

**EFFECT OF MICROFINANCE INSTITUTIONS' PRODUCTS ON
GROWTH OF WOMEN OWNED ENTERPRISES IN KISII COUNTY**

BY

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DECLARATION

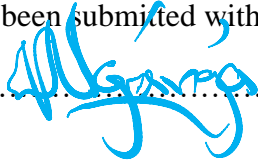
I declare to the best of my knowledge that this project is my original work and has not been presented to any other examination body.

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D61/5179/2017

Declaration by the supervisor

This project has been submitted with my approval as The University of Nairobi supervisor.

Sign.......... Date...19th November 2021

Mr. James Nganga

DEDICATION

This research paper is lovingly dedicated to my husband Robert Orenge Ondara and children; Clinton Ratemo and Duke Maera who have been my constant source of inspiration. Special thanks to my parents for their prayers, encouragement, love and their support. They gave and continue to give me the drive and discipline to tackle any task with enthusiasm, hard work and submission to the Almighty's will. I would also sincerely thank my friends who have put their arms on my shoulders in difficult circumstances throughout my education.

Lastly and most important, to the Almighty God – you have been very gracious to me and am forever grateful.

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LIST OF ACRONYMS

AMFI	-	Association for Micro-Finance Institutions
BRM	-	Business Relationship Management
CBK	-	Central Bank of Kenya
GDP	-	Gross Domestic Product
GOK	-	Government of Kenya
IFC	-	International Finance Corporation
ILO	-	International Labour Organization
KBA	-	Kenya Bankers Association
KWFB	-	Kenya Women Finance BANK
MFI	-	Micro Finance Institutions
NABARD	-	National Bank for Agriculture and Rural Development (India)
SME	-	Small and Medium Enterprises

ABSTRACT

Microfinance institutions have established programs that aim to empower women as well as enhance poverty alleviation. These institutions were established to ensure that they provide financial services to people who were previously not in position to enjoy financial services as a result of increased cost of maintaining and operating banking accounts. The microfinance institutions endeavored to offer banking services to such marginalized people who could now access micro credit/loans, saving opportunities and offer training on entrepreneurship as well as proper business habits such as book keeping, insurance and table banking. The study sought to determine the effects of micro finance institutions' products on growth of women owned enterprises in Kisii County, Kenya. The study sought to determine the effects of micro finance institutions' products on growth of women owned enterprises in Kisii County, Kenya. The particular items studied included accessibility to MFI, microcredit, training and development services and how they influence growth of women owned enterprises. The study employed descriptive research design. The results were analyzed using statistical package of social sciences (SPSS) software. Model summary results indicated that accessibility to MFI, microcredit, training and development services are satisfactory in explaining growth of women owned enterprises. Accessibility to MFI, microcredit, training and development services explained 61.4% of growth of women owned enterprises in Kisii County, Kenya. The coefficient of accessibility to MFI has a positive and significant effect on growth of women owned enterprises. It was also found that microcredit has a positive and significant effect on growth of women owned enterprises. Training and development services positively affects the growth of women owned enterprises. Access to MFIs allows small enterprises to access credit that may not

be available for small enterprises from mainstream financial system. The study thus concludes that accessibility to MFI is essential in the growth of women owned enterprises. The study thus concludes that provision of microcredit significantly impacts growth of women owned enterprises. It was found that training and development services positively affect the growth of women owned enterprises. The study therefore concludes that training and development services provide management experience, functional skills, and relevant business sector knowledge. The study recommends that more MFIs need to be set up in Kisii County to support the rising need for microcredit for women owned enterprises. There is need for micro credit facilities to develop micro credit services specifically tailored to suit the needs of micro small and medium enterprises particularly for the women owned enterprises. The micro credit needs to attract affordable interest rate and favorable repayment terms. The research suggests that kisii county government should cooperate with institutions of finance to create better finance models for enterprises owned by women at rates that are affordable. The research suggests capacity building regularly as well as sensitization on how to adopt and budget micro loans given among the borrowers. Micro and owners of small enterprises should be taught on the success of a given business or project being carried out so as to improve their output.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Mayoux (1997) states that microfinance institutions have established programs that aim to empower women as well as enhance poverty alleviation. These institutions were established to ensure that they provide financial services to people who were previously not in position to enjoy financial services as a result of increased cost of maintaining and operating banking accounts. Commercial banks were inaccessible as they preferred to provide their services to the salaried and clients that they deemed to be less risky (Muktar, 2009). The marginalized people in the society and more often than not, the women who were left to feed and cater for the needs of their family members without a salary and without any source of income were therefore left to look for menial jobs to help them feed their families (Fraser, 2005). The microfinance institutions endeared to offer banking services to such marginalized people who could now access micro credit/loans, saving opportunities and offer training on entrepreneurship as well as proper business habits such as book keeping, insurance and table banking (Muktar, 2009). The microfinance institutions have therefore increased financial intermediation and enhanced the way of life for people who were previously struggling to ensure that they made ends meet. According to Bagati (2003) however, micro finance institutions only enhance accessibility to micro loans but they increase the interest rate charged to access such financial services. They also offer credit for very short period and at punitive terms that make women entrepreneurship unable to do what

they are supposed to deliver financially and therefore lead to more losses than the gains that were established by the access to credit.

There are various theoretical literature that has been developed to support the role of microfinance in poverty alleviation and in improving women empowerment. The theories have provided alternatives that enhance empirical review of the concepts of microfinance and growth of women owned enterprises. These theories were assessed in this study to establish their effectiveness as well as establish their limitations in enhancing the concepts of the study. Women empowerment theory establishes the importance derived from women empowerment; it highlights the need to empower women as a way of alleviating poverty in the society. Another theory to be assessed in the study is the uniting theory of microfinance, financial sustainability theory as well as poverty alleviation theory. These theories were assessed to provide theoretical knowledge on effect of microfinance institutions on growth of Kenyan women owned enterprises (Muteru, 2013).

The new constitution in Kenya promulgated in the year 2010 introduced 47 counties in Kenya as a devolved method of system. Kisii County ranks among these counties and according to Ongori and Migiro (2011) it is one of the counties that is highly expected to grow significantly as resources are brought closer to the people. Kisii County is one of the counties that have agricultural resources that have remained unutilized by the government. Agriculture has been the main drill in the County with women engaging in subsistence farming that only act to provide food for their families. Women in the region have remain marginalized with majority shying away from owning banking accounts. The majority of the population living in Kisii County is the Abagusii community (highlands Bantu) whose patriarchal nature provides minimal growth

opportunities to women. The cultural practices in the region though affected by globalization and western education has remained robust (Atieno, 2011). Women are therefore expected to be home keepers undertaking domestic chores to cater for the entire family. This therefore implies that majority of the women in the region lack a reliable source of income which means that they may not find formal banking a priority. There are only ten commercial banks in Kisii County and five major micro-finance institutions according to Ongori and Migiro (2011).

1.1.1 Microfinance Institutions' Products

Microfinance institution is defined as an organization providing financial services to populations having low income who are in most cases unable to access similar services from established commercial banks. They offer credit, insurance, deposit and other services to the representatives of poor strata of population. The aspect of targeting the low-income earners and providing them with financial services that help them access credit as well as other vital financial and, in some cases, non-financial services has propelled microfinance institutions as one of the major success tools in poverty alleviation. They play a great task in bridging the gap that exists between formal financial institutions and the poor in rural set ups. They are thus able to access financial resources from banks or in other major financial entities and therefore reach the poor with financial services (Dondo, 2007).

Microfinance institutions have been very crucial in finance sector. This is due to the role they play while they try to expand their customer base through strategies such as increasing financial literacy in vulnerable social groups such as women entrepreneurs, people living with disabilities and the youth. They also provide financial services as well as non-financial services that try to

ensure that they are freed from poverty vicious cycle. Microfinance institutions therefore assesses such groups that would not be in position to qualify for formal financial services from commercial banks, considers their financial and non-financial requirements and establishes financial products that would address their needs and empower them appropriately (Dedunu, 2017).

1.1.2 Growth of Enterprises

According to O’Gormoma (2001) growth is explained in a broader perspective as the overall improvement in either dimension of a proposed activity. In the context of this study, business growth would be more appropriate which refers to a stage arrived by a business where expansion becomes inevitable as a result of profits increase. The growth in business is therefore a factor of lifecycle of the business, trends in industry growth and desire by the owner for equity value derivation. It has also been defined as a measure of an enterprise’s success. This can either be enhanced through boosting of top line of revenue for the business with increased product sales or income from provision of services. It can also be realized through the increase of the bottom line or profitability through cost minimization (O’Gorman, 2001).

Business growth is a concept that has attracted quite a number of empirical researches as experts seek to develop growth predictive models that could use the current available information in an enterprise to project its future growth (Sarlija *et al*, 2016). There are special characteristics that have been associated with growth of an enterprise, these characteristics include the willingness of an entrepreneur to become involved in risky ventures, experience in management, level of education and entrepreneur’s aspirations to grow. Other growth models have assessed the level

of sales, number of employees, and the level of assets. These growth aspects have been chosen since increase in sales (revenue) increases operations in an enterprise and therefore becomes necessary to increase the number of employees. Increased assets enhance increase in revenue as assets help to improve cash flows from investments (Becchetti & Travato, 2002). Sarlija *et al* (2016) adopted the level of change in sales revenue, number of employees as well as the total assets in order to determine growth. This study would also determine growth of women owned enterprises by determining percentage change of employees' number, total assets change in percentage and total savings change in percentage.

