

**FACTORS INFLUENCING RURAL WOMEN ENTREPRENEURS TO  
ACCESS MICRO CREDIT SERVICES IN SIRISIA DIVISION, KENYA**

**BY**

**REGINA NAFULA SILIKHANI**

UNIVERSITY OF NAIROBI  
KUTU LIBRARY  
J. BOX 30197  
NAIROBI

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE  
REQUIREMENTS FOR THE AWARD OF MASTER OF ART DEGREE IN PROJECT  
PLANNING AND MANAGEMENT OF THE UNIVERSITY OF NAIROBI**

**2012**

## DECLARATION

This Research Project is my original work and has not been presented to any university or college for examination purposes.

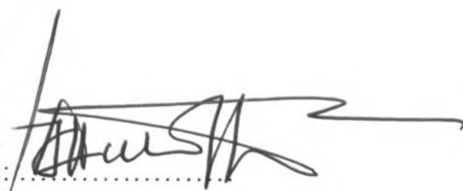
Signature: .....

Date: 21<sup>st</sup> AUGUST 2012.....

**Name: Silikhani Regina Nafula**

**L50/66016/2010**

This research project has been submitted for examination with my approval as the candidate's supervisor.

Signature: .....

Date: 21-08-2012.....

**Name: Dr. Harriet Kidombo**

**Senior Lecturer,**

**Department of Educational Studies,**

**University of Nairobi.**

## **DEDICATION**

I dedicate this Research project to my family members: My husband; Noah, Children- Raymond, Daisy and Japheth, and my parents and siblings.

## **ACKNOWLEDGEMENTS**

My gratitude goes to my project supervisor, Dr. Harriet Kidombo, senior lecturer, Department of Educational Studies, University of Nairobi for her guidance in writing this project. I am also grateful to The University of Nairobi for giving me a chance to pursue this course under the guidance of Mr. Mbugua, resident lecturer, Kakamega Extra Mural center. Thanks to Dr. Luketero for his critique of this report.

I cannot forget to thank my colleagues from Bungoma Extra Mural Sub Center who offered me valuable support and encouragement throughout the study period. My sincere appreciation goes to Stavley for her effort to have this work typed in good time.

## TABLE OF CONTENTS

<b>CONTENT</b>	<b>Page</b>
TITLE PAGE.....	i
DECLARATION.....	ii
DEDICATION.....	iii
ACKNOWLEDGEMENTS.....	iv
TABLE OF CONTENTS.....	v
APPENDICES.....	viii
LIST OF TABLES.....	ix
LIST OF FIGURES.....	x
ABBREVIATIONS AND ACCRONYMS.....	xi
ABSTRACT.....	xii
<b>CHAPTER ONE: INTRODUCTION</b>	
1.1 Background of the study.....	1
1.2 Statement of the problem.....	2
1.3 Objectives of the study.....	5
1.4 Research questions.....	6
1.5 Significance of the study.....	6
1.6 Limitations of the study.....	7
1.7 Delimitations of the study.....	7
1.8 Basic study Assumptions.....	8
1.9 Definition of significant terms used in the study.....	8

1.10 The organization of the study.....	9
---	---

## CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction.....	11
2.2 Access to Micro Credit Services.....	11
2.3 Role of Micro Finance Institutions.....	12
2.4 Theoretical Review on Access to Micro Credit Services.....	13
2.5 Factors influencing Access to Micro credit Services.....	14
2.5.1 Infrastructure and access to micro credit services.....	15
2.5.2 Level of Education and access to micro credit services.....	15
2.5.3 Tradition/cultural practices and access to micro credit services.....	19
2.5.4 Collateral requirements and access to micro credit services.....	21
2.5.5 Technology and access to micro credit services.....	22
2.6 Conceptual Framework.....	24
2.7 Knowledge Gap.....	25
2.8 Chapter Summary.....	25

## CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction.....	27
3.2 Research Design.....	27
3.3 Target Population.....	27
3.4 Sample Size.....	29
3.4.1 Sampling procedure.....	29
3.5 Data Collection Method.....	30
3.6 Pilot Study.....	31
3.6.1 Validity of Instruments.....	31
3.6.2 Reliability of Instruments.....	32
3.7 Data Analysis Procedures.....	32

## CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction.....	36
4.2 Questionnaire Return Rate.....	36
4.3 Characteristics of Respondents.....	37
4.4.1 Infrastructure and Access to micro credit services.....	38
4.4.2 Level of Education and access to micro credit services.....	41
4.4.3 Tradition/cultural practices and access to micro credit services.....	43
4.4.4 Collateral Requirements and access to micro credit services.....	46
4.4.5 Technology and access to micro credit services.....	49

## CHAPTER FIVE: SUMMARY OF FINDINGS, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction.....	53
5.2 Summary of Findings.....	53
5.3 Discussion of findings.....	54
5.4 Conclusions.....	57
5.5 Recommendations.....	58
5.6 Suggestions for further Research.....	59
5.6 Contribution to the body of Knowledge.....	60
REFERENCES.....	62
APPENDICES.....	68

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction.....36  
4.2 Questionnaire Return Rate.....36  
4.3 Characteristics of Respondents.....37  
4.4.1 Infrastructure and Access to micro credit services.....38  
4.4.2 Level of Education and access to micro credit services.....41  
4.4.3 Tradition/cultural practices and access to micro credit services.....43  
4.4.4 Collateral Requirements and access to micro credit services.....46  
4.4.5 Technology and access to micro credit services.....49

CHAPTER FIVE: SUMMARY OF FINDINGS, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction.....53  
5.2 Summary of Findings.....53  
5.3 Discussion of findings.....54  
5.4 Conclusions.....57  
5.5 Recommendations.....58  
5.6 Suggestions for further Research.....59  
5.6 Contribution to the body of Knowledge.....60  
REFERENCES.....62  
APPENDICES.....68



## APPENDICES

	<b>Page</b>
Appendix 1: Transmittal Letter.....	68
Appendix 2: Questionnaire for Rural Women Entrepreneurs.....	69
Appendix 3: Authorization Letter... ..	77

## LIST OF TABLES

<b>TABLE</b>	<b>Page</b>
<b>Table 3.1:</b> Target Population .....	27
<b>Table 3.2:</b> Sample size .....	29
<b>Table 3.3:</b> Operationalisation Table.....	33
<b>Table 4.1:</b> Means of transport.....	36
<b>Table 4.2</b> Correlation of means of transport and access.....	38
<b>Table 4.3</b> Level of Education of respondents.....	38
<b>Table 4.4</b> Correlation of level of education and access to micro credit services.....	39
<b>Table 4.5</b> Marital Status of respondents.....	41
<b>Table 4.6</b> Correlation of tradition and access to micro credit services.....	42
<b>Table 4.7</b> Type of Business .....	43
<b>Table 4.8</b> Correlation of collateral requirements and access to micro credit services.....	43
<b>Table 4.9</b> Using Mpesa in receiving loans.....	46
<b>Table 4.10</b> Correlating technology and access to micro credit services.....	48
<b>Table 5. 6</b> Contribution to the body of knowledge.....	57

