INFLUENCE OF ACCESS TO FINANCIAL RESOURCES ON SUCCESSFUL IMPLEMENTATION OF SELECTED WOMEN-RUN INCOME GENERATING PROJECTS IN ROYSAMBU CONSTITUENCY KENYA

BY

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DECLARATION

This Research Proposal is my original work and has not been presented for an award in any university.

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This Research Proposal has been submitted for examination with my approval as the university supervisor.

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DEDICATION

This research project is dedicated to my parents Mr. and Mrs. Jackson Ngari for their support and encouragement.

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LIST OF ACRONYMS AND ABBREVIATIONS

ACCA: Association of Chartered Certified Accountants

CMA: Capital Markets Authority

FSDK: Financial Sector Deepening Kenya

GoK: Government of Kenya

IBRD: International Bank for Reconstruction and Development

IDAS: International Development Advisory Service

ILO: International Labour Organization

MFI: Micro-finance Institutions

MSEs: Micro and Small sized Enterprises

MSMEs: Micro Small and Medium sized Enterprises

SPSS: Statistical Packages for Social Sciences

ABSTRACT

This study was designed to investigate the influence of access to financial resources on successful implementation of women-run income generating projects in Roysambu Constituency. The main objectives of the study were to determine the influence of cost of credit on successful implementation of women-run income generating projects, to establish the influence of availability of financing options on successful implementation of women-run income generating projects, to determine the influence of sources of finance on women-run income generating projects and to examine the influence of level of financial literacy on income generating projects in Roysambu Constituency. This study adopted a descriptive survey design as a major method of research. The target population was 632 women entrepreneurs. A sample of 245 women entrepreneurs was then selected using Yamane formular. Data collected through administering of questionnaires was analyzed by the use of descriptive statistics constituting frequencies, percentages and correlation of variables. The study findings were then presented in frequency tables. Access to financial resources was found to have a positive influence on successful implementation of income generating projects Lower interest rates were found to have a positive impact on businesses in that higher income levels were realized and enterprises realized better assets Sources of finance like savings, borrowing from friends and family and asset finance did not make 50% of the required capital but these sources contributed greatly in sustaining businesses. Financing options like leasing and hire-purchase in acquiring equipment for business operations were found not to be very common and most entrepreneurs struggled to make cash payments This study recommended that financial institutions should collaborate with women entrepreneurs for training on lending rules and regulations as well as financial products available in the market. The Central Bank should review its policies so that financial institutions can lend at lower interest rates. This study also gave suggestions for further research.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study.

Access to finance is fundamental for the survival of income generating projects worldwide, and this limited availability of capital is considered a top barrier to their growth and implementation. Studies highlight that this is especially true for young and small firms, and for women entrepreneurs (ITC, 2013).

Debt finance is most commonly used by many SMEs around the world compared to Equity finance as proven by a study conducted by Hall, Hutchinson and Michaelas (2009) in Scotland. In the study nearly a quarter of the businesses considered equity finance, but in most cases this was not pursued because of concerns over the ownership of the business and also because venture capitalists are not interested in assisting small businesses seeking less than a million and this represents a gap in the equity market.

Although many SMEs use debt financing as a means of funding their businesses, existing evidence from studies in the United States of America indicates that dissatisfaction with the availability of loan finance and overdraft finance from banks is greatest among the youngest and smallest firms. High levels of dissatisfaction with bank finance have also been found amongst women entrepreneurs (Fielden, Davidson, Dawe and Makin, 2003).

Access to financial services varies greatly around the world. In many developing countries, less than half the population has an account with a financial institution, and in most of Africa, less than one in five households do. Recent development theory identifies the lack of access to finance as a critical mechanism for generating persistent income inequality as well as slower growth. Without inclusive financial systems, poor individuals and small enterprises need to rely on their own limited savings and earnings to become entrepreneurs or take advantage of promising growth opportunities (World Bank, 2008).

Access to finance had been singled out as one of the major challenges impending the survival of growth of start-up SMEs in South Africa (Mazanai and Fatoki, 2012),. Significantly low figures of start-up SMEs who apply for financing succeed in getting financing. Quite a significant number of entrepreneurs are of the opinion that, although there seems to be sufficient funds available, it remains difficult to access these funds, especially for start-up SMEs (Maas and Herrington, 2006). Ganbold (2008) argues that Investment Climate Survey conducted by the IBRD/World Bank (2008) shows that one of the major impediments of nurturing firms is lack of access to financial services which would expand economic growth and employment generation as well as reducing poverty in many developing countries through the implementation of income generating projects.

Majority of women in Kenya are involved Small and Medium sized Enterprises as a means of generating income with 48 percent of all SMEs in Kenya being run by women (ILO, 2008). A study conducted by the CMA (2010) found that a financing gap exists with regards to access to capital for SMEs in Kenya. This financing gap is often defined as the difference between the demand for funds by SMEs and the supply of funds. Most banks in Kenya are invariably restrictive in lending to EMEs. The report also found that access to financial resources is constrained by both internal and external securing factors. Internally, most SMEs lack credit worthiness and management capacity, so they have trouble securing funds for their business activities such as procuring raw materials and products, and investing in plant and equipment. From the external perspective, SMEs are regarded as insecure and costly businesses to deal with because they lack required collateral and have capacity to absorb only small amount of funds from financial institutions. For these reasons many women-run income generating projects in Roysambu Constituency are rationed out in their access to credit because of high intermediation costs, including the cost of monitoring and enforcement of loan contracts. Without access to financial resources, women-run income generating projects cannot be successfully implemented.

1.2 Statement of the problem

Access to financial resources is fundamental in successful implementation of any project. Debt and equity finance are the most commonly used methods of financing businesses. A study conducted by (Ellis, 2009) regarding access to finance on Kenyan women entrepreneurs, found that certain barriers in the business environment had a disproportionate effect on women entrepreneurs. One of the most important barriers is women's unequal access to property and land. In Kenya only 1 percent of land titles are owned by women, with 5 to 6 percent held in joint names (GoK, 1999). Limited access to land and property means that women are unable to secure loans for their businesses. A lot of women who want to start businesses for the purpose of generating income find it hard to get loans because of the nature of the businesses they run, which are mainly Micro and Small sized Enterprises which are regarded as insecure by banks and MFIs. This leaves the option of using their own limited savings and the little money they get from friends and family. For this reason many women rate access to financial resources as their key constraint. Without financing, women are unable to start businesses or to grow their businesses, and they remain stuck at the micro-enterprise level (World Bank, 2004).

Other parameters like the cost of credit, availability of financing options, sources of finance and level of financial literacy are bound to influence access to financial resources. The government policy on running of Small and Medium sized Enterprises is a factor that may influence the successful implementation of women-run income generating projects. It is therefore important that this problem be taken in to consideration to provide solutions to women entrepreneurs in Roysambu Constituency in accessing financial resources for their income generating projects. This study will assess the influence of access to financial resources on successful implementation of women income generating projects in Roysambu Constituency.

1.3 Purpose of the study

The purpose of this study was to determine the influence of access to financial resources on successful implementation of selected women income generating projects in Roysambu Constituency.

1.4 Objectives of the study

This study was guided by the following objectives;

1. To determine the influence of cost of credit on successful implementation of women-run income generating projects in Roysambu Constituency.
2. To establish the influence of availability of financing options on successful implementation of women-run income generating projects in Roysambu Constituency.
3. To determine the influence of sources of finance on successful implementation of women-run income generating projects in Roysambu Constituency.
4. To examine the influence of level of financial literacy on successful implementation of women-run income generating projects in Roysambu Constituency.

1.5 Research Questions

This study sort to answer the following questions;

1. To what extent does cost of credit influence successful implementation of women-run income generating projects in Roysambu Constituency?
2. In what way does availability of financing options influence successful implementation of women-run income generating projects in Roysambu Constituency?
3. How do sources of finance influence successful implementation of women-run income generating projects in Roysambu Constituency?

4. How does level of financial literacy influence successful implementation of women-run income generating projects in Roysambu Constituency?

1.6 Significance of the study

Women who want to start their own income generating projects would, with the assistance of this study be able to understand the major limitations of accessing financial resources and in this regard, they would be able to format their approaches and strategies of financing their projects.

The government agencies and policy makers could use the research findings of this study to reduce the bureaucratic red tape, particularly bank rates, fixed by central bank. Such practices create credit market imperfections which undermine free market forces of demand and supply of loans in the money market leading to financial gaps. This study will also recommend areas of research which could be explored by future studies.

1.7 Delimitation of the study

The study focused on the influence of access to financial resources on successful implementation of women-run income generating projects in Roysambu Constituency. The independent variables to be examined include; cost of credit, availability of financing options, sources of finance and level of financial literacy. This study targeted women in Roysambu Constituency who were involved in running businesses for purpose of generating income. This was to be a representation of other divisions in the county. The findings from this study were generalized to all counties across the country.