Gichuki *et al* (2014) posits that there is an influx of small enterprises in developing countries, and significant increase on enterprises specifically owned by women. This can largely be attributed to women empowerment that has been advocated by a progressive bill of rights in the Kenyan constitution, agitation by women lobby groups, and political interests that have been positioned to ensure they obtain the support of women in the society. Civilization and globalization have also played a big role in ensuring that women are able to maintain profitable enterprises that would improve the value of their livelihoods. The preservation of cultural practices that have subjected women to a patriarchal society have affected women entrepreneurship adversely. Some women are forced to drop all entrepreneurship interests in order to remain at home and look after the elderly and their young children.

1.1.3 Effect of Microfinance Institutions on Growth of Enterprises

Micro finance institutions were established to bridge the gap between the poor and enhance their access to financial services. This was undertaken to ensure that people who were unable to access formal banking services, were able to have an avenue of increasing their savings, access loan facilities and able to enjoy other financial services such as insurance. One of the major target groups were women owned enterprises, and informal groups that had been established in most of the areas in the country. These informal groups were established as form of table banking, 'merry go rounds' as a way to boost savings and access to collateral free loan facilities at negotiated terms that were applicable to these groups. The groups also initiated development projects in the society and were able to guarantee each other in access to loans from these groups.

Microfinance Institutions therefore ensured that they have developed products that could accommodate such models and therefore increase financial intermediation in the society. They also increased their roles in these groups by scheduling trainings to adopt proper business management models such as book keeping models, sales and marketing initiatives among others. The institutions targeted to ensure that they empower these groups and enterprises, to ensure that they were more profitable and were therefore able to take up more credit and able to repay the credit accessed in time with minimum default.

According to Atieno, (2011) however, microfinance institutions were also largely accused of punitive credit terms and unfriendly approach in recovery of overdue debt. This therefore

alienated the microfinance institutions and adversely affected their popularity in these women owned enterprises as a way of securing credit for growth of their enterprises. The role played by microfinance institutions however in enhancing growth of women owned enterprises may not be underestimated.

1.1.4 Women Owned Enterprises in Kisii County

Kenyan new constitution promulgated in the year 2010 introduced 47 counties in Kenya as a devolved system of governance that sought to bring government resources near their citizens. It therefore marked the beginning of decentralization, where small and micro enterprises were started in most rural towns in the country as they sought to provide services to government facilities in the established counties (Ongori & Migiro, 2011). Kisii as one of the major rural towns in the country also experienced a surge in the establishment of small-scale businesses, with the youth and women taking positive initiatives to improve their economic welfare. Women in the region have remained marginalized, with majority shying away from owning banking accounts. The majority of the population living in Kisii County is the Abagusii community (highlands Bantu) whose patriarchal nature provides minimal growth opportunities to women. The cultural practices in the region though affected by globalization and western education have remained robust (Atieno, 2011). Women are therefore expected to be home keepers undertaking domestic chores to cater for the entire family. This therefore implies that majority of the women in the region lack a reliable source of income which means that they may not find formal banking a priority. There are only ten commercial banks in Kisii County and five major micro-finance institutions according to Ongori and Migiro (2011).

The contribution of women to economic growth in Kenya could be spurred through the involvement of women in entrepreneurship (Mochache & Memba, 2015). Much as it is an equal challenge to both men and women in entrepreneurship, women were found to be facing some unique difficulties in their business endeavors. The patriarchal nature of most of Kenyan communities, the level of inexperience as well as lack of necessary skills and education are among the factors that have negatively influenced performance of women owned enterprises. The odds have been tilted against women in business, yet a good number of women have found ways to thrive amidst the controversies, ineptitude, among others. It is from this knowledge that one of the micro finance institutions in the country, focused on tailor making their products to suit the women's business needs.

The microfinance institution adopted a model of extending services to only women with income that are low in Kenya. The early years of the microfinance were however turbulent as the institution struggled to navigate the turbulent practices of insider lending and attract donors and investors who were willing to support the institution financially. In 1991, the institution was able to secure funding from UNDP, Ford Foundation, Belgian Survival Fund and IFAD. Therefore, it was able to use its sound business model to continue offering its services where it adopted a business strategy of aggressively expanding into rural areas, reaching the poorest regions in the country to retain its outlook nationally. This strategy paid off as the institution was able to record increased profitability from the year 2006 (Mohammad et al, 2017).

KWFT Kisii branch is one of the rural branches that were started by the institutions to target the low-women income earners in Kisii County. The microfinance recorded increased ignorance among women in Abagusii community due to their patriarchal nature that supported men

empowerment at the expense of women. Women hardly occupied any position of influence and largely depended on their male counterparts for their financial needs. The microfinance had therefore to ensure that it developed programs that not only conformed to women in this society but also helped them to introduce small and micro enterprises that would generate income and therefore increase their banking needs. The microfinance set out field officers that would hold training sessions and mobilized women to form groups to enhance table banking or establish micro enterprises that assured them of daily income. This also improved their credit worthiness and they could therefore qualify for higher credit facilities that would help them improve on their investments. Women groups were therefore empowered to hold their own affairs and establish mechanism in which they could secure credit with members being guarantors for each other on the credit advanced. The group leaders were therefore empowered to become the micro finance field managers able to oversee the loan application and repayments of the group.

1.2 Research Problem

Kaneyama (2001) brought out that the major challenge that affected most SMEs was lack of enough capital to undertake their investments. These SMEs were in worse situation if the founders lacked relevant management experience in providing leadership in their enterprises. The ability of risk management with view of maximizing return (Sarlija *et al*, 2016) was also essential in improving growth. On the other hand, microfinance enterprises have refocused their target market to the SMEs who have greater opportunities to grow. However, the microfinance undertakes their due diligence before advancing funds to these microenterprises. Morduch (2010) asserts that most microfinance institutions have developed programs in which they provide financial literacy to these microenterprises as well as consultancy services that help the SMEs to

meet their financial obligations as well as meet their growth needs. This has worked to ensure that microfinance institution does not loose on increase in non-performing loans as well as enhance growth of these SMEs. According to a study conducted by Maleko (2013) microfinance institutions only advanced credit to those small businesses that had demonstrated the ability to increase their revenue as well as increase on their assets value. Therefore, the study found that provision of microfinance services in SMEs increased their growth.

International studies that were undertaken on microfinance services and growth of women owned enterprises or empowerment of women included a study that was undertaken by Dedunu (2017) on effect of microfinance institutions on Mihintale female entrepreneurs. Results of the research showed that women were empowered as they were able to access microcredit and well understood loan repayment terms and procedures. Niaz and Iqbal (2019) on the other hand studied the impact of empowerment of women and alleviation of poverty in Pakistan. The study found that the exposure to microfinance enhanced women empowerment and also led to poverty alleviation to these women. Similar results were recorded in research by Mohammad *et al* (2017) on influence of access to microcredit for women in Bangladesh.

Local studies on the other hand had different but interesting findings on the relationship between these variables. Mwewa (2013) studied impact of microfinances on small enterprises growth in the Machakos County. The study although it found positive relationship between the effect of microfinance and growth, only considered increase in revenue as the measure of growth of SMEs. They ignored important aspect of growth such as employment and asset base. Ocholah *et al.* (2013) on the other hand aimed at understanding the influence of microfinancing on profitability, productivity, expansion and growth of enterprises owned by women in Kisumu city.

Microfinancing in sufficient quantities was found to have positive effect on growth. The question posed was however on the aspect of sufficient microfinancing. The study did not provide a precise quantity or number of what is comprised in sufficient microfinancing. Lesiiyo (2012) studied effect of microfinance on SMEs in Narok County. The study concluded that credit access improved growth of SMEs in Narok County. The study was conducted in total disregard to other aspects of microfinance such as provision of training services, banking services and the others. Owuor (2014) aimed at understanding effect of microfinance services on development of Ruiru women owned enterprises. This study disregarded the relationship of the study variables and focused on describing the practices undertaken by microfinance institutions in Ruiru and concluded that microfinance institutions increased saving habits of women owned enterprises.

Despite, key studies being undertaken in both the international as well as the local context, effect of microfinance institutions on growth of women owned enterprises, is still a relevant issue that should be addressed in each context. However, empirical literature falls short on determining the relationship between these variables in women owned enterprises. This research therefore tried to answer the research question; what is the effect of microfinance institutions' products on growth of women owned enterprises in Kenya?

1.3 Objective of the study

The main objective of the study was to determine the effects of micro finance institutions' products on growth of women owned enterprises in Kisii County, Kenya.

1.4 Significance of the study

The research findings may help MFIs and banks in Kisii County as they established the challenges that affect them in particular when focus is on women. The research also helps policy makers to generate and implement policies that protect small scale women entrepreneurs in Kisii County from exaggerated interest rates that may hamper growth of their enterprises.