**LIST OF FIGURES**

**Page**

**Figure 1:** Conceptual framework.....23

## LIST OF ABBREVIATIONS AND ACRONYMS

<b>ADPK:</b>	Association for the Physically Disabled in Kenya
<b>CFRs:</b>	Code of Federal Regulations
<b>ICT:</b>	Information Communication Technology
<b>K-ECLOF:</b>	Kenya Ecumenical Church Loans Fund
<b>KIE:</b>	Kenya Industrial Estates
<b>MFI:</b>	Micro-finance Institutions
<b>NGO:</b>	Non governmental organizations
<b>PKSF:</b>	Palli Karma-Sahaya Foundation
<b>RCC:</b>	Recruitable Collateral Circulation
<b>RLF:</b>	Revolving Loan Funds
<b>ROSCOs:</b>	Rotating Savings Cooperatives
<b>SACCO:</b>	Savings and Credit Cooperative Societies
<b>SMEs:</b>	Small Micro Enterprises
<b>SPSS:</b>	Statistical Package for Social Sciences
<b>UDPK:</b>	The United Disabled Persons of Kenya

## ABSTRACT

This study was designed to investigate factors influencing rural women entrepreneurs to access micro credit services in Sirisia Division. The study aimed at finding out how infrastructure, education, traditions, collateral requirements and technology influenced rural women entrepreneurs to access micro credit services even in the advent of affordable rates. This study adapted a descriptive survey design as a major method of research where questionnaires were used to collect data from a sample of women entrepreneurs under the study. The instruments of data collection were reliable having been tested through the Test Retest approach. Concerning the validity of the instruments, content validity was applied to ensure that the instruments represented what they were designed to measure. The target population was 488 women entrepreneurs according to locations. A sample of 220 women entrepreneurs was selected through systematic random sampling. Collected data was then analyzed by use of descriptive statistics constituting frequencies and percentages. Previous studies had shown that microfinance institutions played a vital role in the economic development of many developing countries through the provision of a wide range of financial products and services to the rural poor, low-income households and micro and small enterprise. The study revealed that access to credit facilities by rural women entrepreneurs was greatly influenced by poor infrastructure, low level of education, inadequate collateral requirements and inappropriate technology. It then concluded that women entrepreneurs needed education and sensitization on business and financial management as well as embracing technology so as to minimize defaulting and exits. The study recommended that the policy makers put into consideration rural road network development and rural electrification so that rural women entrepreneurs enjoy doing businesses in the remote areas where their businesses operate and this will benefit even those outside the division and the society at large. Sensitization on the rights of women on property ownership should be reinforced for them to use valuable assets as security for loans. Rural women entrepreneurs also need technological enlightenment to enable them carry out activities concerning their businesses without relying on those with the knowhow. This will help them save on time and resources.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background to the Study

In recent years, micro credit, in its wider dimension known as microfinance, has become a much favored intervention for unemployment and poverty alleviation in developing countries and least developed countries. Researchers have long believed that micro-credit programmes, those in which women are granted small, collateral-free loans for the purpose of starting businesses, could increase women's empowerment (Chitere & Mutiso, 2006).

In Bangladesh for example, the rapid expansion of micro credit drew attention from all important quarters—policymakers, academia and development practitioners—each trying to grapple with the unfolding stream of issues and trying to shape the course of the social and economic dynamics initiated due to introduction of microcredit Haruna, (2007). With a view to meet the demand for funds for re-lending by the development partners (MFIs), and due to an urge to coordinate the flow of such funds to appropriate use, the Palli Karma-Sahayak Foundation (acronym PKSF and the full Bengali name can be translated in English as "Rural Employment Support Foundation") came into being in late 1990. Over the years, its share in the revolving loan fund of the MFIs increased— from 9 percent in 1996 to 24 percent in 2002 (Bangladesh Bank Report, 2005). In recent years MFIs have moved from the margins of the financial system towards the mainstream.

It is now more widely accepted that populations traditionally excluded by the formal financial sector can, in fact, be a profitable market niche for innovative banking services. The 1997

Microcredit Summit held in Washington D.C., launched a global movement to reach 100 million of the world's poorest families with credit for self-employment and other financial and business services by the year 2005 (Shahid. 2003).

In Kenya, Micro-credit programs are implemented by various formal financial institutions (nationalized commercial banks and specialized banks), specialized government organizations and semi-formal financial institutions.

The growth in the MFI sector, in terms of the number of MFI as well as total membership, was phenomenal during the 1990s and continues till today. A study conducted by (Chitere & Mutiso, 2006) found that micro credit has captured millions of customers, billions of dollars in financing, a Nobel Peace Prize, and the imagination of the global public. Many have seen micro credit as lifting families out of poverty, especially when lent to women.

## **1.2 Statement of the Problem**

It is widely appreciated worldwide that by providing women access to economic and educational opportunities, and allowing them the autonomy needed to take advantage of such opportunities, poverty could be reduced. In this regard, the provision of credit, especially micro-credit, has now become an effective tool and a successful strategy for poverty reduction. Subsidized and affordable credit to support services such as capacity building, business linkages and market access to achieve economic development are therefore essential. Economic empowerment of women will translate into availability of basic needs in homes, access to better health care, access to good education and improved nutrition.

Accordingly the picture discussed above does not prevail in many parts in Kenya today. Ultimately this may fail the government achieving its objectives of uplifting the standards of women entrepreneurs. In Kenya the microfinance industry remains largely underdeveloped (Gupta, 2008). There are still many unresolved issues and, indeed, what is currently termed as micro finance constitutes a diverse range of practitioners, practices and body of knowledge.

From this perspective the commonly accepted definition of micro finance as the means of providing a variety of financial services to the poor based on market-driven and commercial approaches (Christen, 1997) does not strictly fit what has come to be commonly regarded as constituting micro finance in Kenya.

There are a few studies on access to micro-credit services by rural women in Kenya. A variety of micro Finance institutions have emerged in Kenya as in the rest of Africa Leading institutions that offer credit services in Kenya include: Kenya Women Finance Trust, Equity Bank, Women Enterprise Fund, Faulu Kenya and Kenya Eclof. Other institutions are non-governmental organizations, savings and credit cooperatives, commercial banks and regulated specialized providers. For Kanyiri, (2009) for instance, in his study on the factors inhibiting innovation in financial intermediaries for SMEs in Kenya, only sought the perspective of Savings and Credit Cooperative Societies (SACCO) entrepreneurial members and therefore, findings from his study were evidently limited in scope. The businesses owned by women in this regard have not been given much consideration. They remain more or less stagnated as a result of little or no financial boost. The aim of this study was therefore be to investigate on the factors influencing access to Micro Credit Services by rural women entrepreneurs in Sirisia Division, Bungoma West District.



Sirisia Division is an area with a high population growth rate where people live on small to medium size parcels of land. It is now in Bungoma West district having been hived from the larger Bungoma District in its sub divisions. The division is relatively poor but endowed with fertile soils. Women in the division struggle to make ends meet through engaging in businesses that range from Boda Boda taxi, vegetable vendors, brick making, tailoring and farming.

Statistics in the social services office in Bungoma West of 2012 show that urban women entrepreneurs took more loans than rural women entrepreneurs. The data reveals that a total of ksh.3,043, 000 lent to women only ksh.808, 000 had been borrowed by rural women entrepreneurs.