1.8 Limitations of the study

The main limitations of this study were limited finances to carry out an extensive study. The other limitations included unwillingness by respondents to reveal needed information. The respondents were however assured that the information they provide was to be classified and confidential.

1.9 Assumptions of the study

This study assumed that the sample size used in collecting data would represent the entire population. It also assumed that the questionnaire to be used in data collection had validity and measured the desired constructs. The study also assumed that the respondents answered questions correctly and truthfully.

1.10 Definition of significant terms used in the study

Access to financial resources – financial resources refer to money needed for business spending in the form of cash, liquid securities and credit lines. Access to financial resources is the ability of individuals or enterprises to acquire such money that is necessary for business operation. Barriers to sufficient access to financial resources in this case may be caused by cost of credit, availability of financing options, sources of finance and level of financial literacy of women entrepreneurs in Roysambu Constituency.

Availability of financing options – financing options are the various alternative methods of financing business operations. Financing options in this case refers to the option of taking a business loan, the option to lease a stall or land, and buying equipment necessary for business operation on hire-purchase or other available options.

Cost of credit – the amount of money borrowers have to pay in the course of borrowing money from financial institutions. Apart from the principle amount borrowed, women entrepreneurs will also have to pay interest rates on their loans, processing fees and legal fees in the course of taking up a business loan. These refer to the cost of credit.

Financial Literacy – the knowledge, skill and attitude that people can use to adopt good money management practices for earning, spending, saving, borrowing and investing. Financial literacy in this research refers to the women's ability to answer questionnaire items in their loan applications, their level of understanding credit processes and their awareness of financial products available.

Income generating projects – income generating projects are small scale projects that create an income source to individual beneficiaries or beneficiary groups. This research will focus on income generating projects run by women in Roysambu Constituency. These income generating projects will be Small and Medium sized Enterprises in nature like hardware shops, clothing stores, supermarkets, grocery stores among others.

Successful project implementation – project implementation involves two phases; project activation and project operation. Successful project implementation refers to project activation, where in this case involves acquiring adequate financial resources to start an income generating project and the project operation phase involves transforming the income generating projects' inputs into outputs in order to achieve immediate objectives which are; profitability, expansion, sustainability and empowerment.

Sources of finance – these are venues for obtaining funds that come externally from an enterprise. Sources of finance in this case will refer to obtaining funds for business operation from personal savings, borrowing from family and friends and from asset finance (the sale of unused property to get money for business operations).

1.11 Organization of the study

This study was organized into five chapters. Chapter one contains the introduction of the study, background of the study, problem statement, objectives of the study and research questions, limitations and delimitation to the study and definition of significant terms as used in the study.

Chapter two highlights on the relevant related literature on the influence of access to financial resources on successful project implementation. Various researches on the selected variables of access to financial resources will also be reviewed. Chapter three presented the research methodology with concentration on the research design, target population, sample size, sampling procedure, data collection and analysis techniques to be used. Chapter four consists of data analysis, presentation, interpretation and the discussion of the findings. Lastly chapter five presented the summary of the findings of the study, conclusion and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the literature reviewed on the influence of access to financial resources on successful implementation of women-run income generating projects. Reviewing relevant literature assisted in laying the foundation for this study. The chapter therefore presented arguments on the concepts by various authors based on the research objectives. The main areas presented here are: literature on the dependent and independent variables, theoretical review, and the conceptual framework which explains the relationship.

2.2 Access to Financial Resources

Financial resources refer to money available to a business for spending in the form of cash, liquid securities and credit lines (Broadbent & Cullen, 2012). Women's access to all financial resources, including savings, insurance, remittance transfers and credit, is essential to allow them to benefit fully from economic opportunities. Legal, institutional and social-cultural barriers often, however, limit women's access to these services (United Nations, 2009). Such barriers that prevent women from accessing financial resources limit the chances for successful implementation of women-run income generating projects in Kenya.

Pakistan's credit market, as in other developing countries, Kenya being one of them is characterized by the co-existence of formal, semi-formal and informal lenders (Ghate, 1992). Formal financial services are provided by public and private banking systems, insurance companies, mortgage providers and credit companies. Such services are widely, although not universally available in developing countries (Murray, 2008).

An examination of access to formal, semi-formal and informal financial institutions in Kenya and Uganda by Johnson and Nino-Zarazua (2009) revealed that overall, only 18 percent of the population surveyed had access to formal financial institutions. 8 percent of the population in Kenya and 3 percent in Uganda had access to semi-formal institutions, including microfinance institutions and savings and credit cooperatives.

The main problem among the formal lending and savings institutions is caused mainly by the policies they put in place regarding access to loan facilities. These include 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. Access to credit by borrowers is also affected by credit rationing behavior of lending institutions that use 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 (Schmidt and Kropp, 1987; Atieno, 2001) as cited by Ochieng and Sije, (2013).

2.3 Cost of credit and project implementation

Cost of credit refers to the amount of money borrowers pay in the process of borrowing money from financial institutions (Agca & Igan, 2013). The key indicators of cost in this respect are processing fees, interest rate and legal fees. Hallber (2002) argues that high risks associated with lending MSEs and fixed costs associated in acquiring sound information about the borrower by financial institutions, as the major driving force to the high cost of credit. Csubak (2003) argues that in the case of external financing i.e. debt financing, the role of bank loan and overdraft, leasing and factoring can be emphasized. However, MSEs can get loans and overdraft just by higher interest and collateral because of the relatively higher cost of credit assessment and higher operating risks.

According to Manasseh (2001), any finance to be raised by a business should be at a cost lower than the return expected from the business project where such finance has to be invested. Borrowers should therefore consider the cost of credit before they take up any loan. There are various types of costs that borrowers incur and one of them is explicit costs. These are costs that the business owner has to pay directly to the lenders for using their money. These include interest payable for using debt finance or dividends payable for using share capital. These costs are paid to retain such finance in the business (Cornwall, Vang and Hartman, 2013). Borrowers also incur implicit costs which are not necessarily paid to lenders directly but which must be paid to obtain finance. Such costs include insurance for security, its maintenance costs and flotation costs for raising share capital (Brigham and Houston, 2012).

Most MSEs run by women operate informally and therefore lack sound information about their financial positions since they rarely do book keeping. Therefore, low information of activity of small enterprises caused by the simpler accountant regulations as well as high cost and risk of low credit amount and low capital are some of the characteristics associated with MSEs (Mwangi and Bwisa, 2013). This forces the lending institutions to charge a premiums interest on loans advanced to MSEs to absorb these institutions from the high risk associated with lending. This in turn increases the cost of credit (Namusonge, 2000) and limits access to financial resources. An experiment in Ghana by Fafchamps, McKenzie, Quinn and Woodruf (2011) observed that most women entrepreneurs who had access to financial resources had successfully implemented enterprises and were able to create employment in their communities while increasing their income.

In another study conducted by Mwangi and Bwisa (2013) on challenges facing youth entrepreneurs in accessing financial resources in Makuyu Kenya, found that most youth entrepreneurs found the cost of credit to be too high. This was measured on the basis of processing fees, interest rates, personal credit insurance, legal fees and travelling expenses. The research revealed that 85 percent of the youth entrepreneurs experienced high rate of legal fees. Only 15 percent of the respondents indicated that the legal fee was fair or low. 37.5 percent of youth entrepreneurs indicated that loan processing fee was fair. The rest felt that the loan processing fees were either high or very high. Only 10 percent felt that the interest rates were low while 90 percent found interest rates to be high. It can be declared that "the MSEs are in more disadvantageous situation than the large size enterprises on the admittance of financial resources with respect to both equity and debt finance" (Csubak, 2003).

A study conducted by Rahman (2000), in Tangai District of Northern Bangladesh, found out that the timely repayments of loans were not made from incomes generated from business operations but through further borrowing from private money lenders. Therefore few of the MSEs ever developed into larger businesses and a larger number of them either remain small or simply close down. Rahman goes on to say that it can be noted that credit to MSEs have been found to cause trauma and even self pity and unfulfilment perpetuating a vicious cycle of financial problems to majority of borrowers.

From the findings of the two studies above, women who had access to financial resources in Ghana were able to successfully implement their income generating projects better than those with limited access to financial resources. Youth entrepreneurs in Makuyu Kenya found the cost of credit on their loans to be too high. It is the position of this research study that lower interest rates, processing fees and legal fees would indicate lower cost of credit and vice versa. This study seeks to find out if women engaging in business in Roysambu Constituency find the cost of credit on their loans to be high and how that influences the implementation of their income generating projects.

2.4 Availability of financing options and project implementation

Bank services and products, including savings products are often unaffordable and the emphasis on collateralized and asset based lending disqualifies most women from accessing business loans (IFC, 2013).