The findings of these study may be used by commercial banks and microfinance enterprises in developing specific products that would be aimed at enhancing growth of women owned enterprises. The research provided a basis of which women owned enterprises may obtain scrutiny from government bodies and other governmental organizations that would be interested in women empowerment and advocacy for women rights. The study may also be an avenue from which women leadership may be re-engineered and refocused, therefore play a vital role in legislation of the “a third rule” requirement. The research would therefore be of importance to the government and business stakeholders regarding women policy formulation.

More importantly, women owned entrepreneurs may find it to be beneficial in the running of enterprises successfully as the research disclosed what causes failure of some enterprises owned by women.

Scholars can use findings of the study to establish gaps for further research in the area of entrepreneurship. Additionally, scholars may find theories and methodologies of this research potential in their research in the finance field.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Empirical literature review, theoretical review of the research and the conceptual framework are described in this section. The empirical literature discusses previous studies and their findings which makes it possible to identify the study gap. The theoretical review is essential in discussing the theories and the critique of these theories.

2.2 Theoretical Review

There exist several theoretical literatures developed to support the role played by microfinance in eradicating the poverty and women empowerment. The theories have provided alternatives that enhance empirical review of the concepts of microfinance and growth of women owned enterprises. These theories assessed in this study to establish their effectiveness as well as establish their limitations in enhancing the concepts of the study. Women empowerment theory establishes the importance derived from women empowerment; it highlights the need to empower women as a way of alleviating poverty in the society. Theories guiding this study were: Uniting theory of microfinance, financial sustainability theory as well as poverty alleviation theory. These theories assessed to provide theoretical knowledge on the effect of microfinance institutions on growth of enterprises owned by women in Kenya.

2.2.1 Women Empowerment Theory

Women empowerment theory was first proposed by Kabeer (1999) who described women empowerment as the women's increased control over their own lives, bodies and environments. The concern was mostly on the ability of women to make decisions, economic self-reliance and legal rights to equal treatment as well as their protection against all form of discrimination and their ability to access education and right to information. Women empowerment is described in three dimensions which can be translated to mean that women empowerment is undertaken in three pathways (Kabeer, 2005). These pathways are broken down as resources, agency and achievement. Resources provides an avenue through which women are able to exercise their choices and are means through which agency is undertaken. On the other hand, achievement is the level at which one's capabilities are realized which consists of resources and agency.

This theory supports the study as it stipulates the manner in which women are empowered through enhancing their accessibility to resources and also their ability to use such resources profitably through different modes, they call agency. This is undertaken to make sure that that the intended results are gained. This would mean the empowerment of women owned enterprises to enhance their decision making, their rights to own property and the ability to have women as integral part of the community that is actively involved in development and economic growth (Ahmed, 2005).

2.2.2 Uniting Theory of Micro Finance

This theory was anchored by Ghatak and Guinnane (1999) on their paper, “The economics of lending with joint liability.” They suggested that microfinance allows members to borrow jointly and they are able to access more loan than they would have accessed individually. This is because of what they called joint liability. The group members are able to guarantee each other on their repayments of their dues in that if a group member fails to pay, the rest are forced to pay the outstanding loan and interests and they institute their own methods of recovering from the members. This concept ensures that there is minimal default rate as the group members are well known to each other and therefore they keep each other in check. They help each other to remain afloat and therefore they are able to repay their loan obligations.

The theory supports the study as it shows that women owned enterprises may significantly benefit from microfinance institutions’ products as they are able to secure the much-needed financing from these institutions as well as skills, guarantees required to win government tenders and contracts among other support. The micro finance institutions have also brought out a model in which women in groups or SACCOS are able to co-guarantee each other, and hence they are able to access more financing and reduce chances of default. This lowers their risk and as such the micro finance institutions are able to provide loan facilities at discounted interest rates.

2.2.3 Financial Sustainability Theory

Financial sustainability theory has been very crucial in microfinance institutions as long standing of a microfinance institution becomes pivotal in the fight against poverty (Quayes, 2012; Sekabira 2013). The microfinance institutions need to ensure that they are commercially viable and they can be self-sustaining despite their social welfare goals of poverty alleviation. The commercialization of these institutions is premised on the fact that they should be self-sustaining in order to continue offering their social services of women empowerment and poverty alleviation. The financial sustainability theory, therefore applies to both the microfinance itself as well as the clients seeking microfinance services. The Microfinance should be able to attain duties linked to finance and costs and thus maintain competent and motivated staff while at the same time able to ensure that it offers products that addresses the social welfare challenges such as poverty. The clients are also not well endowed economically and therefore they should be supported and provided affordable services that would enhance their potential and make them self-sustaining.

This theory supports the tenets of the study as it brings out the role of microfinance products in enhancing women owned enterprises. The sustainability of micro finance, ensures that they are in position to offer services to more people at more competitive terms. It therefore ensures that small enterprises among them being women owned, are involved in symbiotic relationship with micro finance institutions, where the growth and development of these institutions also means the growth and development of these enterprises.

2.2.4 Poverty Alleviation Theory

According to Bradshaw (2006) poverty alleviation stems from community development measures that employ different strategies so as to meet poor people's needs. Different strategies according to the theory are required to alleviate poverty. The source of poverty defines the kind of strategy that should be employed in order to ensure that it has been effectively addressed. Lack of employment is a major source of poverty, where marginalized community members such as youth, disabled or women are not engaged in any useful employment. Alleviation of such poverty would need enhancing employment opportunities that would be enhanced through access to credit for enterprises that would eventually undertake investment activities. The investment activities would therefore seek personnel who would obtain employment and therefore alleviating poverty.

This theory supports this study as it suggests that there are several activities undertaken and designed to assist in poverty alleviation. The study brings out the various products by micro finance institutions that lead to growth in women owned enterprises. It therefore follows that the products undertaken by these institutions are directed at providing the much-needed resources in alleviating poverty. The focus of a number of micro finance institutions on provision of services to women, is a way in which the societal problems are addressed. This is premised on the fact that women are in most cases endowed with the responsibility of catering for the needs of the family. When their enterprises are supported by enhancing savings and access to credit among other facilities, it becomes the sure way to alleviate poverty in the society (Ocholah et al, 2013).

2.3 Factors that Enhance Growth of Women Owned Enterprises

Enterprises that are owned by women in most cases established to ensure that they help meet specific needs of the women in those enterprises. Most of these enterprises are owned by large group of women who make their savings and are thereafter able to access credit from which they undertake their ventures. There are various factors that would enhance their growth.

2.3.1 Access to MFI Services

Most of the microfinance institutions have targeted women group, as they believe that women have untapped potential. Discipline and consistency. These traits make them disciplined savers and while they come together, they are able to attract sizeable savings which could enable them undertake profitable ventures that would improve their welfare and address poverty in the society. The microfinance institutions therefore generate products that target women and help them overcome challenges such as book keeping, ignorance on marketing strategies, pricing strategies among other business strategies that would enhance growth of their enterprises (Sekabira, 2013). The products developed and generated by microfinance institutions that target women owned enterprises enhance growth of these enterprises.

2.3.2 Access to Micro Credit

It is difficult for individual women to qualify for credit as they lack collateral that is required by lenders. Women owned enterprises are however composed of different women who come together to establish the enterprises that would enable them generate returns. It becomes easier to access credit as a group as the other group members become co-guarantors and they encourage

each other in meeting the financial obligations. The ability of women owned enterprises to access micro credit facilities determines whether they will get enough resources required to boost their growth patterns and to venture in more investments that would generate increased returns. Access to micro credit also provides an avenue for the women to negotiate for better credit terms as they are able to build their credit profiles with different lenders. The access of different micro credits also enables women to choose the best credit terms that would help them generate more returns and provide value to their member groups.

2.3.3 Training and Development Services

Services entailing training and development refer to the formal as well as ongoing efforts undertaken within the organization with the motive of improving of employees' self-fulfillment and performance through educational programs and techniques. Development and training range from specific professional job skills to elements of strategy to enhance strategic development and performance (Kim, 1997). Training and development increases professionalism as well increase in skills and tact in handling organizational challenges. Skilled employees can turn around a venture from a loss-making venture to a profit-making venture. It is therefore imperative and crucial to enhance those managers as well as all level employees are trained and well skilled in handling their daily activities.

Microfinance institutions offer training and development services to women owned enterprises in order to enhance their growth and enable them qualify for their products. The training and development also enable the women owned enterprises to increase their savings with the micro finance institution and therefore creating more credit and enhance the survival and sustainability

of the microfinance institution. The women owned enterprises are also able to meet their financial obligations in time, and therefore improving their creditworthiness and at the same time reducing the default risks for the institution of microfinance.

2.4 Empirical Review

The effect of microfinance institutions on growth of women owned enterprises is a topic that has attracted international as well as local researches. In this section, both international studies and local studies are reviewed and the study gap emphasized.

2.4.1 International Studies

Dedunu (2017) investigated the effect of microfinance institutions on women entrepreneurs in Mihinthale Pradeshiya Sabha area. This study targeted all women entrepreneurs in this area out of which 200 females were sampled through random sampling. Primary data collection method was used where questionnaires were used via drop and the pick later technique. Data was analysed by SPSS whereby correlation and regression statistical methods were adopted in determining the study objectives. The results showed that accessibility of loans, procedures of repayment and non-financial services positively influenced women entrepreneurs' empowerment in the area. This study was undertaken internationally and therefore the findings may not necessarily hold in the local context.

