) Occasionally	1	1
d) Rarely	96	96
e) Others	0	0

N=100

2(2%) of licenced small scale women entrepreneurs engaged in training very frequently. 1(1%) engaged in training both frequently and occasionally. majority of women entrepreneurs 96(96%) in Kipsonoi ward rarely engaged in training and this is why most SMEs have high mortality rate. very few small scale women 4(4%) in Kipsonoi ward have at least trained thus their bussineses will be sustainable.

Table 4.9 Nature of training

Item	Frequency	Percentage%
a) Formal training	1	1
b) On the job training	1	1
c) Workshops & seminars	1	1
d) Use of training software	1	1
e) None of the above	96	96

N=100

Of all the small scale women entrepreneurs in Kipsonoi ward 4(4%) small scale women entrepreneurs have at least trained, there training takes different form that is 1(1%) have undergone formal training,1(1%) have undergone on the job training,1(1%) have undergone training in form of workshops and seminars,1(1%) have undergone software training and majority 96(96%) have not undergone any training. In conclusion majority of licenced small scale women entrepreneurs in Kipsonoi ward have not gone any training in entrepreneurship.

ii) Collateral/security**Table 4.10 Form of collateral**

Item	Frequency	Percentage %
a) Assets	2	2
b) Title deed	2	2
c) Pay slip	0	0
d) Logbook	0	0
e) None of the above	96	96
f) Other	0	0

N=100

In Kipsonoi ward 4(4%) of small scale women entrepreneurs who are widows possess either assets/title deed of there late husband which is rare in Kipsonoi ward. culturally, community cannot or is hesitant to allow the widow to inherit their late husbands property. Majority of

licenced small scale women entrepreneurs in Kipsonoi ward 96(96%) does not have any form of collateral and this is one of the factors they cannot access credit finance from lending institution.

Table 4.11 Acceptability of collateral by lending institutions

Item	Frequency	Percentage %
a) Strongly agree	2	2
b) Agree	2	2
c) Strongly disagree	33	33
d) Disagree	47	47
e) Neutral	16	16
f) Others	0	0

N=100

2(2%) of small women entrepreneurs strongly agree that collateral/security in their possession is fully acceptable by lending institutions in Kipsonoi ward.2(2%) are in agreement that collateral within their disposal is fully acceptable.33(33%) of them strongly disagree about acceptance of collateral by banks.47(47%) which is the majority disagreed about acceptance of collateral by lending institutions and finally 16(16%) were undecided/neutral.In conclusion 4(4%) of all licenced small scale women entrepreneurs who possessed either title deed or assets were of the opinion that they were fully acceptable by lending institutions as collaterals.

Table 4.12 Whether all lending institutions require collateral

Item	Frequency	Percentage %
a) Strongly agree	90	90
b) Agree	5	5
c) Strongly disagree	1	1
d) Disagree	1	1
e) Neutral	3	1
f) Others	0	0

N=100

90(90%) of licenced small scale women entrepreneurs in Kipsonoi ward who are the majority are in agreement that collateral is required by all lending institutions near them.5(5%) also agree that lending institutions require collateral.1(1%) of them strongly disagree,1(1%) disagree,3(3%) were neutral/undecided. In conclusions, all lending institutions if any in Kipsonoi ward requires collateral/security.

iii) Interest rates

Table 4.13 Highest amount of loan obtained

Item(kshs)	Frequency	Percentage %
a) 500,000	1	1
b) 300,000	2	2
c) 200,000	16	16
d) 100,000	81	81
e) Others	0	0

N=100

In Kipsonoi ward,1(1%) of all the small scale women entrepreneurs has been able to obtain a maximum loan of kshs.500,000,2(2%) has been able to obtain a maximum of kshs. 300,000.16(16%) have been able to obtain a maximum of kshs.200,000 and finally majority of 81(81%) small scale women entrepreneurs have access a maximum of kshs.100,000.this trend can be attributed to high interest rates which tremendously affect accessibility to credit finances from lending institutions. In Kipsonoi ward high cost of borrowing makes women either to shy away from borrowing or they borrow very little.