Urban women entrepreneurs had borrowed ksh.2; 235,000. This translates into 26.55% out the total loans having been lent to rural women by financial institutions with the remaining majority loans 73.45% going to urban women entrepreneurs. There was need to establish factors that influence access to financial facilities by rural women.

In Pakistan over the past few years (2003-2005), the number of active borrowers has increased by 85 per cent while total outstanding loans grew by 115 per cent. In comparison, the growth in the number of savers and the value of savings has been more gradual at 38 and 49 per cent, respectively. Other independent studies also show that micro credit has a host of positive impacts on the families that access micro credits; Robinson, (2001), Faseke, (2001) and Haruna, (2007).

Recent World Bank study by Shahid, (2003) showed that access to micro-credit over a long period of time has produced a greater impact on extreme poverty than on moderate poverty.” The

results of this study indicated that micro credit not only affects the welfare of participants and non-participants, but also improves the general welfare at the village level.

In fact even in disaster situations and post conflict areas, Micro credit has helped rebuild economic activities and livelihoods.

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

The purpose of this was to establish factors influencing rural women entrepreneurs to access micro credit services in Sirisia division

**This study was guided by the following objectives:**

1. To establish how Infrastructure influences rural women entrepreneurs to access micro credit services in Sirisia Division, Bungoma West District.
2. To determine how the Level of education influences rural women entrepreneurs to access Micro Credit Services in Sirisia Division, Bungoma West District.
3. To find out the extent to which Tradition and Custom/ Discriminatory Cultural Practices influence rural women entrepreneurs to access micro credit services in Sirisia Division, Bungoma West District.
4. To determine how Collateral requirements influence rural women entrepreneurs to access micro credit services in Sirisia Division, Bungoma West District.
5. To ascertain the influence of Technology on rural women entrepreneurs to access micro credit services in Sirisia Division, Bungoma West District.

## **1.4 Research Questions**

This study was guided by the following research questions;

1. To what extent does infrastructure influence rural women entrepreneurs to access micro credit services in Sirisia division, Bungoma West District?
2. What is the effect of level of education on rural women entrepreneurs to access micro credit services in Sirisia Division, Bungoma West District?
3. What is the extent to which tradition and custom/Discriminatory cultural Practices influence rural women entrepreneurs to access micro credit services in Sirisia Division, Bungoma West District?
4. In what way does Collateral Requirements influence rural women entrepreneurs to access Micro credit services in Sirisia Division, Bungoma West District?
5. What is the influence of technology on rural women entrepreneurs to access micro credit services in Sirisia Division, Bungoma West District?

## **1.5 Significance of the Study**

Women entrepreneurs would, with the assistance of this study, could be able to understand how to access micro credit services. In this regard, they would able to format their approaches and strategies to exploit the strengths available and minimize the negative effects. MFIs and other creditors could use the research findings to appreciate the diverse demand for micro financing

and therefore create more finance products and tailor them to meet the diverse needs of potential women borrowers.

The government agencies and policy makers could use research findings of this study to reduce the bureaucratic red tape, particularly bank rates, fixed by central bank officials. Such practices create credit market imperfections which undermine free market forces of demand and supply of loans in the money market. The aim of this research was to determine the factors influencing access to Micro Credit Services by rural women entrepreneurs- what motivated the rural women in accessing micro credit services. Future researchers in the area of management could use this research as a reference. The study also recommended possible areas of research, which could be explored by the future studies.

### **1.6 Limitations of the Study.**

The main limitation of this study was limited finances to carry out this extensive study. The other limitation was unwillingness by respondents to reveal information needed. The information was classified as confidential through assurance to the respondents. This is because the information was only sought for academic purposes.

### **1.7 Delimitation of the study**

The study focused on factors influencing rural women entrepreneurs to access micro credit services in Sirisia Division, Bungoma West District. This was a representative of other divisions in the district. The findings were generalized to all districts across the country.

## 1.8 Basic Study Assumptions

The study assumed that data collected in Sirisia Division, Bungoma West District represented all other divisions in Kenya. The study also assumed that the people to be interviewed gave information on factors influencing rural women entrepreneurs to access micro credit services, in honesty and without fear of victimization or being sidelined.

## 1.9 Definition of Significant Terms used in the study

**Capability:** Referred to ability to repay a loan often measured in terms of cash flow from agricultural products, household consumption, medical and education issues and other extraneous factors which may affect the household's capability to do so.

**Capacity:** These referred to the ability of the entrepreneur to service, and ultimately repay a loan. How much the business can accommodate.

It not only included cash flow from farming operations but also cash flow from off-farm sources of income as well as cash available in near or intermediate liquid assets.

**Capital:** Capital referred to the amount of financial assets needed for the running of the business successfully.

**Character:** This referred to the borrower ability to honor obligations, integrity, and motivation for borrowing and was defined in the context of moral hazard and adverse selection. What was in the human character of the borrower that made her a good credit risk?

**Collateral:** Collateral referred to the value of assets and the specific itemization of assets that could be pledged against a loan.

**Condition:** Referred to a situation under which an entrepreneur passed the test to be granted a loan. A condition was placed on a loan to ensure that repayment could be met in a given time frame.

**Credit:** This referred to the loan facility requested by the borrower to be advanced by the financial institution.

**Entrepreneur:** One who engaged in business with the aim of making profit and using the profit to expand the business and, or improve living standards of one and of other people.

### **1.10 The Organization of the Study**

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

Chapter two highlighted on the relevant related literature on the factors influencing rural women entrepreneurs to access credit facilities. Various researches on the selected variables of access to credit facilities were also 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 consisted 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 factors influencing access to micro credit services by rural women. The chapter therefore presents arguments on the concepts by various authors based on the research objectives. The main areas presented here are: the concept on access to micro credit services, Theoretical Review on Access to Micro Credit Services, the empirical review on factors and the conceptual framework which explains the relationship.

#### 2.2 Access to Micro Credit Services

The provision of micro-credit is done by both formal and informal banking institutions in most of the developing countries, Kenya being one of them. Pakistan's rural credit market, as in other developing countries, was an example characterized by the co-existence of formal, semi-formal and informal lenders. Both formal and semi-formal financial institutions cover a very small share of rural credit markets as compared to informal market (Aleem, 1990; Ghatge, 1992).

The distribution of micro credit loan across purposes in a study conducted by Alila, (1991) also showed that 88 per cent of borrowing is done for leveling consumption, 8 per cent is for development, and only 3 per cent of females demands loan for productive purpose. Out of the total, 1,005 females, who manage to borrow loans, 72.7 per cent are engaged in farm activity, 1.7 per cent perform off-farm activity, 9.9 per cent claim that they perform both farm and off-farm activity while 158 females 15.7% claim that they do not perform any work. These females (who



do not engage in any activity) mostly borrow loan for consumption purpose. Most of the women that borrowed loans for productive and development purposes, carried out farming activities.