Mohammad *et al.* (2017) investigated the impacts of microcredit on rural Bangladesh women's empowerment using latest primary data. The data was collected in four districts in Bangladesh through household survey. The data gathered was examined through logistic regression which

established the odd of improving women empowerment and being a member of a microfinance institution. The results of the research found out that there was useful impact of microfinance institutions on majority of indicators that were chosen for the empowerment of women. This is also an international study and therefore the findings may be skewed by contextual environment that is distinct from this study.

Niaz and Iqbal (2019) on the other hand surveyed the influence of microfinance on empowerment of women and alleviation of poverty in Pakistan. The study utilized ordinary least square as well as propensity Score Matching (PSM) in data analysis. The study targeted 670 respondents were data collection by questionnaires. Multidimensional Poverty Index (MPI) was then developed in order to examine the poverty levels among the respondents. The results of the research indicated that exposure to microfinances led to a positive effect on women empowerment, alleviation of poverty as well as improving women social status through improving their income level. The study therefore concluded that MFIs had positive and effective impact on women empowerment in Pakistan. The study focused more on poverty alleviation among women. This is distinct from growth of women owned enterprises, it is also an international study and therefore conditions in this study are different.

2.4.2 Local Studies

Ocholah *et al.* (2013) investigated the influence of microfinancing on performance of enterprises owned by women in Kisumu City. This research focused on the effect of microfinance on productivity, growth, profitability and expansion of enterprises owned by women in Kisumu City. This study targeted 3000 women owned enterprises out of which a sample of 341

enterprises were selected. Collection of primary data was by questionnaires and examination of data was undertaken through inferential statistics. The results showed that microfinancing have positive effect on growth of enterprises owned by women in Kisumu City. This study was undertaken in Kisumu City and therefore the findings may not apply to Kisii County as they are composed of different communities with different backgrounds.

Owuor (2014) undertook a study on the effect of microfinance services on the growth of women owned enterprises in Ruiru. The MFI services that were targeted by the study included microcredit services, business management training as well as group savings. Growth of enterprises was determined by the percentage increase in sales. The research used descriptive research design and targeted 467 women owned enterprises in Ruiru, out of which 47 enterprises were chosen through random sampling. A regression and correlation analysis was applied to undertake analysis of research variables. The research found that women required collaterals to be able to access the loans. There were also few trainings undertaken on women owned enterprises. The study also established that there was increased engagement in savings activities. The study ignored parametric testing of the study. It was also undertaken in Ruiru and therefore may be inaccurate to replicate these findings in Kisii County.

2.5 Conceptual Framework

This is the pictorial relationship of the study variables. It indicates the effect of independent variables on the dependent variables. It provides a simplified version of the linkage between variables and helps to increase the understanding of the association.

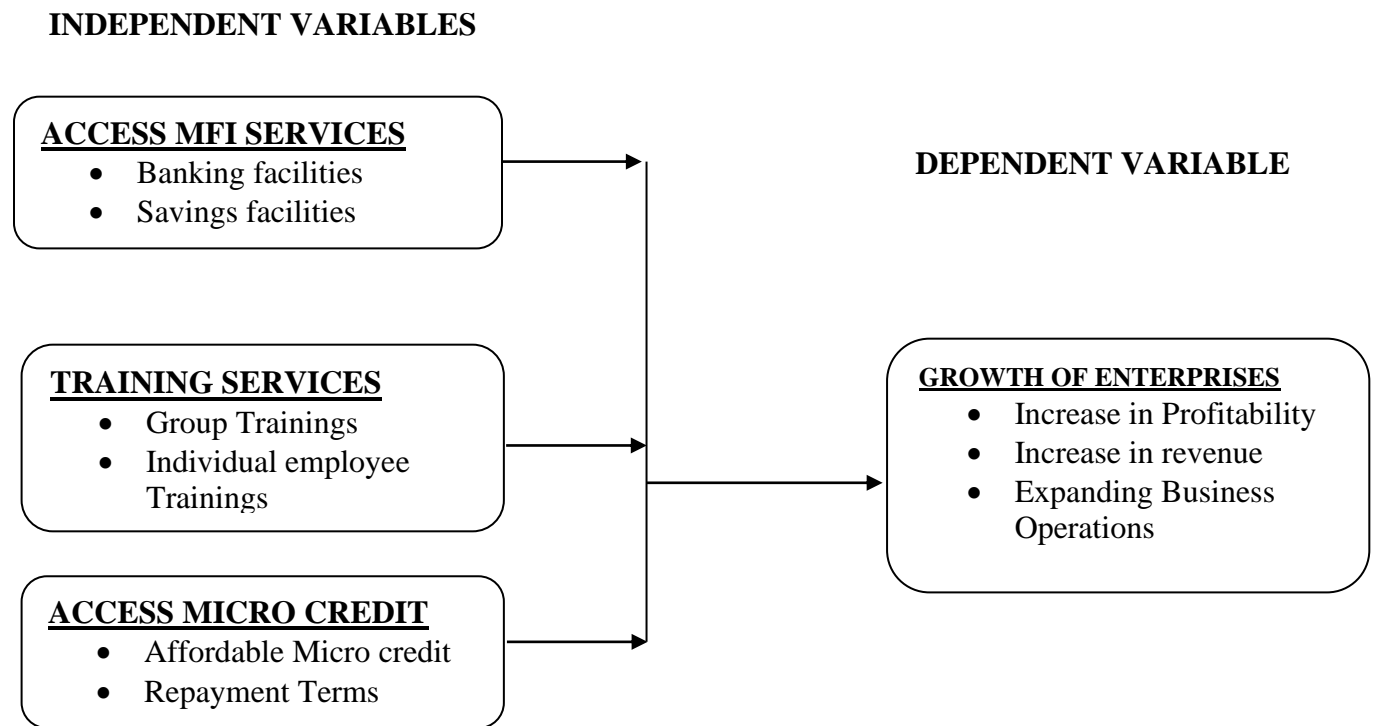


Figure 2.1: Conceptual Framework

2.6 Summary of Literature Review

Theoretical literature review in the study consists of women empowerment theory, uniting theory of microfinance, financial sustainability theory as well as poverty alleviation theory. The anchor theory of this study is women empowerment theory as the research tries to find the relationship of microfinance institutions and growth of women owned enterprises. Growth of women owned enterprises can therefore be translated into absolute control of women of their financial destiny and therefore enhance their empowerment. Factors that enhance growth of women owned enterprises include access to microfinance services, ease of access to microcredit, and availability of training and development services.

Empirical literature that has been described in the study is composed of both international and local studies. Internationally, the concept of microfinance and growth of women enterprises and in some cases, women empowerment has been undertaken by Dedunu (2017), Niaz & Iqbal (2019) as well as Mohammud et al (2017) all of whom have found that there exists a useful linkage between access to microcredit facilities and women empowerment. In the local context however, the contributions made by Ocholah et al. (2013), Lesiiyo (2012), Owuor (2014) as well as Mwewa (2013) had interesting but different findings of the relationship of the study variables. These different findings acted as a way of enhancing the need to undertake the study and therefore widen the research gap.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The process and the procedural plan that was adopted by the research so as to meet the objective of the study and either reject or fail to reject the null hypothesis is contained in this chapter. It starts off by describing the research design to be used in the research, the target population, sampling, data collection, data analysis and test of significance.

3.2 Research Design

According to Orodho (2005) a research design implies a feasible plan that should be executed to provide the best solution to research problem. An effective research design therefore focuses on the research problem and provides the best way in which solutions to the problem would be obtained without compromising on the quality and accuracy of the results.

The appropriate design of the research for this would be descriptive research design. It focuses on describing variables and therefore indicating the relationship that exists between the variables. It however doesn't consider on why of the relationship between the variables. This research design is preferred in situations where information about the variables is sought and the link that exists between the variables. It is helpful in knowing variables and hypothetical constraints.

Descriptive design allowed the collection of qualitative and quantitative data on demographic profile of the women entrepreneurs, profiles of initiatives, details of policy framework and

Business development services required, exhibitor of firm growth and entrepreneurial skills of respondents.

3.3 Population and Sample Size

A population is a set of objects, items or individuals who possess a similar basic characteristic that allows them to be grouped together (Cooper & Schindler, 2006). They state that it is a collection of items that one wants to compare. There are 375 registered women owned enterprises operating in central business unit, Kisii County (Kisii County Department of Gender and Social Development, 2020). The study therefore targeted these women owned enterprises in Kisii County.

3.4. Samples and Sampling Procedure

Mugenda and Mugenda (2003) states that samples and sampling is undertaken when it is not feasible to gather data from the entire population. Data is therefore gathered from a sub set of the population from which the characteristics of the sample are inferred to be the characteristics of the population. Stratified random sampling was undertaken by the study where a fixed number of respondents was chosen at random from each of the 9 constituencies in Kisii County. The study adopted Cochran's Sample size formula to determine the effective sample size to be employed in the study.