Table 4.14. Frequency of borrowing

Item	Frequency	Percentage %
a) Very frequently	2	2
b) Frequently	5	5
c) Occasionally	90	90
d) Rarely	3	3
e) Others	0	0

N=100

In Kipsonoi ward, of all the licenced small scale women entrepreneurs,2(2%) borrow loan very frequently,5(5%) do it frequently, majority of them 90(90%) does it occasionally and 3(3%) rarely borrow loan. High interest rates and lack of collateral is attributed to occasional and rare borrowing of credit loan by women entrepreneurs, as these are the key factors which affect accessibility to credit finance by women entrepreneurs.

Table 4.15 Maximum length of repayment

Item	Frequency	Percentage %
a) 5 years	1	1
b) 4 years	3	3
c) 3 year	46	46
d) 1 year	50	50
e) Others	0	0

N=100

In Kipsonoi ward,1(1%) of women entrepreneurs have taken a maximum of five years to repay a maximum loan applied.3(3%) of small scale women entrepreneurs took a maximum of four years of repayment,46(46%) of women entrepreneurs have taken a maximum of three years of repayment and majority of them 50(50%) have taken an average of one year of repayment. Due to high interest or high cost of borrowing small scale women entrepreneurs take a small loan which take a short time to repay.

iv) Number of lending institutions**Table 4.16 Availability of lending institutions**

Item	Frequency	Percentage%
a) Adequately available	24	24
b) Scarcely available	75	75
c) Not available at all	1	1
d) Others	0	0

N=100

In Kipsonoi ward, 24(24%) of small scale women entrepreneurs are of the opinion that lending institutions are adequately available, majority of them 75(75%) are of the opinion that lending institutions are scarcely available that is they are there but not many. 1(1%) of them say lending institutions are not available where they come from. Thus availability of lending institutions as a factor affect accessibility to finance by small scale women entrepreneurs.

Table 4.17 Accessibility of lending institutions

Item	Frequency	Percentage%
a) Very accessible	13	13
b) Accessible	33	33
c) Hardly accessible	53	53
d) Not accessible at all	1	1
e) Others	0	0

N=100

13(13%) of small scale women entrepreneurs in Kipsonoi ward are very accessible to lending institution. 33(33%) are of the opinion that they are accessible to lending institutions. 53(53%) who are the majority are of the opinion that they are hardly accessible to any lending institution in Kipsonoi ward. Accessibility is important as far as credit finance is concerned as it ensures sustainability of the business. 1(1%) are of the opinion that lending institutions are not accessible at all depending on where she comes from in Kipsonoi ward.

Table 4.18 Number of lending institutions in that area

Item	Frequency	Percentage %
a) 5	10	10
b) 4	15	15
c) 3	30	30
d) 2	44	44
e) Nil	1	1
f) Others	0	0

N=100

10(10%) of small scale women entrepreneurs in Kipsonoi ward are of the opinion that 5 lending institutions are in their area. 15(15%) confirmed that 4 lending institutions are present in their area. 30(30%) confirmed the presence of 3 lending institutions and majority of them 44(44%) are of the opinion that 2 microfinance institutions are operating in that area. Only 1(1%) says there is no lending institution. Lending institutions play a key role as far as accessibility of finance by women entrepreneurs is concerned.

Table 4.19 Whether lending institutions in that area are customer friendly

Item	Frequency	Percentage %
a) Strongly agree	31	31
b) Agree	22	22
c) Strongly disagree	18	18
d) Disagree	16	16
e) Neutral	13	13
f) Others	0	0

N=100

In Kipsonoi ward, 31(31%) who are the majority of licenced small scale women entrepreneurs strongly agree that lending institutions in Kipsonoi ward are customer friendly. 22(22%) are of the opinion/ agree that lending institutions are friendly. 18(18%) are in strong disagreement of how friendly lending institutions are. 16(16%) of them disagree that lending institutions are friendly. 13(13%) are neutral/undecided. In conclusion over 50% are of the opinion that lending institutions in Kipsonoi ward are friendly to the customers.

CHAPTER FIVE
SUMMARY OF FINDINGS,DISCUSSIONS,CONCLUSIONS AND
RECOMMENDATIONS.

5.1. Introduction

This chapter gives the summary of the research findings, discussions, conclusions, recommendations, recommendations for policy formulation and recommendations for further research.