### **2.3 Role of Microfinance Institutions**

Microfinance institutions (MFIs) play a vital role in the economic development of many developing countries. They offer loans and/or technical assistance in business development to low-income communities in developing countries Hartungi. (2007). They had a variety of products including micro loans, savings and other deposit products, remittances and transfers, payment services, insurance, and any other financial product or service that a commercial bank does not offer to low-income clients in the banking system (Hoque & Chisty, 2011). In Sub-Saharan Africa microfinance institutions include a broad range of diverse and geographically dispersed institutions that offer financial services to low-income clients, non governmental organizations (NGOs), non-bank financial institutions, cooperatives, rural banks, savings and postal financial institutions, and an increasing number of commercial banks (Lafourcade, Isern, Mwangi & Brown, 2005).

Since its birth in the 1970s, microfinance has endeavored to develop sustainable enterprises and its innovations have been replicated from country to country, each time with renewed enthusiasm and innovation leading to international best practices that have benefited and guided the practice of microfinance-credit (Kiweu, 2009; Stauffenberg, 2001; Rhyne, 2001a; Labie, 2001; Manroth, 2001). Given the ongoing developments in microfinance, there is considerable interest for many

MFIs in Africa to keep pace with the changing landscape in the industry. However, the microfinance industry in most African countries remains largely underdeveloped (Gupta, 2008).

#### **2.4 Theoretical Review on Access to Micro Credit Services**

This study was be guided by the Endogenous growth theory. Endogenous growth theory holds that economic growth is primarily the result of endogenous and not external forces. Endogenous growth theory holds that investment in human capital; innovation and knowledge are significant contributors to economic growth. The theory also focused on positive externalities and spillover effects of a knowledge-based economy which would lead to economic development.

The endogenous growth theory also holds that policy measures could have an impact on the long-run growth rate of an economy. For example, subsidies for research and development or education increase the growth rate in some endogenous growth models by increasing the incentive for innovation (Fadare, 2009).

Endogenous growth theory tries to overcome this shortcoming by building macroeconomic models out of microeconomic foundations. Households are assumed to maximize utility subject to budget constraints while firms maximize profits. Crucial importance is usually given to the production of new technologies and human capital. An Endogenous growth theory implication is that policies which embrace openness, competition, change and innovation would promote growth. Conversely, policies which have the effect of restricting or slowing change by protecting or favoring particular industries or firms are likely, over time, to slow growth to the disadvantage of the community (2009). However, the tools for creating economic growth to move people out of poverty had been

hard to come by especially in developing countries like traditional beliefs, literacy levels, collaterals and other legal requirements as well as the changing technologies. Microfinance is now promoted as a means to solve the crushing poverty that faces at least a third of the world's population. According to (Cook & Nixon, 2005) microfinance spans a range of financial instruments including credit, savings, insurance, mortgages, and retirement plans, all accessible to individuals previously shut out from formal means of borrowing and saving. The most widespread micro financing instrument is micro credit or micro lending. This is the issuance of small, unsecured loans to individuals or groups for the purpose of starting or expanding businesses. Micro financing aims to alleviate poverty by stimulating economic growth through entrepreneurial initiative. The availability of micro credit has opened access to capital, through billions of dollars in small loans, to millions of the world's poorest citizens. As it has grown, micro financing has also opened the floodgates of international financial capital. Legal regulations and customary rules often restrict women's access to and control over assets that can be accepted as collateral such as land or livestock. Women's control over their families' livestock varies by culture (Tipilda and Kristjanson, 2008). Yet, typically, men are responsible for the purchase, sale or pawning which are denominated in small amounts, making them in charge of large animals, such as cows, horses and oxen, while women tend to claim control over small animals such as goats, sheep, poultry and pigs (World Bank, 2008 & Miller, 2001) Review on Access to Micro Credit Services.

## **2.5 Factors Influencing Access to Micro Credit Services by Rural Women Entrepreneurs**

The following were the related literature on factors influencing rural women entrepreneurs to access to micro-credit services.

### **2.5.1 Infrastructure and access to micro credit services**

Claxton. (2005) found out that poor state of road networks in most of the developing countries especially the ones connecting roads from the rural areas to the urban centers makes movement to and fro rural/urban markets particularly difficult resulting to extra costs, wastages of perishable items on transit, losses arising from avoidable accident, time wastage and attacks from hoodlums. Secondly, the electricity supply is highly epileptic and therefore quite unreliable. Some areas might go without electricity for months, which makes businesses that are dependent on electricity such as grinding, hair salons, tailoring, and cyber café and food kiosks to suffer. For a survival strategy, these women are forced to divert their limited resources towards the purchase or renting of generators, which not only increases operating costs but also eats into any margins (Umoh, 2006). Thirdly, the official price for kerosene, petrol and gas has been increasing in the recent times, and dealers have developed a penchant to exploit the weak enforcement of relevant laws governing the sale of these commodities.

### **2.5.2 Level of Education and access to micro credit services**

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

Many recent credit programs in developing nations have changed from low-interest to market-rate lending with very positive results.

Not only were program costs dramatically lower, but borrowers had been able to pay market rates and graduate more easily and quickly to private financing.

Also, charging market interest rates has increased the supply of investment capital for developing sectors. While subsidies are still needed, they usually are used to provide education and business training to enhance the financial management skills of the borrower (Korpivaara, 2001). Similarly, a National Federation of Independent Businesses survey found that U.S. small businesses care more about credit availability than credit price.

Encouraging clients through education on disaster risk reduction and designing loan products to develop disaster-proofing shelters. In a study conducted by Barnes, (2001) showed that all of the respondents were able to sign their names as a pre-requirement to sign instead of putting thumb-print for applying microcredit from the NGOs-MFIs. About 41.33% of the members had lower primary education. On the other hand, among the family members (excluding members below years), 81.91% were illiterate having no formal education particularly the old aged persons and children. Also, MFIs can guide vulnerable client groups to have contingency plans on how to respond and disaster mitigation measures. Due to this the field officers have to spend lots of their time in educating, counseling, making repeated visits etc. which will increase the operational cost and in turn affect the operational efficiency of the institution (Hossain, 2003).

The ability of children or youth to control the scheduling of their work can allow them to improve their educational performance and controlling work schedules can be done when children or youth operate their own businesses. Unfortunately, one of the biggest constraints to

young people in business is access to financial services (credit and saving services) (Hassen, 2003).

Governments recognize that an educated workforce is better and may reduce risks and poverty, but the local economies cannot afford to subsidize education for all at-risk young people.

States( governments) also acknowledge that ignoring these young people creates vulnerabilities such as indentured labor, slave-like conditions, prostitution, abuse, and an increase in crime (Maltz & Kohli, 2000). The Egypt case may be a front runner in delivering financial services to a high risk market such as the youth market.

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

Despite the uncertainty over the effects of formal education, our basic premise was that better educated marketing managers will be more likely to form trusting relationships with sales managers. Some indirect support for this stance was provided by Rust, (2002), value systems, and seeks to eliminate conflict in their areas of responsibility.

A review of the literature revealed that learning organizations would likely have increased organizational performance. In fact scholars have argued that the empirical measurement of a

learning organization is at a relatively early stage and further research are needed to recognize and corroborate the fundamental dimensions of the learning organization and its potential influence in improving knowledge performance (Yang, 2003; Yang et al., 2004).