Most businesses in Kenya depend on financial products offered by banks and MFIs for options for financing their operations. Most Micro and Small sized Enterprises in Kenya use business loans, lease finance, hire-purchase and invoice-discounting as means of finance (Manasseh, 2001). Commercial banks in Kenya play a key role in mobilizing financial resources for investment by extending credit to various businesses and investors. Lending represents the heart of the commercial banking industry and loans are dominant assets as they generate the largest share of operating income (Heitfield, 2005). Financial institutions use Credit Reference Bureaus' (CRB) reports of the borrower as well as their bank statements and availability of collateral as well as the ability of the borrower to pay back the loan in the process of determining the credit worthiness of a borrower. Entrepreneurs who are able to access credit are also faced with high interest rates and short repayment periods making it very difficult to embark on any expansion projects (Kago, 2014).

As a financial technique, leasing has proven effective in overcoming barriers posed by interest rate ceilings and collateral requirements of conventional commercial bank financing (Larry and Befus, 1994). Leasing enables the lessee to generate income using property that they would otherwise not afford (Bernd and Schutte, 2000). Businesses that have realized that profits are made not from owning, but from using equipment, often consider leasing equipment rather than purchasing them. Leasing is based on the proposition that profits are earned through the use of assets rather than from ownership. Finance leasing is a contractual arrangement between two parties, which allows one party (the lessee) to use an asset owned by the other (the lessor) in exchange for specified periodic payments. The role of the lessor in a finance lease is limited to financing the lease. This option was created to enable the financial institution, which traditionally does not have equipment knowledge, to be able to finance equipment leases without taking on risk associated with the technical suitability of the leased equipment (Wakelin, Otheno & Kinyua, 2003). Another lease option is operating lease for Micro and Small Enterprises where the risk and rewards associated with ownership of the leased equipment are borne by the lessor. An operating lease involves the lessee paying a rental for the hire of the equipment for a period of time, which is usually substantially less than its economic useful life (Wakelin, Otheno & Kinyua, 2003). Kenya has recently seen an enormous growth in the leasing of business assets like cars and tracks, computers, machinery, manufacturing plants and agricultural land in addition to the common leases of houses and office space (Ombija, 2007).

Hire-purchase is an arrangement where an entrepreneur acquires an asset on hire by paying an initial installment usually 40 percent of the cost of the asset and repays the other part over a period of time. This enables the entrepreneur to acquire the necessary equipment for business use without the full amount of buying the asset (Lean and Tucker, 2005). Atieno (2003) observes that hire-purchase is usually advantageous to clients because it spreads the cost of expensive items over an extended time period. If the seller has the resources and the legal right to sell the item on hire-purchase which usually depends on a licensing system in most countries the seller and the owner become the same person. In Kenya, the availability of hire purchase facilities and other forms of hire-purchase is changing purchase and individuals' behavior as buyers. Purchase of equipment and goods are no longer constrained at least in the short run. By current income, buyers are able to purchase what they ordinarily could not afford (Aryeetey, 2004). Kenya has a lively market for hire-purchase and invoice-discounting provided by financial institutions to Micro and Small Enterprises which deliver to government and larger enterprises with reputable payments histories. Adoption of these instruments has facilitated entry by a tier of mid-sized Kenyan banks into the MSEs financing space (Ayyagari, Demirguc-kunt and Maksimoric, 2012).

All business ventures regardless of size require financing from implementation and throughout their life cycles. The amount invested as well as acquisition of required equipment will influence greatly the size of the venture, which in turn determines the early survival of an enterprise if other factors remain constant. The entrepreneur will have to find a suitable way of financing to start the business, operate and also to manage the enterprise (Mbugua, Mbugua, Wangoi, Ogoda & Kariuki 2013). Barriers to credit like collateral requirements, high interest rates and unavailability of varying financing options that provide access to necessary equipment for business use limit women's access to finance and this in turn affects successful implementation of women income generating projects.

2.5 Sources of finance and project implementation

Surveys of enterprises in Kenya and other East African countries show that enterprises and particularly MSEs have traditionally lacked access to both long term and short term capital. Most MSEs lack credit worthiness and management capacity, so they have trouble securing funds for their business activities such as procuring raw materials and products, and investing in plant and equipment. With the exception of family and friends, there are very few long term financing vehicles in the country (FSD, 2008). In the early 1990s, USAID and the European Union were particularly active in supporting venture capital funds, amongst others, Kenya Equity Management (KEM) and Rehabilitation Advisory Services Ltd. Both funds closed down without having had a significant methodology impact nor were they able to act as a catalyst for the provision of long term funds to businesses in Kenya (GoK, 2005).

More recently, the government has concentrated on developing a legal and regulatory framework to encourage long term savings in the country. The enactment of the Retirement Benefits Acts has resulted in significant growth of savings mobilization in the country and created a pool of long term investment capital (IEA/SED, 2001). A study conducted by Jagongo (2012) on savings mobilization for growth of women-owned entrepreneurial ventures in Kenya sort to establish how much money women entrepreneurs accumulated per year as savings, which they reinvested for graduating their MSEs to larger enterprises. The findings revealed that 19 percent of the women saved nothing per year. 49 percent saved less than Ksh.10,000 per year, 21 percent saved between Ksh.10,000 and 30,000, 9 percent saved between Ksh.31,000 and 50,000 while only 2 percent managed to save over Ksh.50,000 for business growth. This indicates that the women entrepreneurs' propensity to save for their businesses was on average very low, implying that they were experiencing some constraint factors.

Despite its importance, saving trends in Kenya have not been steady for the last two decades. Gross Domestic Savings (GDS) as a percentage of Gross Domestic Product (GDP) range between 3.6 percent and 24.9 percent with Gross Domestic Investment (GDI) being between 7.7 percent and 25.0 percent. In the last two decades, GDS has been below GDI. This suggests in part that resources accumulated locally are inadequate for the county's investment needs (Jagongo, 2012). According to Osman (2000), high interest on loans is in effect a burden on the income of the poor. Given the low capital intensity of investment made through lending institutions and the resultant low profit margins, high interest rates dampen the possibility of any significant savings on the part of the poor borrower who largely borrows to meet consumption related to household requirements.

Since savings have become an unreliable source of finance, many entrepreneurs have sorted other alternative sources of finance like borrowing from family and friends or selling their assets to start their business ventures. Asset finance is a form of credit used by Micro and Small sized Enterprises as a source of finance where the financial institution extends a loan to a borrower based on fixed asset investment which is used as security for the advanced loan (Basel, 1999). For enterprises with assets which are not very necessary for their operation, such assets can be sold to raise finance for the business operations. These should only be sold if the funds from the sale of assets can be invested in ventures which can generate returns higher than those the asset sold was generating (Ongero, 2013). Borrowing from family and friends can be a good way of supplementing one's savings and money obtained from sale of assets. Most loans acquired from family and friends usually have very low interests or no interest at all. Written agreements regarding the amount borrowed, the interest rate and how and when the loan is to be repaid are sometimes used to avoid conflict arising among family members. According to Kamungu, Njeru and Tirimba (2014) the hardest part of starting a business is raising money to start. If sufficient funds cannot be raised from available sources, it is improbable that the business will get implemented successfully.

2.6 Level of Financial Literacy and project implementation

Poor understanding of financial terminology and lack of awareness of bank and micro-finance services is an obstacle to women's access to financial resources. A lack of understanding of credit processes and the role of credit bureaus also place women at a disadvantage (IFC, 2013). Financial inclusion has risen steadily in developing countries over the last ten years to become a key policy objective for donors and governments. The increasing amount of public capital coming into the sector suggests the need for a better understanding of what works to promote financial inclusion on the ground (ACCA, 2014). It is therefore important for consumers of these up-coming financial products to understand the new policies before they take loans. Financial education teaches the knowledge, skill and attitudes that people can use to adopt good money management practices for earning, spending, saving, borrowing and investing (FSDK, 2008).

The greatest challenge facing any financial innovator seeking to target the MSE market is the generally low level of financial awareness among those running small businesses. This includes both the lack of awareness of the range of options available and the lack of understanding of how those options work, even after the business becomes aware of them (ACCA, 2014). Another major problem faced by small enterprises when looking to raise funds is information asymmetry in that they cannot provide the quality of their investment project to the provider of finance. Micro and Small Enterprises managers suffer a lock of financial knowledge as they are often product and service experts and specialists and not specialists in the field of finance. Therefore the information asymmetry problem is partly one relating to difficulties in the spheres of communication and credibility. This is compounded by the fact that new or recent start-ups may be unable to provide evidence of a good financial performance track record (Tucker & Lean, 2003).

According to Andho and Nunoo (2012), financial literacy has attracted increasing attention in both the developing and developing world due to its role in financial decision. For instance, in January 2008, the United States Government set up a

President's Advisory Council on Financial Literacy. The council was tasked to set up programs that would improve financial education at all levels of the county's economy. This was expected to improve access to and use of financial resources. In the developing world, the Indonesian government declared the year 2008 as "the year of financial education" with a stated goal of improving access to and use of financial services by increasing financial literacy.