5.2. Summary of the findings

The research findings were based on factors influencing accessibility to credit finance by small scale women entrepreneurs in Kipsonoi ward, Sotik sub county, Bomet county Kenya.

In Kipsonoi ward, level of education of majority of licenced small scale women entrepreneurs 53(53%) is primary and below thus literacy level is very low among them.25(25%) of them have secondary level of education thus are literate that is able to read , write and interpreted banks loan requirements.20(20%) have gone upto tertiary level of education and finally 2(2%) have highest level of education so generally higher percentage of women entrepreneurs in Kipsonoi ward have low literacy level and has affected accessibility of finance from lending institution by women in Kipsonoi ward.

Research shows that women's limited access to formal education, limited skills and access to productive resources, heavy domestic workload and cultural attitudes are all challenges that women encounter in the establishment and operation of micro enterprises (Suda, 2010).

Skalli (2001) explains, there is an alarming status of illiteracy among the female population, demonstrating that investment in human capacities tends to favour men over women.Those who have trained are those in Tertiary and University level which constitute 22%,other 78(78%) have not had any training at all.10(10%) have trained in business management which is the relevant course in entrepreneurship.6(6%) have trained in community development.3(3%) have trained in agricultural education & training. And finally 3(3%) have ICT training. it can be concluded that majority of small scale women entrepreneurs 78(78%) in Kipsonoi ward have no formal training which is required for SMEs sustainability, 2(2%) of licenced small scale women entrepreneurs engaged in training very frequently.1(1%) engaged in training both frequently and occasionally. Majority of women entrepreneurs 96(96%) in Kipsonoi ward rarely engaged in training and this is why most SMEs have high mortality rate. very few small scale women 4(4%) in Kipsonoi ward have at least trained thus their business will be sustainable.

Of all the small scale women entrepreneurs in Kipsonoi ward 4(4%) small scale women entrepreneurs have at least trained, there training takes different form that is 1(1%) have undergone formal training,1(1%) have undergone on the job training,1(1%) have undergone training in form of workshops and seminars,1(1%) have undergone software training and majority 96(96%) have not undergone any training. In conclusion majority of licenced small scale women entrepreneurs in Kipsonoi ward have not gone any training in entrepreneurship. Research shows that Women entrepreneurs are often prevented from running competitive businesses by their relatively low education and skill levels, which generally limit their access to the various support and credit services (Cutura, 2007).

In Kipsonoi ward 4(4%) of small scale women entrepreneurs who are widows possess either assets/title deed of there late husband which is rare in Kipsonoi ward. Culturally, community cannot or is hesitant to allow the widow to inherit their late husbands property. majority of licenced small scale women entrepreneurs in Kipsonoi ward 96(96%) does not have any form of collateral and this is one of the factors they cannot access credit finance from lending institution 90(90%) of licenced small scale women entrepreneurs in Kipsonoi ward who are the majority are in agreement that collateral is required by all lending institutions near them.5(5%) also agree that lending institutions require collateral.1(1%) of them strongly disagree,1(1%) disagree,3(3%) were neutral/undecided. in conclusions, all lending institutions if any in Kipsonoi ward requires collateral/security. According to the Mozambique Microfinance Facility report, women's major constraint in accessing finance is to do with the lack of collateral, Sibanda, (2010). Also most women who venture into businesses in the rural areas and need financing lack the needed collateral to enable them secure bank loans (Karwenji, 2012).

In Kipsonoi ward,1(1%) of all the small scale women entrepreneurs has been able to obtain a maximum loan of kshs.500,000,2(2%) has been able to obtain a maximum of kshs. 300,000.16(16%) have been able to obtain a maximum of kshs.200,000 and finally majority of 81(81%) small scale women entrepreneurs have access a maximum of kshs.100,000.this trend can be attributed to high interest rates which tremendously affect accessibility of credit finances from lending institutions In Kipsonoi ward. High cost of borrowing makes women either to shy away from borrowing or they borrow very little.

In Kipsonoi ward,of all the licenced small scale women entrepreneurs,2(2%) borrow loan very frequently,5(5%) do it frequently, majority of them 90(90%) does it occasionally and 3(3%) rarely borrow loan. High interest rates and lack of collateral is attributed to occasional and rare

borrowing of credit loan by women entrepreneurs, as these are the key factors which affect accessibility of credit finance by women entrepreneurs.