Five different studies which have attempted to link Watkins and Marsick's (2003) learning organization dimensions and performance improvement measures have been identified from the review of the literature. One of the studies was by Selden, (2000) (Selden & Watkins, 2001) evaluated the relationships between the seven learning organization dimensions, company characteristics and knowledge and financial performance in family-run firms. Selden, (2000) found that all of the seven dimensions of the learning organization except promoting inquiry and dialogue were significantly correlated with knowledge performance. Of the seven dimensions of learning organization, systems to capture learning (embedded systems) represented the most variance in knowledge performance.

Akin to Selden & McHargue, (2003) examined the relationship between non-profit service organizations characteristics and learning organization dimensions and three performance outcomes, namely financial, knowledge and mission performance in non-profit service organizations.

In this study, the seven dimensions of the learning organization were found significantly related to knowledge performance. Systems to capture learning (embedded systems) established the strongest relationship with knowledge performance. McHargue strongly believed that non-profit

organizations can be learning organizations and this in return will facilitate them to better serve their clients and communities as well as society.

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

### **2.5.3 Tradition and Custom/ Discriminatory Cultural Practices and access to micro credit services**

Despite the role of formal and informal credit market in providing the easier access to credit, there are certain other factors such as rigid and strong social and cultural constraints that may also consider as major impediments to women's decision regarding borrowing especially in rural areas of Pakistan. Specific gender roles are rigidly demarcated according to which women are expected to render service within home, while men are responsible for their family's financial and physical needs and render services outside home. These rigid social and cultural norms restrict women mobility. Implication of such norms severely affects the women's participation in economic activities. Not only are the women restricted in their participation in economic activities, but they also rarely consider their own role in economic activities as essential or significant. Their perception of role and status also got distorted and they considered themselves insignificant in their social environment (Umoh, 2006).



A study conducted (Anyanwu, 2004) showed that there are very few women in business as they depend on their husbands as breadwinner; spouses controlled over income of their wives (Omorodion, 2007); and the gender hierarchy within the household meant that women tended to have less control over how income and food are allotted within the household. Indeed, it had been argued that “gender-differentiated entitlements mean that women tended to have less ownership of control over or access to resources than men” (Chen, 2004).

The second category is the socio-culturally induced constraint, which comprises of such factors as family and cultural expectations, multiple roles in the family and society, spouse influence and the tradition embedded in ethnicity. Most African cultures (Darley & Blankson, 2008) is built around the patriarchic archetypes (the belief that men are superior to women), and what more puzzling was that women tended to accept this role, especially in the rural areas. This meant that only men could go to war, therefore, “women were not to undertake risky ventures”, as one of our respondents recounted. This belief which had also been elaborately discussed in Faseke's, (2001) .The Nigerian Woman undoubtedly affected the attitude and behavior of women that tended to be inimical to micro-financing.

These impediments, confirmed by another study presented by (Darley & Blankson, 2008) summarized that socio-cultural constraints are a great hindrance to micro-credit access in most of the developing economies. The study asserted that internal constraints are those factors that are inert to the women micro-entrepreneurs, such as lack of mental access (phobia and anxiety) where the women themselves do not believe in micro-credits and MFIs due largely to ignorance, fear of the consequences of default, and the myth that “bank facilities are meant only for the

rich.” These barriers and constraints were largely cultivated by environmental reinforcements planted and nurtured by the myths surrounding conventional banking practices in the country.

However, Pakistan Microfinance Network, (2005) indicated that gender targeting was skewed in favor of male credit clients and had the lowest global proportion of female borrowers.

The reason for low targeting of females clients may be that microfinance sector had not been able to achieve scale as happened in other part of the world.

Grameen Bank still believed that this lack of access to credit was the biggest constraint for the poor women to undertake economic activities such as traditional financial institutions had failed to provide these services.

#### **2.5.4 Collateral Requirements and access to micro credit services**

The imperfections in rural markets and the additional constraints faced by the rural poor women more importantly, the lack of physical collateral restricted their access to formal sources of finance. Collateral depended on the type and nature of capital. A farmhouse may have had a significant amount of capital but the liquidity value of that capital makes it unsuitable as a collateral asset. As indicated in the previous discussion on “Conditions” and elsewhere, Micro Credits used a combination of guarantees and collateral in the awarding of loans (Binswanger & Sillers, 1983).

The full collateral value of assets is limited and in most cases only 50 percent of non-real estate or forest right assets can be used. The relationship between borrowing capacity and assets and

the results are quite surprising. Having more assets would increase access to credit if those assets could be used as collateral. A pledge of collateral would normally lead to more favorable interest rates and financial theory had long suggested that there was a fair substitution between collateral and interest rates (He, 2006).

Most important of course was the lack of distinct property rights on land. The land and forestry used rights allocated under the household responsibility system has probably done more to dampen agricultural credit than any other system or policy in China (Carter & Olinto, 2003). The (current) inability to sell, transfer, or mortgage used rights places a great strain on the ability of the farm household to acquire debt because the rights technically belonged to the village.

If a mortgaged right were claimed by the local RCC, the RCC would then have to find a new user of that right and would receive only the rental value which can range between 60 and 1,100 Yuan depending on the land use, quality and climate, etc. Farm machinery, farm implements and farm houses can be used for collateral, but in many villages such assets are not available and with a net exodus of villagers, the demand for homes in the rural areas is not high (Carter, 1988).

### **2.5.5 Technology and access to micro credit services**

An appropriate technology was one that was suitable to the environment, culture and level of development of the people ([www.unido.org](http://www.unido.org)). In Kenya, there was a general lack of appropriate technology to disabled women entrepreneurs (McCormick & Pedersen, 1996). During a recent visit to APDK and UDPK, there was no data available on adaptive technology or assistive devices suitable to women entrepreneurs with different types of disability.

## 2.6 Conceptual Framework

The ability of rural women to access finance from financial institutions relied entirely on certain market parameters as set out into two categories as dependent variables which invariably included: infrastructure, education, traditions and customs, collateral requirements and bank interest rates. If the above market environment favors women, borrowing is enhanced as many women are motivated by the market conditions which promised better returns on their investments. Contrary to the above understanding, the presence and prevalence of the same environment did not necessarily mean that women always succeeded in their endeavors in their quest to access credit finance.