Despite the fact that a lot of effort has been made in many developing countries to improve financial literacy among the business community, success to date has been limited. A review of studies conducted in Kenya and Rwanda by IDAS (2012) on innovations in access to finance for SMEs, revealed that consumers interviewed by FSDK reported that they learn best by testing new credit products. However, financial literacy programs conducted before borrowing provided an important baseline of knowledge in emerging markets. Capacity building to help MSEs write better business plans and loan applications is an important form of financial education that played an important role in ensuring that business ideas were implemented. In another study in Rwanda, lenders reported over-indebtedness of consumers who take on credit without understanding how to manage it IDAS (2013). The importance of keeping proper accounts in promoting the growth of small businesses has been acknowledged in previous studies on small business growth and development (Arbor & Biekpe, 2006). Kinyanjui (2006) records that some entrepreneurs felt that it was difficult to obtain loans as they had to show credit records and they did not fully understand the requirements of getting and paying loans.

A study by Wachira & Kihiu (2012) on the impact of financial literacy on access to financial services in Kenya found that there was a positive link between financial literacy and access to financial services among the formal, informal and semi formal strands. In another study by the International Finance Corporation (2013) on access to financial resources for women entrepreneurs in Africa concluded that acquisition of financial literacy and skills benefited women in developing their entrepreneurial activities and also in managing them effectively. The findings of these studies suggest that financial literacy is essential for women's access to financial resources that will enable them to successfully implement their income generating projects in Roysambu Constituency.

2.7 Theoretical Framework

The theoretical framework of this research will be based on the Financial Inclusion of Enterprises Model by Dabla-Norris, Era, Yan, Townsend, & Unsal (2014) and the finance growth theories.

There is no one standard definition of the term financial inclusion in the world and the diverse definitions by various literatures originate from the context in which it is used i.e. the geographical location and the state of economic development of the area. All definitions have a tendency to capture the concept of "access for individuals to appropriate financial products and services" (Hayton, Percy and Latimer, 2007).

Chakrabarty (2010) defines financial inclusion as the process of enabling access to appropriate financial products and services needed by all sections of the society in general, and vulnerable groups such as weaker sections and low income groups in particular, at an affordable cost in a fair and transparent manner by regulated mainstream institutional players. Financial inclusion also involves having the capacity, skill, knowledge and understanding to make best use of these products and services (Aduda and Kalunda, 2012).

The Financial Inclusion of Enterprises Model by Debla-Norris *et al* (2014) features diverse agents who are eminent from each other by wealth and talent and who can chose their occupations as workers or entrepreneurs. In equilibrium, only talented agents with some wealth chose to be entrepreneurs, while untalented and those talented but with no wealth chose to be workers. The model presents two states of worlds, one with credit and one with savings only. Individuals in the savings world can save but cannot borrow. This is because participation in the savings world is free, but to borrow i.e. to move into the finance world, individuals must pay a participation cost whose size is one of the determinants of financial inclusion. Individuals can obtain credit in the finance world but the size of credit is constrained due to limited commitment, which leads to the need to post collateral. Therefore collateral is another determinant of financial inclusion affecting financial sector depth. Finally because of information asymmetry between banks and borrowers, high interest rates are charged on borrowing accounts for costly monitoring of high leveraged firms. Because more production and poorer agents are going to be high leveraged, higher intermediation costs will be another source of inefficiency and financial exclusion (Debla-Norris *et al*, 2014 as cited by Karpowicz, 2014).

Finance growth theories advocate that financial development creates a productive environment for growth through "supply lending" or "demand-following" effect. These theories also perceive the lack of access to finance as a critical factor responsible for persistent income inequality as well as slower growth. Therefore, access to safe, easy and affordable source of finance is recognized as a pre-condition for accelerating growth and reducing income disparities and poverty which creates equal opportunities, enables economic and socially excluded people to integrate better into the economy and actively contribute to development and protect themselves against economic shocks (Sarrao, Sequeira and Hans, 2012). In theories stressing entrepreneurship, financial market imperfections determine the extent to which talented but poor people can raise external funds to implement projects.

2.8 Conceptual Framework

The ability of women entrepreneurs in Roysambu Constituency to access financial resources rely entirely on certain market and external parameters as set out in categories as independent variables which invariably include: cost of credit, availability of financing options, sources of finance and level of financial literacy. If the above market environment favors women, borrowing will be enhanced as many women will be motivated by market conditions which promise better returns on their investments. Contrary to this understanding, the presence and prevalence of the same environment does not necessarily mean that women will succeed in the implementation of their income generating projects. Another factor may come in to play and hinder the successful implementation of their projects. This factor is categorized as the moderating variable, which are the skills that the women may or may not have in the business they are engaged in.

The intensity of these variables will have a great bearing on the women being successful in the implementation of their income generating projects which will be indicated by the projects' profitability, expansion, sustainability and women empowerment. The relationship of the variables is displayed in Figure 1.

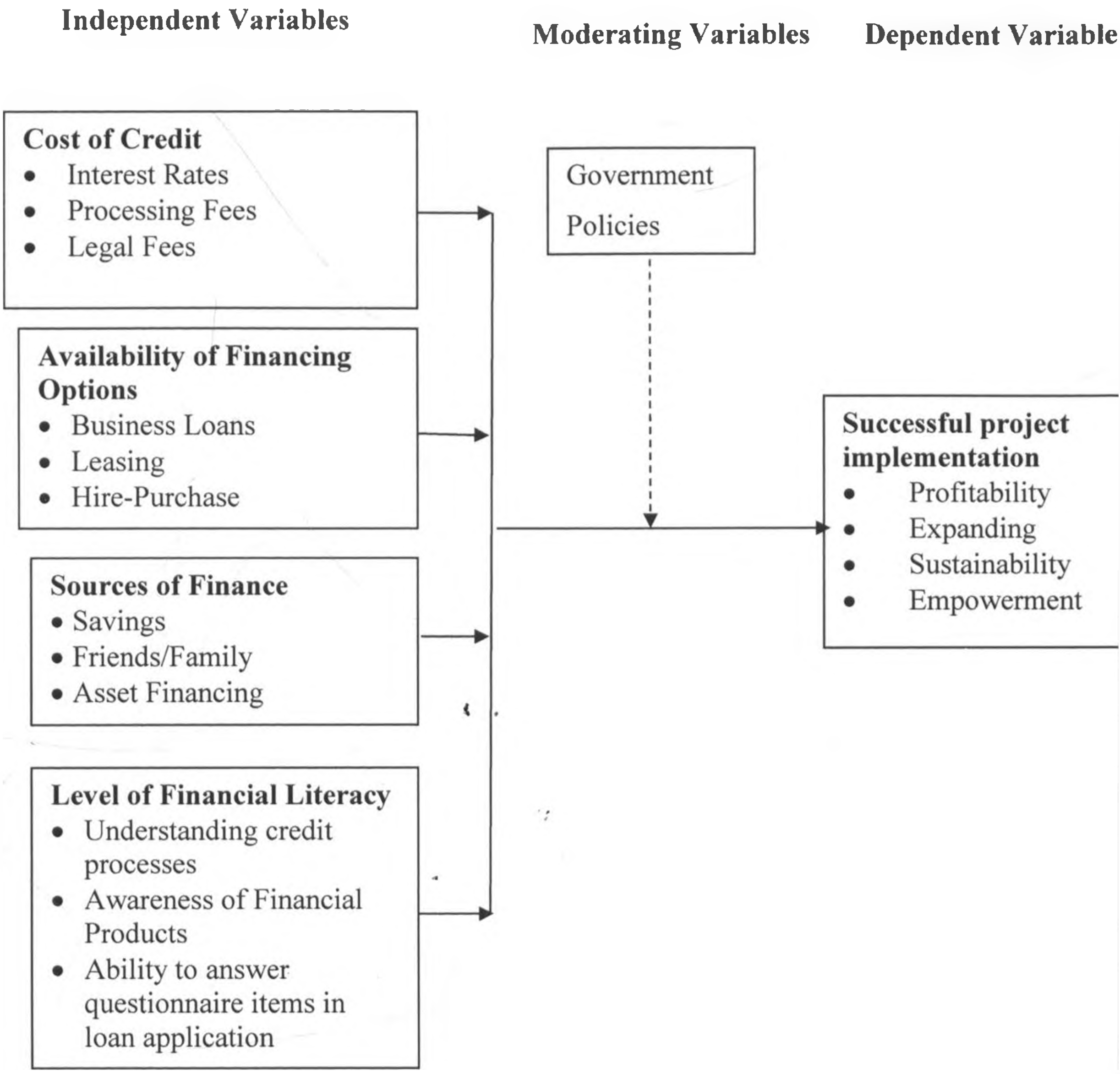

Figure 1: Conceptual Framework

2.9 Knowledge Gap

Many analysts studying successful implementation of women income generating projects tend to focus on various conditions that existed at particular times in their study. There is need to focus on access of financial resources as a potential influencing factor. A financial market which espouses a good women policy and empowerment motivates women to consider external sources of finance as an important component of their business plans. There should be a clear political manifesto and supportive financial market to encourage women to embrace credit to promote their entrepreneurial projects.