$n_0 = Z^2 pq/e^2$ where e is margin of error = 0.05 p is the proportion of population of women enterprises = 50% while q is $1-p$. Z is the z -value =1.96 and n_0 is the random sample size.

$$= ((1.96)^2 (0.5) (0.5) / (0.05)^2 = 385.$$

To get the sample size n for a small population size ($N=375$) we modify the random sample by using the formula

$n = n_0 / (1 + (n_0 - 1)/N)$ where n = sample size, n_0 random sample and N is the population size

$$n = 385 / (1 + (385-1)/375)$$

$$n = 190$$

3.5 Data Collection

Questionnaire was the main instruments employed for gathering the relevant data. This is a document for data collection that is carefully designed in order to give answers to the questions that are being researched (Nkapa 1997). This study therefore gather primary data through carefully designed questionnaires where drop and pick later method was used (Kothari, 2004).

3.6 Data Analysis Technique

Gathered data was first be organized, arranged and assessed for completeness. Incomplete questionnaires were not used in data analysis as well as outrageous questionnaires. Data was then being summarized on tables and Microsoft excel worksheets where analysis was undertaken by the use of multiple regression. This was undertaken by the use of Statistical Package of Social Sciences (SPSS) version 21. The findings were illustrated in form of tables, figures, charts and graphs.

3.6.1 Analytical Model

The study used the analytical regression model as below:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon \text{ Where}$$

- Y = Growth of Women-owned enterprises
- X₁ = Provision of Micro credit
- X₂ = Provision of training and development services
- X₃ = accessibility to MFI
- ε = the error term
- α = Constant (the intercept of the model)
- β₁... β₃, = Coefficients of the independent variables (X variables)

The coefficients explain the growth of women owned enterprises by X₁, X₂, and X₃,

ε = error term that accounts for the variability in Y that cannot be explained by the linear effect of the predictor variables.

3.6.2 Test of Significance

This was undertaken at 95% degrees of freedom. This means that the study incorporated up to 5% chance that the results as determined by the model are not accurate. Regression analysis was undertaken in the study and therefore F test was carried out to establish the significance of the linkage between the variables. The significance of the relationship between the variables (alpha) is set at 0.05 and therefore a p-value of less than 0.05 shows that the relationship is statistically remarkable while a p-value of greater than 0.05 indicates that it is statistically insignificant. F statistic value and the worked-out value of F was compared in order to reject the null hypothesis or fail to reject the same.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.0 Introduction

This section presents the results and discussions of the study. The rate of response, descriptive statistics and regression analyses have been highlighted in this section.

4.1 Response Rate

The number of questionnaires given to women owned enterprises were 190 and a total of 157 questionnaires were dully filled and returned. Table 4.1 shows the response rate.

Table 4.1: Response Rate

Response	Frequency	Percent
Returned	157	82.6%
Unreturned	33	17.4%
Total	190	100%

Out of the 190 questionnaires given, 157 questionnaires were properly filled and returned representing 82.6 percent response rate. This rate of response is seen as fulfilling to draw conclusions for the research. Bailey (2000) stated that a rate of response of 50% is adequate while a response rate greater than 70 percent is very good. Based on this, the response rate was adequate for comprehensive study. The good response rate has been lined to proper data

collection procedures that include notifying respondents early and assuring them of voluntary participation.

4.2 Profile information of respondents and the women owned enterprises

The study investigated the key profile information of the women owned enterprises in Kisii County. The specific information investigated include age bracket, period operating the enterprise, financial service provider does the business and common mobile lending applications.

4.2.1 Age of the Respondents

The age of participants was investigated. Age is a key demographic determinant in the ownership and management of each enterprise. Figure 4.1 illustrates the findings of the study.

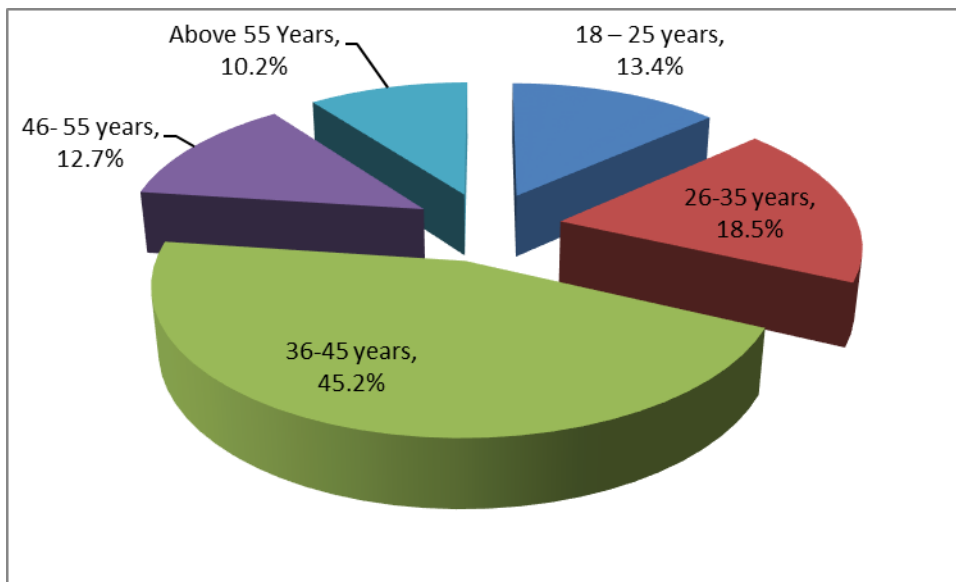


Figure 4.1: Age of the Respondents

Findings in Figure 4.1 shows that most, 45.2 percent of women owning enterprise businesses in Kisii County were aged 36-45 years. Another 18.5 percent were aged 26-35 years, 13.4percent

aged over 55 years and 12.7percent aged 46-55 years. The findings mean that most of the women owned enterprises in Kisii County are owned by women aged 26 years to 45 years.

4.2.2 Age of the Business

The research wanted to investigate the age of the women owned enterprises in Kisii County. The age of enterprise may influence the growth rate of the business. Figure 4.2 illustrates the findings of the research.

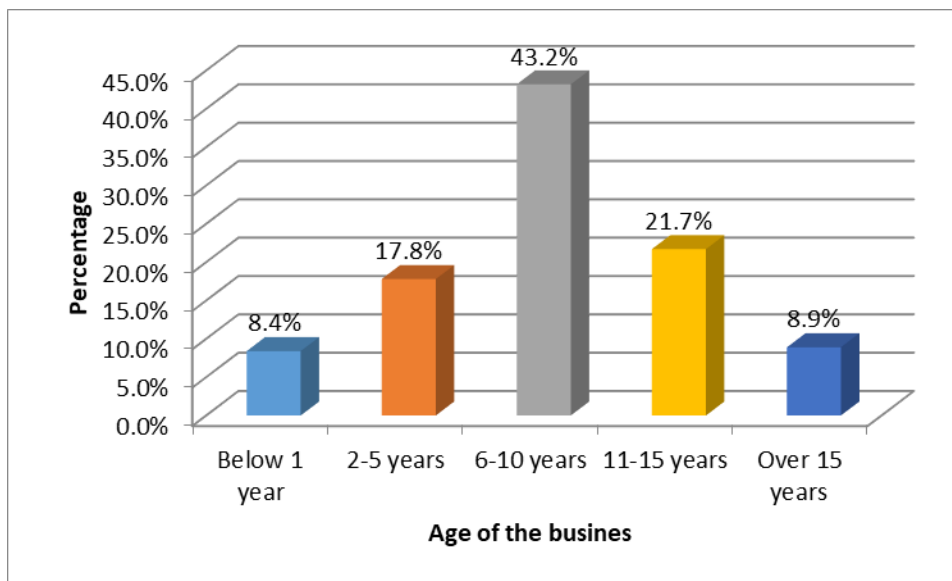


Figure 4.2: Age of the Business

Most 43.2percent of the women owned enterprises in Kisii County have been working for 6-10 years. It was also found that 21.7 percent of the women owned enterprises had been operating for 11-15 years. Results also revealed that 17.8 percent were aged 2-5 years. The results imply that most of women owned enterprises are less than ten years old. The age of the enterprise defines its ability to understand the market, invest on products and services sought most by customers

and ability to network with partners including financiers. The features of the firm characterizing age of the company is significant in the expansion of the women owned enterprises.

4.2.3 Financial provider to the business

The study sought to investigate the major financial service providers to of the women owned enterprises in Kisii County. Financing enterprises is important to the expansion and growth. The results are presented in Figure 4.3.