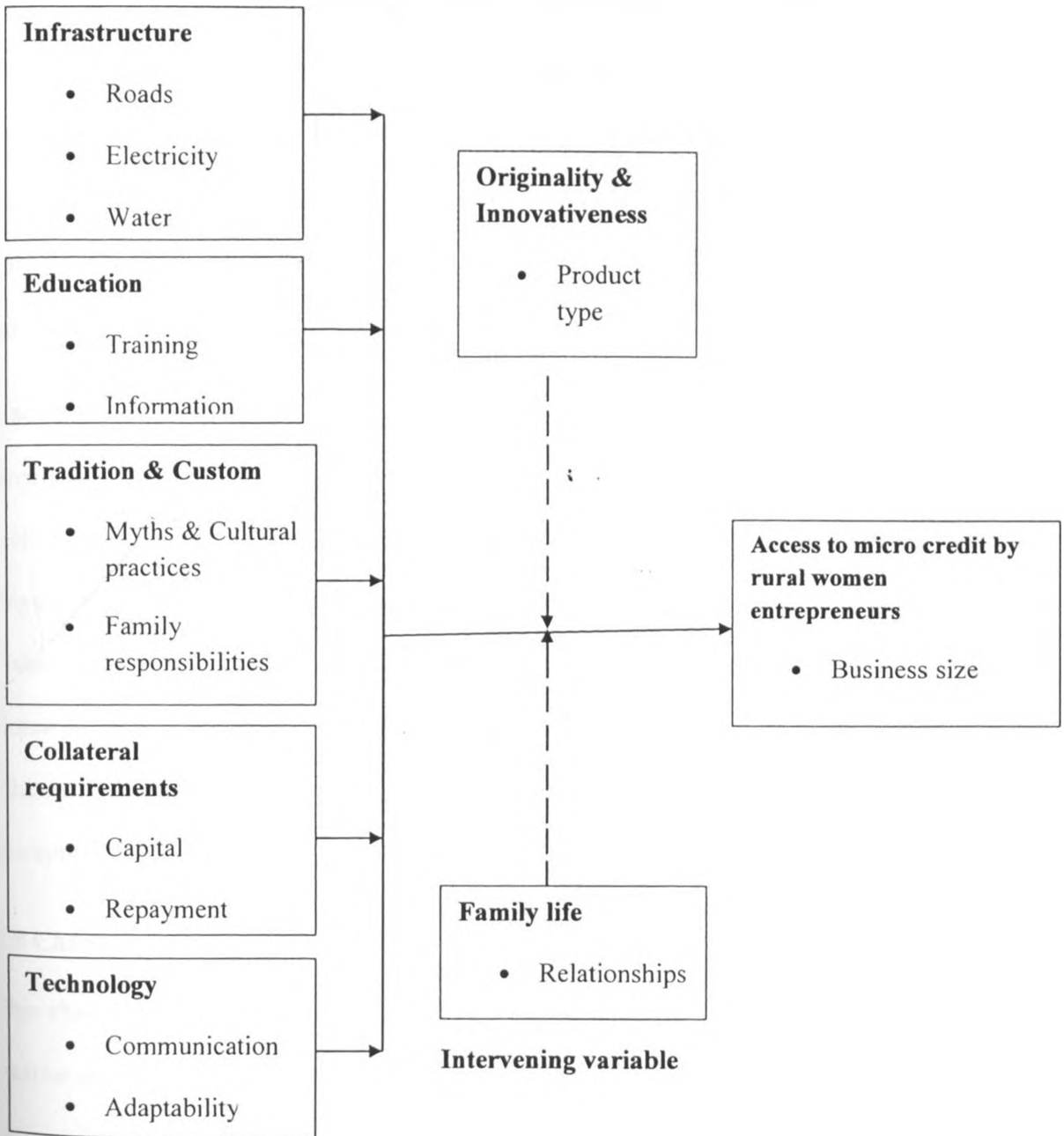
Other factors came into play and hindered accessibility. These factors had been categorized as moderating and intervening. They included originality and innovativeness of the women borrowers and family life respectively.

The intensity of these variables had a great bearing on both potential and existing women borrowers. A great intensity of these factors undermines borrowing because such intensity increases uncertainties, credit risks and opportunity costs. Under such circumstances women opted not to borrow. The relationship of the variables was displayed in figure 1.1 below.

**Independent Variables**

**Moderating Variables**

**Dependent Variable**



**Figure 1.1: Conceptual Frame work**

## **2.7 Knowledge Gap**

Many analysts writing on women borrowers tended to focus on few market conditions which existed at particular times in their studies. There was need also to focus on the central government as a potential influencing environment. A government which espoused a good women policy and empowerment motivated women to consider finance as an important component of their business plans. There should be a clear political manifesto and supportive government environment to encourage women to embrace credit to promote their enterprises.

Another area not discussed by financial analysts was the proximity of women clients to the financial institutions. Many women in rural areas are far flung from financial institutions and lack information on the various products such institutions offer. In part this could be a big impediment to accessibility. Lack of financial information due to information asymmetry and distance between borrowers and lenders had been accused as the major causes of lack of financial deepening and are big financial repression in developing countries like Kenya. This and other issues needed to be studied to provide further insight into challenges facing women entrepreneurs.

## **2.8 Chapter summary**

This chapter focused on the various authors' opinion researched and otherwise and the general treatise on the area of study highlighting women and credit accessibility. Factors that influence women finance accessibility discussed include: infrastructure, education, traditions and culture of the women borrowers and collateral security requirements. Also discussed in the chapter is the relationship that existed between the various market environments under which women

borrowers operated. Their relationship has been discussed in the conceptual framework as dependent, intervening and independent variables.

## CHAPTER THREE

### RESEARCH DESIGN AND METHODOLOGY

#### 3.1 Introduction

This chapter provided the methodology of the study. It gave the specific procedures that were followed in undertaking the study. The research design, population, sampling design, data collection methods and data analysis were described in this chapter.

#### 3.2 Research Design

This is the overall plan of conducting the study in order to answer the research questions and achieve the objective of the study. The study used descriptive survey research design. Mugenda and Mugenda (1999) describes descriptive survey research design as a systematic, empirical inquiry into which the researcher did not have a direct control of independent variable as their manifestation have already occurred or because the inherently cannot be manipulated. Inferences about relationships between variables were be made, from concomitant variables. The current research design was chosen because the study was not only confined to the collection and description of the data, but also sought to determine the existence of certain relationships among the research variables. Hence the design was selected to satisfy the aspect of the study Mugenda and Mugenda (1999).

#### 3.3 Target Population

According to Ngechu (2004), a population is a well defined set of people, services, elements, and events, group of things or households that are being investigated. Mugenda and Mugenda, (1999)



defines target population as that population to which a researcher wants to generalize the results of a study. The target population of this study was a fraction of the women entrepreneurs in Sirisia Division, Bungoma West district. There are 488 women entrepreneurs spread in 32 groups in the division. The number of women in each group gave the number of women entrepreneurs to be sampled in Sirisia Division Bungoma West District. The population constituted women groups (Self Help Groups) and business enterprise operators as well as farmers in the area who in their operations, get loans from micro finance institutions.

The said women groups were registered in the district under the Ministry of Gender and Social Services, Bungoma West District. The groups' membership ranged between 5- 53 members. Data for this study, therefore, purposively targeted 220 women who were drawn from the various women groups and business enterprises in the region. The women were business ladies and members of different women groups that were beneficiaries of various microfinance institutions in the division. The 32 groups were subdivided into locations as below:

**Table 3.1: Number of women entrepreneurs in each location.**

<b>Name of location</b>	<b>No. of Groups</b>	<b>No of Women Entrepreneurs</b>	<b>Percentage</b>
Kulisiru	5	98	20.1
Bisunu	7	113	23.2
Sirisia	11	150	30.7
Namwela	9	127	26.0
<b>TOTAL</b>	<b>32</b>	<b>488</b>	<b>100</b>

### 3.4 Sample Size Selection

Yamane (1967) formulated a sample size formula that to be used scientifically to generate a sample from a given population of study. Simple random sampling technique was used to obtain a sample of 220 respondents as indicated below:

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

Where: n = Sample Size

N = Target Population (488)

e = Error Term = 0.05

$$n = \frac{488}{1 + 488(0.05)^2}$$

$$n = 220$$

#### 3.4.2 Sampling Procedure

The research adapted a systematic random sampling technique to select the sample population by picking on odd numbered members in their group registers viz a viz:

After getting a sample size of 220 women entrepreneurs, simple random sampling technique was used to obtain the said sample size. To select a representative sample, a research had to first have a sampling frame (Mugenda & Mugenda, 2003). A sampling frame is a list, directory or index of cases from which a sample could be selected from for observation in a study. In this study

therefore, the sampling frame was a list of women entrepreneurs from Sirisia Division who were the unit of observation. This method of sampling involved giving a number to every woman entrepreneur in all the 32 women groups in Sirisia Division, 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 Ministry of Gender and Social Services as shown in table 3.1. They were then issued with questionnaires.