In Kipsonoi ward, 1(1%) of women entrepreneurs have taken a maximum of five years to repay a maximum loan applied. 3(3%) of small scale women entrepreneurs took a maximum of four years of repayment, 46(46%) of women entrepreneurs have taken a maximum of three years of repayment and majority of them 50(50%) have taken an average of one year of repayment. Due to high interest or high cost of borrowing small scale women entrepreneurs take a small loan which take a short time to repay.

In Kipsonoi ward, 24(24%) of small scale women entrepreneurs are of the opinion that lending institutions are adequately available, majority of them 75(75%) are of the opinion that lending institutions are scarcely available that is they are there but not many. 1(1%) of them say lending institutions are not available where she comes from. Thus availability of lending institutions as a factor affect accessibility of finance by small scale women entrepreneurs.

13(13%) of small scale women entrepreneurs in Kipsonoi ward are very accessible to lending institution. 33(33%) are of the opinion that they are accessible to lending institutions. 53(53%) who are the majority are of the opinion that they are hardly accessible to any lending institution in Kipsonoi ward. Accessibility is important as far as credit finance is concerned as it ensures sustainability of the business. 1(1%) are of the opinion that lending institutions are not accessible at all depending on where she comes from in Kipsonoi ward.

10(10%) of small scale women entrepreneurs in Kipsonoi ward are of the opinion that 5 lending institutions are in their area. 15(15%) confirmed that 4 lending institutions are present in their area. 30(30%) confirmed the presence of 3 lending institutions and majority of them 44(44%) are of the opinion that 2 microfinance institutions are operating in that area. Only 1(1%) says there is no lending institution. Lending institution play a key role as far as accessibility of finance by women entrepreneurs is concerned.

In Kipsonoi ward, 31(31%) who are the majority of licenced small scale women entrepreneurs strongly agreed that lending institutions in Kipsonoi ward are customer friendly. 22(22%) are of the opinion/ agreed that lending institutions are friendly. 18(18%) are in strong disagreement of how friendly lending institutions are. 16(16%) of them disagreed that lending institutions are friendly. 13(13%) are neutral/undecided. In conclusion over 50% are of the opinion that lending institutions in Kipsonoi ward were friendly to the customers.

5.3 CONCLUSION

Based on the findings of the research, the following conclusion were made;

Research in Kipsonoi ward, showed that women's limited access to formal education, limited skills and access to productive resources, heavy domestic workload and cultural attitudes are all challenges that women encountered in the establishment and operation of micro enterprises. In education, preference is given to boys, thus the educational level of most women entrepreneurs is very low, creating a barrier to them accessing training and other business developments services. The low levels of literacy among women are working against the growth of the sector.. Low literacy levels among women lead to poor communication within the sector, and externally and makes it difficult to undertake campaigns, or lobbying for better loan services. Information flows among the different women participation in the sector are quite inadequate.

High interest rate on credit finance in Kipsonoi ward discouraged small scale women from borrowing, hence reducing the accessibility to credit finance among them. Every business needs financing, The amount of interest rate charged is sometimes intertwined with the security of the loan, and the use for which it has to be used, or the nature of the business.

Research shows that Financial constraint such as high interest rate remains a major challenge facing SMEs in Kenya (Wanjohi and Mugure, 2008).

Most banking institutions in Kipsonoi ward demand collateral as one of the requirements for the access to credit facilities. This becomes a constraint among small scale women participation in SMEs in Kipsonoi ward, most of them may not have deeds or capital assets to present as security against the loan. Commonly accepted tangible form of collateral is land. However, many small scale women do not own property that can be exploited as collateral because gender relationships play a central role in Kipsonoi ward.

Few Formal financial institutions in Kipsonoi ward mainly influenced the extent to which female entrepreneurship is able to develop, and the characteristics of their businesses. There are so many prospective small scale women entrepreneurs against small number of lending institutions.

Research showed that small scale women firms tend to face greater financial constraints than do larger firms due to fewer financial lending institutions in Kipsonoi ward.