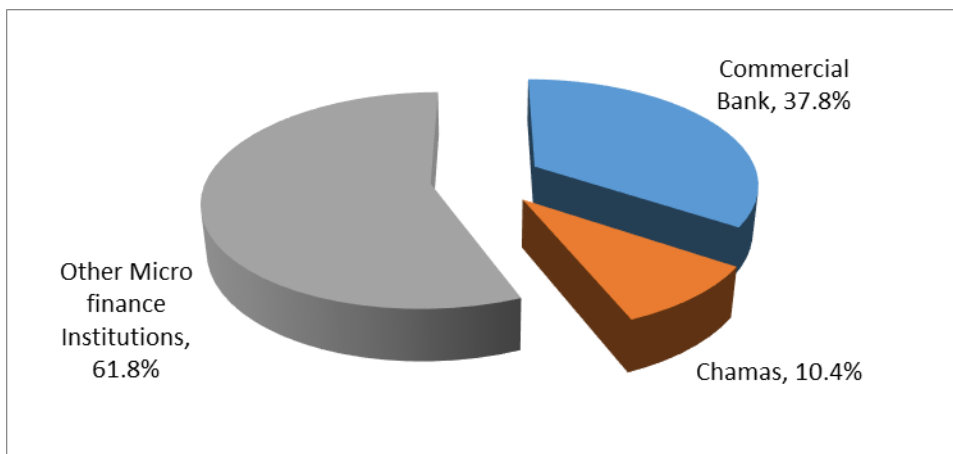


Figure 4.3: Financial provider to the business

The findings in Figure 4.3 showed that most 61.8 percent of the women owned enterprises in Kisii County sought financing from micro finance institutions and Saccos. Commercial banks accounted for 37.8 Percent of financing among the women owned enterprise. Local women *Chamas* formed significant portion in financing women enterprises. Financing is important in the growth of business enterprises particularly in supporting product and service expansion, business operation services and other requirements of the business enterprise.

4.2.4 Mobile Lending Applications

The study sought to investigate the major mobile lending applications by the women owned enterprises in Kisii County. The results are presented in Figure 4.4.

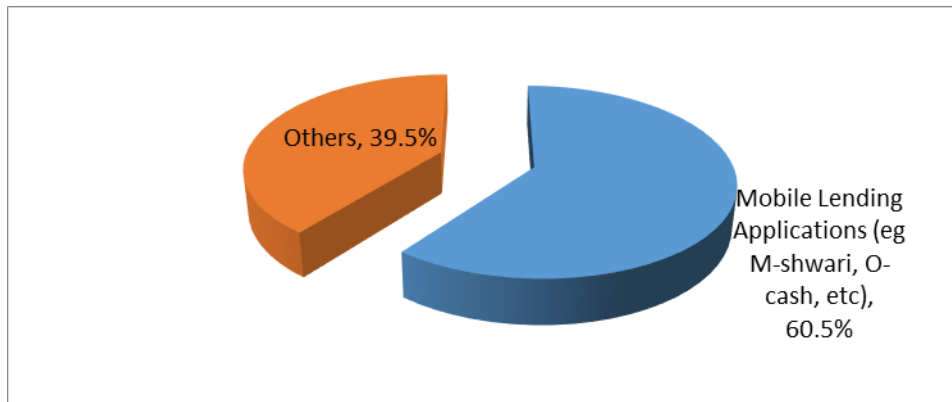


Figure 4.4: Mobile Lending Applications

Majority 60.5 Percent sought financing from mobile lending applications. Common mobile lending applications identified include M-shwari, O-kash and Mpesa Fulliza. Other forms of mobile lending accounted for 39.5 percent. The other forms of mobile lending identified include unregistered digital loan providers. Mobile lending has remained the most available for seeking credit to finance micro and small enterprises in Kenya. Women are turning toward mobile lending as readily available source of micro funding as it requires minimal or no securities or guarantors at all.

4.3 Descriptive Statistics

This part shows the descriptive findings for access MFI services, training services, access micro credit and an increase of enterprises owned by women. Percentages, means and standard deviations were employed.

4.3.1 Provision of loans/Micro-Credit

The study tabulated participants' responses regarding provision of loans. The results were presented in a likert scale of 1=highly disagree, 2=disagree, 3=neutral, 4= agree and 5=highly disagree. Table 4.2 presents the results.

Table 4.2 Provision of loans/Micro-Credit

Indicator	Highly				Highly		Std. Dev
	Disagree	Disagree	Neutral	Agree	Agree	Mean	
It is easy for women enterprises to get loans from microfinance banks	31.8%	34.4%	11.5%	12.1%	10.2%	2.3	1.3
Micro finance banks advertise their loans to women enterprises	28.7%	35.0%	12.1%	10.2%	14.0%	2.4	1.4
The interest rates charged by micro finance on loans is affordable and cheap	34.4%	32.5%	10.2%	8.3%	14.6%	2.4	1.4
Women enterprises that have borrowed loans with micro finance banks are doing well	29.3%	35.7%	8.3%	12.1%	14.6%	2.3	1.4
Micro finance banks give loans to women enterprises without asking for security (collateral)	33.8%	33.8%	10.2%	10.8%	11.5%	2.0	1.3
The terms for loans to women enterprises are affordable	33.1%	26.1%	10.8%	17.2%	12.7%	2.2	1.4

The results showed that majority of women did not agree that it is easy for women enterprises to get loans from microfinance banks as illustrated response of mean of 2.3 and standard deviation of 1.3. Regarding the statement, micro finance banks advertise their loans to women enterprises, majority of respondents did not also agree with it as shown by response of mean of 2.4 and

standard deviation of 1.4. In addition, most of the interviewees did not agree that the interest rates charged by micro finance on loans is affordable and cheap as shown by response of mean of 2.4 and standard deviation of 1.4 implying that microcredit are no affordable to women seeking microcredit services. Majority also did not agree that women enterprises that have borrowed loans with micro finance banks are doing well as shown mean response of 2.0 and standard deviation of 1.3. it was established that most participants did not agree that micro finance banks give loans to women enterprises without asking for security (collateral) as shown by mean of 2.0 and 1.3. Finally, regarding the statement that the terms for loans to women enterprises are affordable, majority did not agree as indicated with mean response of 2.2 and standard deviation of 1.4.

4.3.2 Provision of training and development services

The study tabulated participants' responses regarding provision of training and development services. The results were presented in a likert scale of 1=highly disagree, 2=disagree, 3=neutral, 4= agree and 5=highly disagree. Table 4.3 presents the results.

Table 4.3 Provision of training and development services

Measure	Highly		Neutral	Highly		Mean	Std. Dev
	Disagree	Disagree		Agree	Agree		
Micro finance banks give proper training and development to women enterprises.	29.3%	44.6%	14.6%	5.1%	6.4%	2.1	1.1
It is a must to go through training before women are given loans by these institutions	25.5%	47.1%	10.8%	6.4%	10.2%	2.3	1.2
The micro finance closely observes the performance of women enterprises and give proper advises	33.1%	40.8%	10.2%	7.0%	8.9%	2.2	1.2
The micro finance institutions are concerned with success of women enterprises.	33.1%	39.5%	10.8%	7.6%	8.9%	2.2	1.2
Micro finance banks offer training to both the owners and workers for businesses	30.6%	43.3%	10.2%	8.9%	7.0%	2.2	1.3
The micro finance banks do not charge for their training services	31.8%	40.1%	6.4%	8.3%	13.4%	2.3	1.4

The findings indicated that most women did not agreed that micro finance banks give proper training and development to women enterprises as showed a response of mean of 2.1 and standard deviation of 1.1. Concerning the statement, it is a must to go through training before women are given loans by these institutions, majority of respondents did not also agree with it as shown by mean response of 2.3 and standard deviation of 1.2. In addition, majority of the

respondents did not agree that the micro finance closely observes the performance of women enterprises and give proper advises as shown by mean response of 2.2 and standard deviation of 1.2. Majority also did not agree that the micro finance institutions are concerned with success of women enterprises as shown response of mean of 2.2 and standard deviation of 1.2. It was also established that most participants were not agreeing that micro finance banks offer training to both the owners and workers for businesses as shown by mean of 2.2 and 1.3. Finally, majority of women did not agree that the micro finance banks do not charge for their capacity building services as shown with mean response of 2.3 and standard deviation of 1.4.

4.3.3 Accessibility to Micro Finance Institutions

The study tabulated participants' responses regarding accessibility to micro finance institutions. The results were presented in a likert scale of 1=highly disagree, 2=disagree, 3=neutral, 4= agree and 5=highly disagree. Table 4.4 shows the findings.

Table 4.4: Accessibility to Micro Finance Institutions

Measure	Highly Disagree	Disagree	Neutral	Agree	Highly Agree	Mean	Std. Dev
The micro finance banks have agents every other place to help women enterprises	28.7%	47.1%	9.6%	7.0%	7.6%	2.2	1.2
It is very easy for micro finance institutions to be accessed through phone calls, emails, or letters	30.6%	44.6%	8.9%	7.0%	8.9%	2.3	1.4
The staff working in Micro finance banks are friendly and easy to talk to	33.8%	39.5%	12.1%	7.0%	7.6%	2.2	1.2
It is easy and cheap for women to open accounts with micro finance banks	29.9%	42.7%	10.8%	5.7%	10.8%	2.2	1.2
The employees working with micro finance institutions are able to communicate freely with customers even in their own languages.	30.6%	47.1%	8.3%	7.0%	7.0%	2.1	1.1
Micro finance institutions that support women enterprises are available in all major towns	35.0%	37.6%	10.2%	9.6%	7.6%	2.2	1.2

The findings indicated that most of women did not concur that the micro finance banks have agents every other place to help women enterprises as showed response of mean of 2.2 and standard deviation of 1.2. Concerning the statement that it is very easy for micro finance institutions to be accessed through phone calls, emails, or letters, most of the interviewees did not also agree with it as shown by response of mean of 2.3 and standard deviation of 1.4. In addition, majority of the respondents did not agree that the staff working in Micro finance banks are friendly and easy to talk to as shown by response of mean of 2.2 and standard deviation of 1.2. Majority also did not agree that it is easy and cheap for women to open accounts with micro finance banks as shown mean response of 2.2 and standard deviation of 1.2. it was also established that most of the participants were not agreeing that the employees working with micro finance institutions are able to communicate freely with customers even in their own languages as shown by mean of 2.1 and 1.1. Finally, majority of women did not agree that micro finance institutions that support women enterprises are available in all major towns as showed with response of mean of 2.2 and standard deviation of 1.2.