Another aspect not discussed by financial analysts is the availability innovative financial products in the market. Many women are fur flung from financial institutions because of the lack of flexible financial products that suit them best which offer various financing options. Lack of information on financial matters due to financial illiteracy is another area that needs to be focused on. The lack of innovation on financial products which limits financing options and financial education has been said to be the major causes of lack of financial deepening and are big financial repression in developing countries like Kenya. This research will therefore seek to close this gap by studying at the influence of access to financial resources on successful implementation of women-run income generating projects in Roysambu Constituency.

2.9 Summary of Literature Review

This chapter focused on reviewing empirical literature on various researches and books on the study highlighting women and credit accessibility. Factors that influence women finance accessibility discussed include; cost of credit, availability of financing options, sources of finance and financial literacy. Also discussed on this chapter is the relationship that exists between the various market environments under which women entrepreneurs operated in accessing financial resources.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides the methodology of the study. It shows the specific procedure that was followed in undertaking the study. It presents the research design, target population, sampling design, research instrument, data collection procedure and data analysis method that will be used in the study as well as ethical issues.

3.2 Research Design

This is the general plan that was used to conduct the study in order to answer the research questions and achieve the objectives of the study. This study used descriptive survey design. Descriptive survey research design is a systematic, empirical inquiry into which the researcher does not have a direct control of independent variable as their manifestation has already occurred or because they inherently cannot be manipulated (Mugenda and Mugenda, 1999). The descriptive survey design optimizes on the strengths of both quantitative and qualitative research methodologies.

3.3 Target Population

Mugenda and Mugenda (1999) define target population as that population to which a researcher wants to generalize the results of a study. This study targeted women entrepreneurs in Roysambu Constituency who are involved in running Small and Medium sized Enterprises. This is because this research measured the influence of access to financial resources on successful implementation of women income generating projects in Roysambu Constituency. There are 632 women entrepreneurs in Roysambu Constituency spread in the four sub-locations namely Githurai, Kahawa West, Zimmerman and Roysambu as shown in Table 3.1

Table 3.1 Number of women entrepreneurs in each sub-location

Name of location	No. of women entrepreneurs	Percentage
Githurai	167	26.4
Kahawa West	159	25.2
Zimmerman	127	20.1
Roysambu	179	28.3
TOTAL	632	100

Source: Nairobi City Council SMEs Licensing Registry (2015).

3.4 Sampling Size

This research used Yamane (1967) formula of sample selection to generate a sample size for the study as indicated:

$$n = \frac{N}{1 + Ne^2}$$

Where: n = Sample size

N = Target Population (632)

E = Error = 0.05

$$n = \frac{632}{1 + 632\,(0.05)^2}$$

n = 245

The sample size for the study was therefore 245 women entrepreneurs from Roysambu Constituency.

3.5 Sampling Procedure

The research adapted a systematic random sampling technique to select the sample population by picking on odd numbered members in their registration at the Nairobi City Council. This method of sampling involved giving a number to every women entrepreneur in Roysambu Constituency, then placing the numbers in a container and then picking any number at random. The women entrepreneurs corresponding to odd numbers according to their registration at the Nairobi City Council were issued with questionnaires. This sampling technique was chosen because the women involved in running businesses in the four sub-locations namely Githurai, Kahawa west, Zimmerman and Roysambu faced the same financial market environment and there were therefore no clusters. The sampling frame was a list of women entrepreneurs from Roysambu constituency who were the unit of observation.

Table 3.2 Sample size of respondents

Location	Odd numbers of up to:	No of respondents
Zimmerman	88	43
Kahawa West	116	57
Githurai	150	74
Roysambu	142	71
TOTAL		245

3.6 Data Collection Method

The study adopted the use of a questionnaire as the main data collection tool. The developed questionnaires were administered to the sampled respondents. A drop-and-pick method was used to administer the questionnaires since most of the respondents were too busy to fill the questionnaires on the spot. The questionnaires had a set of attitude statements on age, number of years in business, and type of business. The implication of these questions was described in the study findings. The second part of the questionnaires contained questions related to the study variables which include: cost of credit, availability of financial products, sources of finance and financial literacy and their influence on successful implementation of women-run income generating projects in Roysambu Constituency.

3.6.1 Pilot Study

Bordens and Abott (2011) defines a pilot study as a small-scale version of the study used to establish procedures, materials and parameters to be used in the full study. A pilot study was conducted to clarify instructions, determine appropriate levels of independent variables, and determine the reliability and validity of the observational methods in order to use the pilot results to make adjustments in the study questionnaire.

3.6.2 Validity of Instrument

Validity indicates the extent to which the instrument measures the constrains under investigation (Mugenda and Mugenda, 1999). This study used content validity, construct validity and criterion validity. To ensure content validity, the questionnaires were reviewed by research experts to confirm that the data to collected would represent the content that the test was designed to measure. Construct validity was measured by administering a few questionnaires to some respondents and analyzing the results to evaluate whether the questionnaire measured what it was required to measure. Criterion validity was measured by analyzing outcome provided by the data collected using the questionnaires.

3.6.3 Reliability of Instrument

The reliability of instruments was tested through a test-retest approach where respondents were issued with questionnaires to fill and the same was repeated after three weeks as a retest for the reliability of the questionnaire.

3.7 Method of data analysis

Both qualitative and quantitative data collected by the questionnaire was analyzed to answer the following research questions; to what extent does cost of credit influence successful implementation of women-run income generating projects in Roysambu Constituency, in what way does availability of financing options influence the successful implementation of women-run income generating projects in Roysambu Constituency, how does sources of finance influence successful implementation of women-run income generating projects in Roysambu Constituency and how does financial literacy influence successful implementation of women-run income generating projects in Roysambu Constituency. Questions in the questionnaire with options were assigned ordinal scales where the respondents chose among options like very high, high, low and very low

The data collected was edited, coded and analyzed using descriptive statistics. The data collected from both open ended questions and quantitative data from the closed-ended questions were analyzed using descriptive statistics to meaningfully describe the distribution of measurements of the phenomena under study. This involved use of measures of distributions i.e. frequencies and percentages, correlation of variables and presentation of information in tables.

3.8 Operationalisation of Variables

The relationship of variables was illustrated in table 3.1 which showed their respective indicators.

Table 3.3 Operationalisation of Variables

No.	Objectives	Variable	Indicators	Measurement Scale	Statistics
1.	To determine the influence of cost of credit on successful implementation of women-run income generating projects in Roysambu Constituency.	Independent Cost of credit	Interest rates Processing fee Legal chargers	Ordinal Ordinal Ordinal	Inferential Inferential Inferential
2.	To establish the influence of availability of financing options on successful implementation of women-run income generating projects in Roysambu Constituency.	Independent Availability of Financing options	Business Loans Leasing Hire-purchase	Nominal Nominal Nominal	Descriptive Descriptive Descriptive

3.	To determine the influence of sources of finance on successful implementation of women-run income generating projects in Roysambu Constituency.	Independent Sources of Finance	Savings Friends/Family Asset Finance	Ordinal Nominal Nominal	Inferential Descriptive Descriptive
4.	To assess the influence of level of financial literacy on successful implementation of women-run income generating projects in Roysambu Constituency.	Independent Level of Financial Literacy	Understanding credit processes Awareness of financial products Ability to answer questionnaire items in the loan application.	Nominal Nominal Nominal	Descriptive Descriptive Descriptive

3.9 Ethical Issues

This research upheld all ethical issues related with planning, data collection, data analysis and reporting. The following ethical principles were observed; beneficence by maximizing good outcomes for science, humanity and the individual research participants and avoiding unnecessary risk, harm or wrong, respect and courtesy for all involved in this research and lastly justice by ensuring that those who bore the risk in this research were those who benefited from it The study also ensured that the confidentiality of the respondents was maintained especially on the information obtained from the questionnaires. The purpose of the study was also explained to the respondents before administering the questionnaire.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents and discusses findings deducted from the questionnaire with regard to research objectives namely; to establish influence of cost of credit, availability of financing options, sources of finance and level of financial literacy on successful implementation of women-run income generating projects in Roysambu Constituency. The data collected using questionnaires was analyzed using the Statistical Package for Social Scientists (SPSS), and data presented in frequency tables and percentages. Qualitative data was analyzed based on content analysis.