Lin (2007) contends that small scale women's firms tend to face greater financial constraints than do larger firms due to fewer financial lending institutions.

5.4 RECOMMENDATIONS

It is the right of every child to go to school whether a girl or a boy as per the current constitution as this will be a solution to low literacy among women entrepreneurs. Currently there is provision of subsidized secondary education and free primary education. Thus there is no convincing reason as to why parent/guardian should not take his/her child to school. A woman who has gone up to form four has acquired enough knowledge and skills to start and manage her own business that is she has entrepreneurial skills, which ensures sustainability of any business ventures.

High interest rates makes women entrepreneurs shy away from borrowing, so lending institutions should reduce interest rates to make it women-friendly to encourage many women to apply due to affordability.

Lending institutions should be gender sensitive in terms of collateral. Many women entrepreneurs in Kipsonoi ward have no collateral due to cultural beliefs which prohibits them from owning either assets or title deeds. Lending institutions should be women-friendly in terms of their demand for collaterals.

Lending institutions should open more branches to serve large population of women entrepreneurs in the remote villages who cannot for one reason or the other access them in urban centres. Numerous potential women entrepreneurs outnumber the few lending institutions in Kipsonoi ward.

5.4.1. Recommendations for policy issues/formulation

The government should ensure there is totally free and compulsory education in both primary and secondary. The poor cannot afford however subsidized it is. Free means even the uniforms should be provided by government. In marginalized areas government should provide feeding programme and free uniforms. Government to build more CDF secondary day schools to assist many young women who dropped from school due to early marriage.

As far as high interest rates are concerned, the government through Central Bank should regulate interest rates to make them affordable and women-friendly to encourage many potential women entrepreneurs. Low interest rates motivates many potential women entrepreneurs to access credit finance and start sustainable business venture.

As part of affirmative action, the government should come up with a soft alternative to title deeds which will enable potential women entrepreneurs compete with men in borrowing or

accessing credit finance to ensure sustainability in entrepreneurial activities like fellow businessmen.

As per numerous women entrepreneurs which outnumber few lending institutions, government should come up with fiscal policy which allows proliferations of lending institutions in remote villages to ensure accessibility.

5.4.2.Recommendations for further research

Further research is recommended in the following areas:-

Many potential women entrepreneurs have problem of lack of awareness of the existence of some lending institutions and the various services and products they offer. There is no enough flow of information to all able women in all corners to know what is happening in the market so there is need for further research in this area.

There are some cultural constraints in Kipsonoi ward which prohibits women from owning assets/title deeds. In our community, when the husband dies, succession is not allowed to enable the widow own title deed or whatever belonged to the late husband, because the community cannot entrust a woman to be in possession of that document called title deed.

Further research should be conducted on why many small scale women entrepreneurs' businesses have high mortality rate that is they cannot celebrate third birth day in other words majority of these small business cannot last, that is they are not sustainable in Kipsonoi ward.

More over, further research should be conducted on why when women becomes successful in business, they tend to be isolated from the matrimonial husband and eventually initiate divorce in simple term majority of women who are doing well in business are divorced.

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APPENDIX I: LETTER OF TRANSMITTAL

DICKSON MUTAI,
P.O BOX 116,
SOTIK.
PHONE NO: 0724048010
17/O5/15

REVENUE OFFICER,
SOTIK SUBCOUNTY,
P.O. BOX
SOTIK.

Dear, sir/madam,

RE: REQUEST FOR RESEARCH DATA COLLECTION

I am a student undertaking Master of Arts in Project Planning and Management at University of Nairobi. As part of my assessment, I am required to submit a research project. Consequently, I have written a proposal entitled, "Factors influencing accessibility to finance by small scale licenced women entrepreneurs in Kipsonoi Ward, Sotik Sub-county"

Therefore, I have designed a questionnaire that will enable me collect the data .. I am therefore, seeking your authority to collect the data from these groups .The information obtained will only be used for academic purpose. In addition the findings from the study shall be made available to you upon request.

Your assistance and cooperation will be highly appreciated.

Thanks in advance,

DICKSON MUTAI

APPENDIX II: Morgan's Table for Determining sample size from a given population.