4.3.4 Growth of Women Owned Enterprises

The study tabulated participants' responses regarding growth of women owned enterprises. The findings were illustrated in a likert scale of 1=highly disagree, 2=disagree, 3=neutral, 4= agree and 5=highly disagree. Table 4.5 presents the results.

Table 4.5: Growth of Women Owned Enterprises

Measure	Highly		Neutral	Highly		Mean	Std. Dev
	Disagree	Disagree		Agree	Agree		
There is increase in successful women owned enterprises in Kisii County	33.1%	48.4%	4.5%	8.3%	5.7%	2.1	1.1
Most of the women owned enterprises are doing better than other enterprises not owned by women	34.4%	42.0%	8.9%	6.4%	8.3%	2.1	1.2
Women owned enterprises treat their workers well and pay them well	28.0%	46.5%	9.6%	7.6%	8.3%	2.2	1.2
Women owned enterprises rarely fall due to mismanagement	29.9%	41.4%	11.5%	12.1%	5.1%	2.2	1.1
Women owned enterprises understands their customers and treats them very well	31.8%	40.8%	5.1%	8.3%	14.0%	2.3	1.4
Most of the new upcoming businesses are owned or co-owned by women.	36.3%	36.3%	10.8%	7.0%	9.6%	2.2	1.3

The results indicated that most that majority of women did not concur that there is increase in successful women owned enterprises in Kisii County as showed a response of mean of 2.1 and standard deviation of 1.1. Regarding the statement that most of the women owned enterprises are doing better than other enterprises not owned by women, majority of respondents did not also agree with it as shown by response of mean of 2.2 and standard deviation of 1.2. In addition, most of the participants did not agree that Women owned enterprises rarely fall due to mismanagement as shown by response of mean of 2.2 and standard deviation of 1.1. Majority also did not agree that Women owned enterprises understands their customers and treats them very well as shown response of mean of 2.3 and standard deviation of 1.4. It was further established that most participants were not agreeing that the employees working with micro finance institutions are able to communicate freely with customers even in their own languages as shown by mean of 2.1 and 1.1. Finally, majority of women did not agree that Most of the new upcoming businesses are owned or co-owned by women as showed with response of mean of 2.2 and standard deviation of 1.3.

4.4 Regression

The section presents the inferential results to determine the effects of micro finance institutions' products on growth of women owned enterprises in Kisii County, Kenya. The results comprise the model summary, analysis of variance and coefficient of regressions. The model summary results are shown in Table 4.6.

Table 4.6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.784 ^a	.614	.606	.50336

a. Predictors: (Constant), accessibility to MFI, microcredit, training and development services

Model summary results indicated that accessibility to MFI, microcredit, training and development services are fulfilling in describing an increase of women owned enterprises. This is supported by the R square of .614. This implies that accessibility to MFI, microcredit, training and development services explained 61.4% an increase in enterprises owned by women in Kisii County, Kenya. The ANOVA findings acquired are illustrated in Table 4.7.

Table 4.7: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	61.644	3	20.548	81.099	.000 ^b
	Residual	38.766	153	.253		
	Total	100.410	156			

a. Dependent Variable: Growth of women owned enterprises

b. Predictors: (Constant), accessibility to MFI, microcredit, training and development services

The findings show that the mode was significant statistically. The findings mean that accessibility to MFI, microcredit, training and development services are satisfactory factors explain growth of women owned enterprises in Kisii County, Kenya. This was supported by an F

statistic of 81.099 and the calculated p value of $0.000 < 0.05$. Regression of coefficient findings is indicated in Table 4.8. To interpret the regression coefficient results, calculated p value is compared with 0.05 level of significance. If the p value is less than 0.05, then the linkage between factors is remarkable otherwise insignificant.

Table 4.8: Regression of coefficient

Model	Unstandardized		Standardized	t	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	.167	.156		1.072	.286
microcredit	.331	.083	.320	3.979	.000
training and development services	.439	.080	.452	5.501	.000
accessibility to MFI	.136	.061	.122	2.245	.026

a. Dependent Variable: Growth of women-owned enterprises

The estimated model predicting growth of women owned enterprises in Kisii County, Kenya is presented as;

$$Y = .167 + .331X_1 + .439X_2 + .136X_3$$

Where;

Y = Growth of women owned enterprises

X₁ = Microcredit

X₂ = Training and development services

X₃ = Accessibility to MFI

The constant value of .167 indicates the growth level of women owned enterprises in Kisii County in the absence of accessibility to MFI, microcredit, training and development services. Training and development services had the greatest effect on growth of women owned enterprises ($\beta_2 = .439$), followed by microcredit ($\beta_1 = .331$) and accessibility to MFI ($\beta_3 = .136$).

The coefficients of provision of loans/micro-credit has a positive and significant effect on growth of women owned enterprises ($\beta_1 = .331$, $p = .000 < 0.05$). The regression of coefficient implies that a one-unit change in provision of loans/micro-credit results to .331-unit increase in growth of women owned enterprises in Kisii County.

Model findings revealed that coefficient of training and development services has a useful and remarkable impact on improving an increase of women owned enterprises ($\beta_2 = .439$, $p = .000 < 0.05$). The regression of coefficient implies that a one-unit change in training and

services of development leads to .439 units increase in growth of women owned enterprises in Kisii County.

Accessibility to MFI had useful and remarkable effect on growth of women owned enterprises ($\beta_3=.136$, $p=.026<0.05$). The regression of coefficient means that a one-unit change in accessibility to MFI leads to .136 units increase in growth of women owned enterprises in Kisii County.

4.5 Discussion of Research Findings

Accessibility to MFI, microcredit, training and development services explained 61.4% of growth of women owned enterprises in Kisii County. The results imply that accessibility to MFI, microcredit, training and development services are critical factors that influence growth of women owned enterprises. Microfinance institutions have been very crucial in finance sector. This is due to the role they play while they try to expand their customer base through strategies such as increasing financial literacy in vulnerable social groups such as women entrepreneurs, people living with disabilities and the youth. They also provide financial services as well as non-financial services that try to ensure that they are freed from poverty vicious cycle. Microfinance institutions therefore assesses such groups that would not be in position to qualify for formal financial services from commercial banks, considers their financial and non-financial requirements and establishes financial products that would address their needs and empower them appropriately.

The coefficients of provision of loans/micro-credit has a useful and remarkable impact on growth of women owned enterprises ($\beta_1=.331$, $p=.000<0.05$). The regression of coefficient means that a

one-unit change in provision of loans/micro-credit leads to .331-unit increase in growth of women owned enterprises in Kisii County. Access to micro credit loans to enterprises is critical for firm owners to expand on the portfolio of products and services. Access to credit is also required for boosting the stock of products traded by the women owned enterprises. The ability of women owned enterprises to access micro credit facilities determines whether they will get enough resources required to boost their growth patterns and to venture in more investments that would generate increased returns. Access to micro credit also provides an avenue for the women to negotiate for better credit terms as they are able to build their credit profiles with different lenders. The access of different micro credits also enables women to choose the best credit terms that would help them generate more returns and provide value to their member groups. The results concur with Dedunu (2017) who investigated the effect of microfinance institutions on women entrepreneurs in Mihinthale Pradeshiya Sabha area and revealed that accessibility of loans, procedures of repayment and non-financial services positively influenced women entrepreneurs. The results also agree with Mohammad *et al.* (2017) who investigated the impacts of microcredit on rural Bangladesh empowerment of women through latest primary data and found out that there was positive impact of microfinance institutions on majority of selected indicators for the empowerment of women.

Model findings also showed that coefficient of training and development services has a useful and remarkable impact of growth of women owned enterprises ($\beta_2=.439$, $p=.000<0.05$). The result imply that a one-unit change in training and development services results to .439 units increase in growth of women owned enterprises in Kisii County. Training and development target enterprise management, financial management and innovation. Development and training

range from specific professional job skills to elements of strategy to enhance strategic development and performance. Training and development increases professionalism as well increase in skills and tact in handling organizational challenges. Training and development services for women owned enterprises are important. Microfinance institutions offer training and development services to women owned enterprises in order to enhance their growth and enable them qualify for their products. The training and development also enable the women owned enterprises to increase their savings with the micro finance institution and therefore creating more credit and enhance the survival and sustainability of the microfinance institution. The results agree with Owuor (2014) who carried out a research on the impact of microfinance services on the growth of women owned enterprises in Ruiru and established that little training are undertaken on women owned enterprises.