**Table 3.2 Sample size of respondents**

<b>Location</b>	<b>Odd numbers of up to:</b>	<b>No. of respondents</b>
Kulisiru	78	39
Bisunu	104	52
Sirisia	140	70
Namwela	118	59
<b>Total</b>		<b>220</b>

### **3.5 Data Collection Method**

The study adopted a questionnaire as the main data collection tool. The developed questionnaires were administered to the sampled respondents. It was a drop- and- pick method since majority of targeted respondents were too busy to fill the questionnaires on the spot and therefore needed

extra time for the same. The questionnaires had a set of attitude statements on Infrastructure, level of education, tradition; collateral requirements and technology were asked. Their implication described in the study findings. In the second part, the study contained questions related to the study variables which included; Infrastructure, Level of Education, Tradition and Customs, Collateral Requirements, Technology and their influence on rural women towards access to micro credit services in Sirisia division. The purpose of the set objectives was to determine the level of agreement or disagreement using a five-point Likert scale (Underwood, 2004).

### **3.6 Pilot Study**

Bordens, (2008) 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. Pilot study was carried out by to clarify instructions, determine appropriate levels of independent variables, determine the reliability and validity of the observational methods in order to use the pilot results to make adjustments in the study questionnaire.

#### **3.6.1 Validity of Instruments**

Validity indicates the degree to which the instrument measures the constructs under investigation (Mugenda & Mugenda, 1999). Of the three types of validity test, (content, criterion and related construct validity), this study used content validity because it measured the degree to which the sample of the items represented the content that the test was designed to measure. An instrument is said to be valid to the degree that it measures what it claimed to measure or the

extent to which it predicted accurately such types of behavior as better service delivery (Best & Khan, 2004)..

In this case, the researcher sought the supervisor's view on the quality of the questionnaire. The intention was to validate the questionnaires as a measurement tool in order for them to be an appropriate tool to find out whether the study measured what it was intended to measure (Mugenda & Mugenda, 2003).

### **3.6.2 Reliability of Instruments**

The data collection instruments that were used were reliable because they had the ability to consistently yield the same results when repeated measurements were taken of similar individuals under the same conditions. Questionnaires were handed out to ten respondents of Sirisia Division of which the study findings were not included in the final report. The respondents were selected using simple random sampling. This was repeated after three weeks as a retest for the questionnaires using the test-retest approach (Mugenda & Mugenda, 2003) The responses from both the testing periods were correlated. For sufficiency of reliability, an instrument that yielded a reliability coefficient of 0.80 and above 80% and above was reasonably consistent.

### **3.7 Data Analysis procedures**

The study employed a variety of analytical approaches in establishing the relationship between the objective variables mentioned above. These techniques included:

Correlation analysis used to show the relationship between literacy and access to rural credit. Previous studies had shown that high literacy among debtors contributed to a higher access to credit. Therefore, there was positive correlation between the two variables.

Many rural entrepreneurs who engaged in trade utilized road transport system in supplying their system to successful loan accessibility and how bad roads affect loan accessibility in Sirisia Division. The percentage of loan accessibility was generalized and compared with the nature of the road system prevalent in rural area where the respondent came from.

Collateral requirements among debtors had a positive impact on loan accessibility. This impact was evaluated using averages and mean deviation. The researcher established the average rate of loan accessibility in the division and compared it with individual respondents in the study while trying to show how the study women deviated from the established mean.

To generate the averages, mean deviation, correlation, percentages and percentiles, Statistical Package for Social Sciences (SPSS) was used. Data was presented in frequency tables.

In addition, there was conducted a correlation analysis so as to determine the relationship between access to Micro Credit Services and the variables of the study (Infrastructure, Level of Education, Tradition and Customs, Collateral Requirements, Technology).

### 3.8 Operationalisation of Variables

The relationship of variables was illustrated in table 3.2 which shows their respective indicators.

**Table 3.3 Operationalisation Table**

S/N o.	Objective	Variable	Indicators	Measurement Scale	Statistics
1.	To examine how infrastructure influences rural women to access micro credit service in Sirisia Division	Independent Infrasructure	a) Accessibility of roads b) Availability of electricity c) Availability of water	Nominal Nominal Nominal	Descriptive Descriptive Descriptive
2	To establish how the level of education influences rural women to access micro credit in Sirisia Division	Independent Education	a) Number of those with training b) Ability to read, write and comprehend information	Ordinal Ordinal	Descriptive Inferential
3	To find out the extend to which tradition influences rural women to access micro credit services in Sirisia Division	Independent Tradition	a) Responsibility in the home that must be done by women b) Number of dependants in a household.	Ordinal Nominal	Inferential Descriptive

4	To ascertain how collateral requirements influence rural women to access micro credit services in Sirisia Division.	Independent Collatral requirements	a) assets used as security to get loans b) Amount of loan borrowed	Ordinal Ordinal	Descriptive Descriptive
5	To ascertain the influence of technology on rural women to access micro credit services in Sirisia Division	Independent Technology	a) Ability to use mobile phones and the internet b) Ability to adapt to new/unique products in the business	Ordinal Ordinal	Inferential Descriptive
6	To determine factors influencing rural women to access micro credit services in Sirisia Division	Dependent	a) 'Growth of the business in size b) The nature of living standards	Nominal Ordinal	Inferential Descriptive



## **CHAPTER FOUR**

### **DATA ANALYSIS, PRESENTATION AND INTERPRETATION**

#### **4.1. Introduction**

This chapter presents the findings of the study. The study sought to examine extent infrastructure influences rural women entrepreneurs to access micro credit services, to establish level of education influences rural women entrepreneurs to access micro credit services, find out the extent to which tradition and custom/Discriminatory cultural Practices influence rural women entrepreneurs to access micro credit services, ways in which Collateral Requirements influence rural women entrepreneurs to access micro credit services and the influence of technology on rural women entrepreneurs to access micro credit services in Sirisia Division.

#### **4.2 Questionnaire Return Rate**

During the study, 220 questionnaires were dispatched to the sampled population of rural women. Out of these questionnaires, 210 questionnaires were correctly filled and returned for picking in good time. Table 4.1 contains the rate at which the questionnaires were returned after the dispatch.

**Table 4.1 Response on Questionnaire Return Rate**

<b>Location</b>	<b>Frequency</b>	<b>Percent</b>
Kulisiru	36	17.14
Bisunu	50	23.81
Sirisia	67	31.90
Namwela	57	27.15
<b>Total</b>	<b>210</b>	<b>100.0</b>

According to the questionnaires distributed, 95% return rate was realized giving a total of 210 questionnaires which was taken as 100% of the sampled population. The distribution per location was as follows: Sirisia, 31.90%, Namwela 27.15%, Bisunu 23.81% and Kulisiru 17.14%. 10 questionnaires, constituting 5% of the respondents, were not returned in good time. Therefore, those returned in good time were considered adequate for this analysis.