4.2 Response Rate

Questionnaires were distributed to 245 women entrepreneurs and out of these 128 questionnaires were retuned. This was mainly due to constraint of time and funds. This makes a 52% questionnaire return rate. Mugenda and Mugenda (2003) assert that a 50% response rate is adequate. Sekaran (2003) recommends 30% as an adequate response rate for descriptive surveys. Based on these assertions, this implies that the response rate for this research was adequate for analysis.

4.3 Profile of respondents

The profile of respondents provides the social-demographic characteristics of the respondents that include the age distribution of the respondents, their level of education, number of years they have been in business and the type of business they are involved in. this information enables the researcher to further understand the respondents and target population.

4.3.1 Age of respondents

The respondents were asked to state their age in the questionnaire and the findings were as summarized in Table 4.1.

Table 4.1 Distribution of respondents by age

Age (years)	Frequency	Percentage
Below 25 years	17	13.3
26-35 years	44	34.4
36-45 years	48	37.5
45 years and above	19	14.8
Total	128	100.0

17 (13.3%) respondents were below the age of 25 years. 44 (34.4%) respondents were aged between 26-35 years. 48(37.5%) respondents were aged between 36-45 years and finally, 19 (14.8%) respondents were 45 years and above. This shows that most of women entrepreneurs are aged between 36-45 years in Roysambu Constituency.

4.3.2 Respondents level of education

The respondents were asked to state their highest level of education and the findings are presented in Table 4.2

Table 4.2 Distribution of respondents by level of education

Level of Education.	Frequency	Percentage
Non-formal	10	7.8

Primary	14	10.9
Secondary	65	50.8
College/University	39	30.5
Total	128	100.0

10 (7.8%) of the respondents attained non-formal education while 14(10.9%) of the respondents attained primary education as their highest level of education. 65 (50.8%) of the respondents attained secondary education and 39 (30.5%) of the respondents attained college/university education. The indication by the study was that education is useful in business growth and expansion.

4.3.4 Respondents number of years in business

The respondents were asked to state the number of years they have been in business and the results are presented in Table 4.3

Table 4.3 Distribution of number of years in business

Years in business	Frequency	Percentage
0-5 years	41	32
6-10 years	47	36.7
10 years and over	40	31.2
Total	128	100.0

Most of the respondents have been in business for more than 5 years with 47(36.7%) of the respondents having been in business for 6-10 years, 40 (31.2%) of the respondents having been in business for more than 10 years and 41(32%) of the respondents being in business for a period of 0-5 years.

4.3.5 Respondents' type of business

The respondents engage in various income generating projects as presented in Table 4.4

Table 4.4 Distribution of type of business

Type of business	Frequency	Percentage
Grocery	12	9.4
Retail shop	25	19.5
Wholesale	23	14.8
Clothing store	15	11.7
Furniture matt	4	3.1
Mpesa/bank agent	15	11.7
Restaurant	9	7.0
Timber yard	5	3.9
Posho mill	8	6.25
Salon	12	9.4
Total	128	100.0

The research found that the women were engaged in a number of income generating projects like grocery shops with 12(9.4%) respondents. Retail shops with 25(19.5%) of the respondents, wholesale with 23(14.8%) of the respondents, clothing stores with 15(11.7%) of the respondents, furniture matt with 4(3.1%) of the respondents, Mpesa/bank agents with 15(11.7%) of the respondents, restaurants with 9(7.0%) of the respondents, timber yard with 5(3.9%) of the respondents and Posho mills as well as salon with 8(6.25%) and 12(9.4%) respectively.

4.4 Influence of cost of credit on successful implementation of income generating projects

Table 4.5 Interest rates and their influence on business

Rate	Frequency	Percentage	Influence
1-10%	21	27.6	Improved business
11-15%	23	30.3	Increased income
16-20%	19	25.0	Better assets
21% and above	8	10.5	Increased income/low profit
Don't know	5	6.6	Better income
Total	76	100.0	

The respondents were asked to indicate the interest rates charged on their loans and state the influence that the rates had on their businesses. The research found that 21(27.6%) of the respondents who had taken loans at 1-10% interest rates considered this low rate to have a positive influence on their businesses, 23(30.3%) of the respondents stated that their loans were lent at 11-15% and they considered this to have led to increased income. 19(25.0%) respondents indicated to have borrowed loans at 16-20% and considered this to have improved their assets. Respondents than 21% who were 8(10.5%) of the respondents found this rate to be quite high though 5 had increased their disposable income while 3 indicated that their profits lowered after borrowing. 5(6.6%) of the respondents did not know the interest rates for their loans but they indicated that they had had better income.

Spearman's correlation of ranking was applied to assess the relationship between cost of credit and successful implementation of income generating projects. Results were as shown in Table 4.6

Table 4.6 Relationship between cost of credit and successful implementation

Correlation			Exp	Sus	Emp	Prof
Spearman's rho	Interest rates	Correlation coefficient	.739	.622	.572	.873
		Sig. (2-tailed)	.737	.850	.850	.736
		N	76	76	76	76
	Processing fees	Correlation coefficient	.569	.510	.419	.505
		Sig. (2-tailed)	.143	.932	.305	.962
		N	76	76	76	76
	Legal charges	Correlation coefficient	.011	-.007	.399	.221
		Sig (2-tailed)	.924	.924	.085	.297
		N	76	76	76	76

Table 4.6 shows that interest rates had a positive correlation with successful implementation of income generating projects as well as processing fees. Legal charges had little correlation to success implementation. The influence of interest rates had a strong significance to expansion and sustainability of businesses as well as legal charges. Processing fees showed a strong significance with business sustainability and very little significance with business expansion, empowerment and profitability.

4.5 Influence of availability of financing options on successful implementation of income generating projects

The respondents were asked to indicate the financing option that they used in acquiring equipment for their business operation between cash payments, hire-purchase leasing and other available options.

Table 4.7 Distribution of financing options

Option	Frequency	Percentage
Cash	71	55.5
Hire-Purchase	31	28.9
Leasing	20	15.6
Total	128	100.0

The research found that 71(55.5%) of the respondents acquired their equipment for business operation through cash payments, 31(28.9) acquired their equipment through hire-purchase and 20(15.6%) of the respondents acquired their equipment through leasing.

Spearman's correlation of ranking was applied to assess the relationship between availability of financing products and successful implementation of income generating products. The results were presented in Table 4.8.

Table 4.8 Relationship between availability of financing options and implementation

Correlation		Ex	Sus	Emp	Prof.
Spearman's rho	Business loan coefficient	.746	.853	.466	.539
	Sig. (2-tailed)	.430	.549	.002	.207

N	128	128	128	128
Leasing correlation coefficient	.598	.405	.444	.653
Sig. (2-tailed)	.225	.658	.306	.285
N	128	128	128	128
Hire-purchase correlation coefficient	. 461	.202	.247	.186
Sig (2-tailed)	.070	.385	.005	.036
N	128	128	128	128

Table 4.8 shows that financing option of business loans has a positive correlation to successful implementation of income generating projects. Leasing and hire-purchase also have positive correlations to successful implementation. The influence of leasing and hire-purchase options had strong significance on business sustainability.

4.6 Influence of Sources of finance on successful implementation of income generating projects

Table 4.9 Distribution of sources of finance

Source	Frequency	Percentage
Savings	66	51.6
Friends/family	44	34.4
Asset finance	18	14.1
Total	128	100.0

The respondents were asked to state their other sources of finance apart from loans The research found that 66(51.6%) of respondents used their savings as alternative sources of finance, 44(34.4%) borrowed from friends and family as alternative sources of finance and 18(14.1%) of the respondents uses asset finance as an alternative source of finance.

Table 4.10 Distribution of respondents savings for business expansion

Amount	Frequency	Percentage
Ksh.0-20,000	24	18.8
Ksh.21,000-30,000	23	18.0
Ksh.31,000-40,000	23	18.0
Ksh.41,000-50,000	32	25.0
Over 50,000	26	20.3
Total	128	100.0

The research found that 24(18.8%) of respondents saved between Ksh.0-20,000, 23(18.0) respondents save between Ksh.21, 000-30,000, another 23(18.0%) saved between Ksh.31, 000-40,000, 32(25.0%) saved between Ksh. 41,000-50,000 and 26(20.3%) of the respondents indicated that they saved over Ksh.50, 000 for business expansion.

Spearman's correlation of ranking was applied to assess the relationship between sources of finance and successful implementation of income generating projects. Results were presented in Table 4.11.

Table 4.11 Relationship between sources of finance and implementation

Correlation		Exp	Sus	Emp	prof.
Spearman's rho					
	Sources of finance correlation coefficient	.525	.531	.193	.656
	Sig. (2-tailed)	.011	.725	.029	.004
	N	128	.128	128	.128

Table 4.11 shows that there was a positive correlation between sources of finance and successful implementation of income generating projects. This implies that sources of finance play a big role in determining the success of businesses.