Accessibility to MFI had useful and remarkable influence effect on growth of women owned enterprises ($\beta_3=.136$, $p=.026<0.05$). The regression of coefficient means that a one-unit change in accessibility to MFI leads to .136 units improves an increase of women owned enterprises in Kisii County. Access to MFIs within the locality where enterprises are located is important. Most of the microfinance institutions have targeted women group, as they believe that women have untapped potential. These traits make them disciplined savers and while they come together, they are able to attract sizeable savings which could enable them undertake profitable ventures that would improve their welfare and address poverty in the society. The microfinance institutions therefore generate products that target women and help them overcome challenges such as book keeping, ignorance on marketing strategies, pricing strategies among other business strategies that would enhance growth of their enterprises. The products developed and generated by

microfinance institutions that target women owned enterprises enhance growth of these enterprises. The results concur with Mohammad *et al.* (2017) who surveyed the impacts of microcredit on rural Bangladesh empowerment of women using latest primary data and found out that there was positive impact of microfinance institutions on majority of selected indicators for the empowerment of women. Also Niaz and Iqbal (2019) examining the influence of microfinance on empowerment of women and alleviation of poverty in Pakistan found that MFIs had positive and effective impact on women empowerment in Pakistan.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section summarizes the results of the last section, conclusion, challenges encountered while carrying out the research. This section also shows the policy recommendations. Finally, the segments highlights recommendations for more studies that that aid future analyst.

5.2 Summary of Findings

The research wanted to determine the effects of micro finance institutions' products on growth of women owned enterprises in Kisii County, Kenya. The particular items studied included accessibility to MFI, microcredit, training and development services and how they influence growth of women owned enterprises. The research applied descriptive type of research design. The findings were examined through statistical package of social sciences (SPSS) software.

Model summary results indicated that accessibility to MFI, microcredit, training and development services are satisfactory in explaining an increase in enterprises owned by women. Accessibility to MFI, microcredit, training and development services explained 61.4% of growth of women owned enterprises in Kisii County, Kenya. The findings imply that accessibility to MFI, microcredit, training and development services are critical micro finance institutions' products that impact an increase in enterprises owned by women.

The coefficient of accessibility to MFI has a useful and remarkable effect on growth of enterprises owned by women. It was also found that microcredit has a useful and significant

impact on an increase of enterprises owned women. Training and development services positively affects an increase in enterprises owned by women.

5.3 Conclusion

The research found that accessibility to MFI usefully influences an increase of enterprises owned by women. The MFIs provides financial products and services including micro loans, micro leasing, micro insurance, savings, and money transfers that help in daily operations of the micro and small businesses. Access to MFIs allows small enterprises to access credit that may not be available for small enterprises from mainstream financial system. The study thus concludes that accessibility to MFI is essential in an increase of enterprises owned by women.

The research found that provision of loans/micro-credit has a useful and remarkable impact on growth of women owned enterprises. The research thus concludes that provision of microcredit significantly impacts an increase in enterprises owned by women. Microcredit is a crucial tool for empowering women enterprises. Microcredit provides an opportunity for small enterprises in terms of supporting and expanding portfolio of products and services.

It was found that training and development services positively affect an increase in enterprises owned by women. The study therefore concludes that training and development services provide management experience, functional skills, and relevant business sector knowledge. Training and development services target innovation and opportunity recognition, developing strategic customer care, marketing management, negotiation and marketing skills, networking skills.

5.4 Recommendations

The study established that accessibility to MFI positively affects growth of women owned enterprises. Access to MFIs providing that required micro services for women owned enterprises is important as many women seeking credit services are not within vicinity of micro service providers. The study recommends that more MFIs need to be set up in Kisii County to support the rising need for microcredit for women owned enterprises.

The found that provision of loans/micro-credit positively affects growth of women owned enterprises. Microcredit is a crucial tool for empowering women enterprises. Microcredit provides an opportunity for small enterprises in terms of supporting and expanding portfolio of products and services. There is need for micro credit facilities to develop micro credit services specifically tailored to suit the needs of micro small and medium enterprises particularly for the women owned enterprises. The micro credit need to attract affordable interest rate and favourable repayment terms. The research suggests the urgency for Kisii country government to work together with institutions of finance that are in Kisii County to create conducive financing models models of financing women owned enterprises rates that are affordable.

The study found that training and development services positively impact an increase in enterprises owned by women. Training, networking skills, business evaluation and growth consideration, negotiation and selling skills, development services target innovation and opportunity recognition developing strategic customer care. The research suggests that there should be a regular capacity building and teaching on how to adopt and budget the received micro loans by the people who borrowed. The owners of micro and small enterprises should be taught more on the success of a given business that is run so as to increase their output

5.5 Limitations of the Study

The approach applied in this research has challenges and results are not comprehensive thus need for more study. These are other determinants impacting an increase of women enterprises like access to market for their products and services, regulatory environment and entrepreneurial innovation services. These factors were not studied in the current study and may be important constructs in future studies.

5.6 Suggestions for Further Research

The research depended heavily on primary data collected through questionnaires. Further research may entail employing secondary data by fetching secondary data and using them to model the effect of effects of micro finance institutions' products on an increase in enterprises owned by women using secondary data to be fetched from Association of micro finance and individual women owned enterprises. There are other factors influence growth of women enterprises like access to market for their products and services, regulatory environment and entrepreneurial innovation services. These factors were not studied in the current study and may be important constructs in future studies.

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APPENDICES

Appendix A: Cover Letter

Petrigona K Ratemo,

P.O BOX, 105358 - 00101

NAIROBI-KENYA.

Dear Respondent,

RE: REQUEST TO FILL A QUESTIONNAIRE

I am a student at the University of Nairobi and hereby gathering data to enable me complete my Master of Business (MBA) Finance option. I am undertaking a research on effects of Microfinance Institutions on growth of women owned enterprises in Kenya. This study is a requirement for partial fulfillment of this course. Enclosed here is a copy of my research questionnaire, which I humbly ask that you assist to fill it with the information required. The information you will provide is solely for academic purposes and therefore cannot be used against you. I appreciate you for your time and participation.

Yours faithfully,

Petrigona K Ratemo,

Student Researcher UoN University

Appendix B: Questionnaire

SECTION A: BACKGROUND DETAILS

This Questionnaire is to be filled by ladies who are working or operating small businesses in Kisii County. Please Fill the Questionnaire that Follows as Faithfully as Possible. Do not write your name, email or phone contacts anywhere in the questionnaire.

- 1) Which constituency is the business located? _____
- 2) Age bracket (tick any one)
18 – 25years 26-35 years 36-45 years 46- 55 years
Above 55 Years
- 3) How long have you worked in the current Business (tick any appropriate)
Below 1 year 2-5 years 6-10 years 11-15 years
Over 15 years
- 4) Which of the following financial service provider do your business engage most of the times?
Commercial Bank KWFT Other Micro finance Institutions
Mobile Lending Applications (eg M-shwari, O-cash, etc) Others

SECTION B: PROVISION OF LOANS (MICRO-CREDIT)

Kindly state the extent to which you agree or disagree with each of the statements below about microfinance institutions and the loans they give to women enterprises.

		Highly Disagree	Disagree	Neutral	Agree	Highly Agree
1	It is easy for women enterprises to get loans from microfinance banks					
2	Micro finance banks advertise their loans to women enterprises					
3	The interest rates charged by micro finance on loans is affordable and cheap					
4	Women enterprises that have borrowed loans with micro finance banks are doing well					
5	Micro finance banks give loans to women enterprises without asking for security (collateral)					
6	The terms for loans to women enterprises are affordable					

SECTION C: PROVISION OF TRAINING AND DEVELOPMENT SERVICES

Kindly state the extent to which you agree or disagree with each of the statements below about training and development provided by Micro finance institutions.

		Highly Disagree	Disagree	Neutral	Agree	Highly Agree
1	Micro finance banks give proper training and development to women enterprises.					
2	It is a must to go through training before women are given loans by these institutions					
3	The micro finance closely observes the performance of women enterprises and give proper advises					
4	The micro finance institutions are concerned with success of women enterprises.					
5	Micro finance banks offer training to both the owners and workers for businesses					
6	The micro finance banks do not charge for their training services					

SECTION D: ACCESSIBILITY TO MICRO FINANCE INSTITUTIONS

Kindly state the extent to which you agree or disagree with each of the statements below about accessibility of micro finance institutions.

		Highly Disagree	Disagree	Neutral	Agree	Highly Agree
1	The micro finance banks have agents every other place to help women enterprises					
2	It is very easy for micro finance institutions to be accessed through phone calls, emails, or letters					
3	The staff working in Micro finance banks are friendly and easy to talk to					
4	It is easy and cheap for women to open accounts with micro finance banks					
5	The employees working with micro finance institutions are able to communicate freely with customers even in their own languages.					
6	Micro finance institutions that support women enterprises are available in all major towns					

SECTION E: GROWTH OF WOMEN OWNED ENTERPRISES

Kindly state the extent to which you agree or disagree with each of the statements below in regard to growth of women owned enterprises.

		Highly Disagree	Disagree	Neutral	Agree	Highly Agree
1	There is increase in successful women owned enterprises in Kisii County					
2	Most of the women owned enterprises are doing better than other enterprises not owned by women					
3	Women owned enterprises treat their workers well and pay them well					
4	Women owned enterprises rarely fall due to mismanagement					
5	Women owned enterprises understands their customers and treats them very well					
6	Most of the new upcoming businesses are owned or co-owned by women.					

- THE END -

THANK YOU!