Population size	Sample size	Population size	Sample size
10	10	300	169
20	19	400	196
30	28	1500	306
40	35	2000	322
50	44	3000	341
60	52	4000	351
70	59	5000	357
80	66	6000	361
90	73	7000	364
100	80	10000	370
150	108	20000	377
200	132	50000	381
250	162	100000	384

APPENDIX III-RESPONDENTS' QUESTIONNAIRE

I am a student doing a Master of Arts in Project Planning and Management at University of Nairobi. Currently, I am doing research on Factors influencing accessibility to finance by small scale women entrepreneurs in Kipsonoi ward, Bomet County, Kenya.

You have been identified as a respondent in this research. The information you provide is expected to assist policy makers to reduce barriers preventing women from accessing finance from financial institution.

The information you give will be treated as confidential. Kindly provide the information which is well known to you. Your support and cooperation is very important and will be highly appreciated.

Thank you.

SECTION A

Demographic characteristics of Women

Please answer the following questions by putting a tick () where appropriate

1 Name (Not a must) _____

2 What is your age?

- 15-21 years []
- 22-28 years []
- 29-35 year []
- 36-40 years []
- Above 40 years []

3. What is your current level of education?

- Primary and below []
- Secondary level []
- Tertiary level []
- University level []

1. What is your marital status?

- Single []
- Married []

- Divorced []
- Widowed []

SECTION B

Please consider the given statement and indicate your opinion by ticking in the appropriate box

(V) ✓

(I) Level of education

1. Indicate your highest level of education

- a) Primary and below []
- b) Secondary level []
- c) Tertiary level []
- d) University []
- e) Others (specify) -----

2. In what area have you trained?

- a) Business management []
- b) Community development []
- c) Agricultural education and extension []
- d) Information, communication and Technology []
- e) Others (specify) -----

3) How frequently do you engage in training?

- a) Very frequently []
- b) Frequently []
- c) Occasionally []
- d) Rarely []
- e) Others (specify) -----

4) Indicate the nature the training normally takes?

- a) Formal training []
- b) On the job training []
- c) Workshops and Seminars []
- d) Use of training software []
- e) Others(specify)-----

5) In your own opinion explain the influence of level of education on accessibility of micro-finance-----

II) Collateral/security

1) Indicate the kind/form of collateral in your possession

- a) Title deed []
- b) Payslip []
- c) Logbook []
- d) Quarantors []
- e) Others(specify)í í

2) Is the collateral in your possession adequate/fully acceptable by lending institution(s)

- a) Strongly agree []
- b) Agree []
- c) Disagree []
- d) Strongly disagree []
- e).Neutral []
- e) Others (specify)í í

3).Do all the lending institutions in your area require collateral/security

- a) Strongly agree []
- b) Agree []
- c) Strongly disagree []
- d) Disagree []
- e) Neutral []
- e) Others (specify)í í

4) In your own opinion explain the influence of collateral on accessibility of microfinance by small scale women entrepreneursí í

III Interest rates

1) State the highest amount of loan you have so far obtained?

- a) 500000 []
- b) 300000 []
- c) 200000 []
- d) 100000 []
- e) Others (specify)í .

2) How frequently do you borrow loan from any lending institution?

- a) Very frequently []
- b) Frequently []
- c) Occassionally []
- d) Rarely []
- e) Others (specify) í

3) State the maximum length of repayment of the maximum loan you have taken from any lending institution(s)

- a) 5 years []
- b) 4 years []
- c) 3 years []
- d) 1 year []
- e) Others (specify) í .

4) In your own opinion explain the influence of interest rates on accessibility of microfinance by small scale women entrepreneurs í ..

iv Number of lending institutions

1) State whether lending institutions are available in your area?

- a) Adequately available []
- b) Scarcely available []
- c) Not available at all []
- d) Available but far []
- e) Others (specify) í

2) How accessible are the lending institution(s) in your area?

- a) Very accessible []
- b) Hardly accessible []
- c) Not accessible at all []
- d) Others (specify) í ..

3) Indicate how many lending institutions are in your area

- a) 5 [] b) 4 [] c) 3 [] d) Nil [] e) Others(specify) í í .

4) Indicate whether lending institutions in your area if any are customer-friendly

- a) Strongly agree []
- b) Agree []
- c) Strongly disagree []