4.7 Influence of level of financial literacy on successful implementation of income generating projects

Table 4.12 Distribution of understanding of lending rules and regulations

Level	Frequency	Percentage
Very good	19	14.8
Good	42	32.8
Fair	38	29.7
Poor	29	22.7
Total	128	100.0

The respondents were asked several questions on their understanding of lending rules and regulations The research found that 19(14.8%) of the respondents rated their understanding of lending rules and regulations as very good, 42(32.8%) rated good, 38(29.7%) rated fair and 29(22.7%) of the respondents rated poor understanding of lending rules and regulations.

Table 4.13 Understanding of lending rules/regulations and degree of empowerment

Degree	Frequency	Percentage
4	20	15.6
3	45	35.2
2	40	31.2
1	23	18.0
Total	128	100.0

The respondents were asked to rate the influence of their understanding of lending rules and regulations on the degree of empowerment on making decisions on financial matters concerning their businesses on a scale of 1-4 where 4 was very high, 3 was high, 2 was moderate and 1 was low. The research found that 20(15.6%) rated 4, 45(35.2%) rated 3, 40(31.2%) rated 2 and 23(18.0%) rated 1.

4.14 Distribution of ability to answer questionnaire items in loan application form

Level	Frequency	Percentage
Very good	31	24.2
Good	58	45.3
Fair	33	25.8
Poor	6	4.7
Total	128	128

The research found that 31(24.2%) of the respondents rated their ability to answer questionnaire items in their loan applications as very good, 58(45.3%) rated good, 33(25.8%) rated fair and 6(4.7%) of the respondents rated their ability to answer questionnaire items on their loan applications as poor.

Table 4.15 Distribution of awareness of financial products

Number	Frequency	Percentage
One	36	28.1
Two	29	22.7
Three	34	26.6
More than three	29	22.7
Total	128	100.0

The research found that 36(28.1%) of the respondents indicated that they were aware of only one financial product i.e. business loans. 29(22.7%) of the respondents indicated that they were aware of two financial products i.e. business loans and personal loans. 34(26.6%) of respondents indicated that they were aware of 3 financial products i.e. business loans, personal loans and leasing. 29(22%) of the respondents indicated that they were aware of more than three financial products i.e. mortgages, business loans, personal loans, leases e.t.c.

Spearman's correlation of ranking was applied to assess the relationship between level of financial literacy i.e Understanding lending rules and regulations, ability to answer questionnaire items and awareness of financial products available and successful implementation of income generating projects. Results were presented in table 4.16.

Table 4.16 Relationship between level of financial literacy and implementation

Correlation		Exp	Sus	Emp	Prof.
Spearman's rho	Und. r&r Correlation coefficient	.568	.673	.482	.620
	Sig (2-tailed)	.302	.511	.211	.178
	N	128	.128	.128	128
	A Q Correlation coefficient	.410	.545	.396	.588
	Sig (2-tailed)	.300	.617	.201	.185
	N	128	128	128	128
	F.p Correlation coefficient	.564	.588	.484	.584
	Sig. (2-tailed)	.200	.522	.200	.101

N		128	128	128	128

Table 4.16 shows that there was a positive correlation between level of financial literacy and successful implementation of income generating projects. The influence of ability to answer questionnaires items in loan application form had a strong significance on business sustainability.

CHAPTER FIVE

SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter details the summary of the findings, discussions, conclusions and offers recommendations to the challenges that have been brought forth by this study. In addition the study suggests areas of further research. The literature reviewed was utilized in making conclusions of this study.

5.2 Summary of the findings

This study assessed the influence of access to financial resources on successful implementation of women-run income generating projects in Roysambu Constituency by measuring the influence of cost of credit on successful implementation of women-run income generating projects, availability of financing options on successful implementation of women-run income generating projects, sources of finance on successful implementation of women-run income generating projects and level of financial literacy on successful implementation of women-run income generating projects.

All respondents of the study were women who were involved in businesses for the purpose of generating income. The findings from the study was that most of the respondents were aged between 36-45 years with a total of 48(37.5%) of the respondents. Most of the respondents had attained secondary school education as their highest level of education with 65(50.8%) of the respondents and this was closely followed by respondents who indicated college/university level of education as their highest level of education with 39(30.5%) of the respondents. 6-10 years was the highest number of years that most respondents indicated to have been in business with 47(36.7%) of the respondents. The respondents were engaged in various types of business activities but most of them 25(19.5%) were in retail shops.

Debt finance i.e. loans were used by most of the respondents as a means of financing their businesses with 76(59.4%) of the respondents having taken loans for their businesses. 20(38.5%) of the 52 respondents who had not taken loans gave their reason for not taking loans as having enough capital to start their businesses. Most respondents were lent loans at 11-15% interest rate with 23(30.3%) respondents. The 23 respondents indicated that this interest rate had a positive influence on their businesses in that they had experienced an increase of income from their businesses. The influence of cost of credit in general had a positive correlation with successful implementation of income generating projects.

Most respondents purchased equipment for business operation through cash payments with 71(55.5%) of the respondents saying that they paid through cash. The study showed that there was a positive correlation between availability of financing options and successful implementation of income generating projects 66(51.6%) of the respondents used their savings as alternative sources of finance while most respondent said that they saved between Ksh. 41,000-50,000 per year for business expansion. There was positive correlation between sources of finance and successful implementation of income generating projects sources of finance also had a strong significance on business sustainability On the level of financial literacy, 42(32.8%) of the respondents indicating that they had good understanding financial institutions lending rules and regulations. 104(81.2%) of the respondents said that they had been empowered in decision making on financial matters by their level of understanding of lending rules and regulations. Ability to answer questionnaire items on loan application was rated as good by majority of the respondents 58(45.3%) while 34(26.6%) of the respondents were aware of only three financial products offered by financial institutions. A positive correlation was found between level of financial literacy and successful implementation of income generating projects.

5.3 Discussions on findings

The research findings on influence of access to financial resources on successful implementation of women-run income generating projects revealed that lower interest rates i.e. interest rates below 20% had a positive impact on implementation of income generating projects. In that the business had experienced increased incomes, better assets and improved occupations. The study further revealed that both processing fees and legal charges were moderate as per majority of the respondents who were also able to get loans at interest rates below 15%. These findings differ from previous studies conducted on challenges facing youth entrepreneurs in accessing financial resources in Makuyu Kenya, which found that most youth entrepreneurs found the cost of credit to be too high. This was measured on the basis of processing fees, interest rates, personal credit insurance, legal fees and travelling expenses. The research revealed that 85 percent of the youth entrepreneurs experienced high rate of legal fees. Only 15 percent of the respondents indicated that the legal fee was fair or low. 37.5 percent of youth entrepreneurs indicated that loan processing fee was fair. The rest felt that the loan processing fees were either high or very high. Only 10 percent felt that the interest rates were low while 90 percent found interest rates to be high (Mwangi &Bwisa, 2013).

Cost of credit refers to the amount of money borrowers pay in the process of borrowing money from financial institutions (Agca & Igan, 2013). The key indicators of cost in this respect are processing fees, interest rate and legal fees. Hallber (2002) argues that high risks associated with lending MSEs and fixed costs associated in acquiring sound information about the borrower by financial institutions, as the major driving force to the high cost of credit which discourages many entrepreneurs running MSEs from borrowing. The study findings however do not agree with this statement since most women entrepreneurs states having enough capital to start their businesses as the main reason as to why they did not take up loans. This was more than those who stated that high cost of credit was the reason they did not take up loans.

Literature reviewed shows that businesses have come to realize that profits are made not from owning, but from using equipment, and therefore consider leasing equipment rather than purchasing them. Leasing is based on the proposition that profits are earned through the use of assets rather than from ownership (Bernd &Schutte, 2000). The research findings found that leasing was not commonly used which also indicated a low availability of that option in the market. Most business owners still have to make cash payment to acquire equipment for business operation. The option of acquiring equipment through hire-purchase is also not very common. Hire-purchase enables the entrepreneur to acquire the necessary equipment for business use without the full amount of buying the asset (Lean and Tucker, 2005).

This research study found that most women entrepreneurs saved between Ksh. 41,000-50,000 per year for business expansion which is a relatively low amount for a business to save. This indicates that the women may have some constrains that hinder saving like monthly loan repayments and contributing in family expenses. This research findings concurs with another study on savings- mobilization for growth of women-owned entrepreneurial ventures in Kenya that revealed that 19 percent of the women saved nothing per year, 49 percent saved less than Ksh.10,000 per year, 21 percent saved between Ksh.10,000 and 30,000, 9 percent saved between Ksh.31,000 and 50,000 while only 2 percent managed to save over Ksh.50,000 for business growth. This indicates that the women entrepreneurs' propensity to save for their businesses was on average very low, implying that they were experiencing some constraint factors. With the exception of borrowing from family and friends, and use of personal savings, there are very few long term financing vehicles in the country (FSD, 2008). The research findings show that this is not the case for most in that most entrepreneurs were not able to acquire more than 50% of the required capital from these sources. This indicates that they had to take loans in order to start their businesses or find other options.

Poor understanding of financial terminology and lack of awareness of bank and micro-finance product and services is an obstacle to women's access to financial resources. A lack of understanding of credit processes and the role of credit bureaus also place women at a disadvantage (IFC, 2013). This research finds findings tend to agree with this assertion in that majority of the women entrepreneurs rated their understanding of lending rules and regulations as 'good'. This understanding of lending rules and regulations had empowered the women in making sound decisions concerning their businesses financial matters with majority of them affirming this. Most women also rated their ability to answer questionnaire items in their loan application forms as 'good'. Very few financial products are known by the women entrepreneurs, a fact that could hinder successful implementation of women-run income generating projects since this hinders the choice of acquiring the best product for them and their businesses.

Characteristic information was not considered as key variables in sampling of women entrepreneurs in this study. However, information on respondents by age, level of education, type of business and number of years in business were analyzed to give insightful understanding of respondents. Apart from depicting a possible fair distribution of sampling by these variables, the results from Tables 4.1, 4.2, 4.3, and 4.4 respectively show that most of the respondents were aged between 36-45 years, an indication that most women-run income generating projects were run by women above the age of 36 years. Most women running businesses had acquired secondary school education as their highest level of education. With the lack of higher education, most women began their businesses as a form of self employment since they could not get formal employment to provide income. Many businesses have also been run for 6-10 years and other many businesses had also been operational for more than 10 years. This also indicates that the businesses are the women's main source of income.

5.4 Conclusion

More and more women are getting in to business as a means of generating income each year as this is no longer an option for those without higher levels of education who cannot secure white collar jobs. Venturing into business is viewed as a means to not only generate income but also creating employment for self and others. Access to financial resources still remains a great determinant of how well starts up businesses are implemented or what size the new business venture is going to be.

Some hurdles in accessing financial resources found out in the study were that interest rates charged by financial institutions are still on the high side. The study findings have shown that lower interest rates promotes better occupation and increases income. Another issue is that the options for leasing equipment for business use has not been embraced yet this could have many benefits to business owners. Most business owners still believe in ownership of equipment yet it is the use as opposed to ownership of the equipment that facilitates profits. Saving for business is another area that influences successful implementation of income generating projects in that it could promote expansion and growth. Findings from the study show that very little is saved for business expansion by women entrepreneurs.

Sources of finance play a big role in promoting access to financial resources though the study findings show that these sources do not amount to more than half the capital required However findings also show that these sources of finance play a big role in sustaining the business. Financial literacy is fundamental for any business venture as noted in the literature review. Better financial decisions are made with better understanding of lending rules and regulations, awareness of financial products ensures that the best product is chosen according to the business needs. The successful strategy for accessing financial resources could be encouraging saving habits, subsidizing interest rates on loans encouraging leasing options in the market and offering training on available financial products and how they work.

5.5 Recommendations of the study

Based on the study literature review and findings after the data analysis, the following recommendations were made:

i. The Central Bank should review lending policies so that banks and micro-finance institutions can regulate their interest rates. This will encourage more borrowing by businesses and in turn create better occupations and increase income.
ii. Financial institutions should liaison with women entrepreneurs' bodies like the Kenya Association of Women Business Owners and offer financial training. The training should be done to create awareness on rules and regulations governing access to loans.
iii. Business management training should be offered to women in business so as to acquire skills on business management that will help them manage business qualitatively, sustain cash flow and practice better saving habits.
iv. Financial institutions should also offer training on the financial products they offer so that women entrepreneurs can be aware of them and how they work so that they can make informed decisions on what to use for their businesses.

5.6 Suggestions for further research

Based on the findings and the recommendations of this study, the following areas were suggested;

i. A study be done on factors influencing saving for business expansion by women entrepreneurs.
ii. A study be done on influence of management practices on performance of women-run enterprises
iii. Further research be carried out to capture the extents to which women entrepreneurs are indebted in financial institutions.

5.7 Contribution to knowledge

This section highlights the gains to be realized from the study which will add knowledge to the present situation

Table 5.1 Contribution to Knowledge

No	Objectives	Contribution to knowledge
1.	To determine the influence of cost of credit on successful implementation of women-run income generating projects	The role played by low interest rates on business success.
2.	To establish the influence of availability of financing options on successful implementation of women-run income generating projects	Effect of acquiring equipment for business operation as opposed to ownership
3.	To determine the influence of sources of finance on successful implementation of women-run income generating projects.	Role played by sources of finance in sustaining businesses.
4.	To examine the influence of level of financial literacy on successful implementation of women-run income generating projects.	Acquisition of knowledge on lending rules and regulations.

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APPENDICIES

APPENDIX I: LETTER OF TRANSMITTAL

UNIVERSITY OF NAIROBI,

NAIROBI EXTRA-MURAL CENTER,

P.O BOX

NAIROBI

Dear Madam,

I am Regina Waithera Mwangi, an M.A (Project Planning and Management) student of the University of Nairobi registration number L50/71419/2014. I am conducting a study to investigate the influence of access to financial resources on successful implementation of women-run income generating projects in Roysambu Constituency.

To facilitate this exercise, you have been randomly selected as a participant in this study.

You are kindly requested to participate in answering the questionnaire. Please be assured that any information obtained will be treated with utmost confidentiality and will be used only for the purpose of this study.

Thank you.

Yours faithfully,

Regina Waithera Mwangi.

APPENDIX II:

RESEARCH QUESTIONNAIRE FOR WOMEN ENTREPRENEURS

This questionnaire is intended to gather general information on the influence of access to financial resources on successful implementation of women-run income generating projects in Roysambu Constituency. The questionnaire has two sections. Kindly respond to all question items honestly. Your response will be kept strictly confidential. Please tick (√) in the appropriate box or write answers in the space provided. Your assistance and cooperation will be highly appropriate.

SECTION 1

Personal Information

1. What is your age?
   a) Below 25 years ☐
   b) 26-35 years ☐
   c) 36-45 years ☐
   d) 45 years and below ☐
2. What is your level of education (please indicate the highest)
   a) Non-formal ☐
   b) Primary ☐
   c) Secondary ☐
   d) College/university ☐
3. For how many years have you been in business?
   a) 0-5 years ☐
   b) 6-10 years ☐
   c) More than 10 years ☐
4. What is the nature of the business you are involved in?

a) Retail shop ☐
b) Grocery ☐
c) Clothing store ☐
d) Restaurant ☐

Other specify

SECTION 2

Cost of Credit

5. Have you ever taken a loan for your business?

a) Yes ☐
b) No ☐

If no, please explain why..

6. At what rate did you take loan for your business?

a) 1-10% ☐
b) 11-15% ☐
c) 16-20% ☐
d) 21%-above ☐
e) I don't know ☐

7. How did the interest rate on your loan impact your business?

....

....

Availability of Financing Options

8. What available financing option did you use to purchase equipment your business operation?

a) Cash ☐
b) Leasing ☐
c) Hire-purchase ☐

Sources of Finance

9. Apart from borrowing from Banks and Microfinance Institutions, what other sources of finance do you use to start or expand your business?
   a) Savings ☐
   b) Friends/Family ☐
   c) Asset Finance ☐
10 What percentage of capital were you able to rise through savings, family/friends and asset finance to start your business?
   a) Below 50% ☐
   b) Over 50% ☐
11. How much money do you save for business expansion per year?
   a) Ksh. 0 – 20,000 ☐
   b) Ksh. 21,000 – 30,000 ☐
   c) Ksh. 31, 000 – 40, 000 ☐
   d) Ksh. 41, 000 – 50, 000 ☐
   e) Over Ksh. 50, 000 ☐

Level of Financial Literacy

12 What is the degree of your understanding of credit processes i.e. Financial Institutions' lending rules and regulations?
   a) Very good ☐
   b) Good ☐
   c) Fair ☐
   d) Poor ☐
13 Would you say that understanding lending rules and regulations has empowered you in making decisions about your business financial matters?
   a) Yes ☐
   b) No ☐

14 How would you rate your ability to understand the questionnaire items/questions in the loan application form?

a) Very good ☐

b) Good ☐

c) Fair ☐

d) Poor ☐

14. How many financial products like business loans, personal loans, mortgages, leases e.t.c offered by Banks and Micro-finance Institutions do you know? Please name them.

1 ....

2 ....

3 ....

4 ....

Successful implementation of income generating projects

15 Have you expanded you business in any way since you started?

a) Yes ☐ b) No ☐

16 Has running your business empowered you in any way e.g paying school fees for your children or paying bills?

a) Yes ☐ b) No ☐

17 Are sources of finance like borrowing from family and friends, personal savings and asset finance are enough to sustain your business?

a) Yes ☐ b) No ☐

18 Has your business been profitable since you started?

a) Yes ☐ b) No ☐

Thank you for your cooperation.