### **4.3 Characteristics of respondents**

This section contains presentation of findings arising from the data analysis that interrogated the general characteristics of the respondents and how infrastructure, education, tradition, collateral requirements and technology influenced rural women entrepreneurs to access micro credit

services. The rural women entrepreneurs are adults of above 18 years. Table 4.2 presents the age distribution of the respondents.

**Table 4.2 Age distribution of respondents**

Age bracket	Frequency	Percent
18-25	52	25.0
26-33	48	22.7
34-40	62	29.5
40 and above	48	22.7
<b>Total</b>	<b>210</b>	<b>100.0</b>

In relation to table 4.2 above, majority 29.5% of the respondents were aged between 34 and 40 years. Those between 18 and 25 years formed 25%, while those between 26 and 33 years and those 40 years were 22.7% each. Marital status of women entrepreneurs were: 68.2% married; 18.2% single while the separated and those divorced were 2.3%.

#### **4.4.1 Infrastructure and access to micro credit services**

To establish how infrastructure influenced rural women entrepreneurs to access micro credit services, means of transport as unit of carriage used was sought for by the study. The results were presented in table 4.3.

**Table 4.3 Means of transport**

<b>Unit of carriage</b>	<b>Frequency</b>	<b>Percent</b>
Foot	57	27.3
Bicycle	72	34.1
Motor cycle	72	34.1
Pick-up	9	4.5
<b>Total</b>	<b>210</b>	<b>100.0</b>

According to table 4.3, the study revealed the following: 34.1% of the respondents used motor cycles, an equal percent to those who used bicycles. 27.3% delivered their products on foot, while 4.5% used pick-ups as unit of carriage.

Good means of transport was at 59.1%. This is owing to the fact that most of their unit of carriage is bicycles and motor cycles which can reach different places however remote to collect their products. Bad means of transport stood at 29.5% and this was mostly by those who used motor vehicles in transporting their products.

The study also established that a majority of the respondents in did not have electricity supply connected to their businesses. Only 36.4% of the respondents had electricity in their premises. 63.6% did not have their businesses connected to electricity and for the value of electricity

47.7% enjoyed extended business hours, 36.4% said that electricity, 13.6% said that the value of the product was retained while 2.3% said that electricity helped in processing products.

The study used Spearman's correlation of ranking to give the relationship between means of transport and access to micro credit services. The relationship was presented in table 4.4.

**Table 4.4 Correlation of means of transport and access to micro credit services**

CORRELATION		Amount of loan taken from micro finance at a time	
Spearman's rho	Amount of loan taken from micro finance at a time	Correlation Coefficient	1.000
		Sig. (1-tailed)	
		N	210
	Contribution of a good means of transport in accessing micro credit services	Correlation Coefficient	.223
		Sig. (1-tailed)	.073
		N	210
	The value benefits derived by businesses having connection of electricity to premises	Correlation Coefficient	.313*
		Sig. (1-tailed)	.019
		N	210

As presented above, good means of transport contributed positively to access to microfinance though if effect is small and not significant. Business connection to electricity has apposite relationship with access to microfinance loan and is significant at  $p < .05$ . Taking the coefficient of determinant, electricity contributes 9.7% of the influence to the access to microfinance loan.

#### 4.4.2 Level of education and access to micro credit services

Educational background of rural women entrepreneurs was sought for so as to determine the extent to which it the level of education influenced access to micro credit services. The results are indicated in table 4.5

**Table 4.5 Level of Education of Respondents**

<b>Level of Education</b>	<b>Frequency</b>	<b>Percent</b>
Primary	76	36.4
Secondary	91	43.2
Diploma	38	18.2
Graduate	5	2.3
<b>Total</b>	<b>210</b>	<b>100.0</b>

With reference to table 4.5, the study revealed that 43.2% of the respondents had attained up to secondary education. This was followed closely by those with primary education at 36.4%. 18.2% of the respondents had diploma education while 2.3% were graduates. These were relatively low levels of education much as the women entrepreneurs could read and write.

The study also revealed that 50% of the respondents could calculate interest only if guided by the bank staff. 38.6% could do calculations independently while 11.4% could not do it and the bank staff did everything for them.

Through spearman's correlation of ranking, the relationship between the level of education and access to micro credit services was sought. Table 4.6 indicates the relationship.

**Table 4.6 Relationship between education and access to micro credit services**

CORRELATION		Amount of loan taken from micro finance institution at a time
Spearman's rho	Correlation Coefficient	1.000
	Amount of loan taken from micro finance institution at a time	
	Sig. (1-tailed)	
	N	210
Level of education	Correlation Coefficient	.829**
	Sig. (1-tailed)	.000
	N	210

Table 4.6 shows that the level of education influenced how someone accessed loan positively and the relationship was significant at  $p < .001$ . This influence was so strong for it to be a fluke. From the analysis, the higher the level of education the higher is the chances of accessing the loan.



#### 4.4.3 Tradition and cultural practices and access to micro credit services

In order to understand the characteristics of respondents the research was keen on knowing marital status and the extent to which statuses influenced access to micro credit services. The findings of this study were illustrated below in table 4.7

**Table 4.7 Marital status of the respondents**

<b>Marital status</b>	<b>Frequency</b>	<b>Percent</b>
Married	143	68.2
Single	38	18.2
Widowed	19	9.1
Divorced	5	2.3
Separated	5	2.3
<b>Total</b>	<b>210</b>	<b>100.0</b>

With regard to table 4.7, the findings revealed that most rural women entrepreneurs were married. Married women entrepreneurs comprised of 68.2% of the sample population. 18.2% were single, 9.1% were widowed. A small percent of 2.3% each of divorced and separated with their spouses.

The study also revealed that most respondents had many dependants. 50% of the sample population was aged below 4 years. Those aged over 18 years constituted 29.5%, while those between 5 and 18 years formed 10.5% of the dependants of entrepreneurs.

The study established the relationship between tradition and access using Spearman's correlation of ranking as indicated in table 4.8.

**Table 4.8 Correlating tradition and culture and access to micro finance services**

CORRELATION		Amount of loan taken from a micro finance institution
	Correlation Coefficient	1.000
Amount of loan taken from a micro finance institution at time	Sig. (1-tailed)	
	N	210
	Correlation Coefficient	.088
Freedom to use family land title deed to secure a loan	Sig. (1-tailed)	.285
	N	210
	Correlation Coefficient	.002
Rating spouse influence on amount of loan to borrow	Sig. (1-tailed)	.494
	N	210
	Correlation Coefficient	.012
Being a female as a hindrance to financial credit	Sig. (1-tailed)	.470
	N	210
	Correlation Coefficient	.184
	Sig. (1-tailed)	.116
Being a woman as hard working contributing to access to micro credit services	N	210
	Sig. (1-tailed)	.236
	N	210

In relation to table 4.8, traditions and culture had no significant correlation in influencing women access to micro credit. Therefore, being a woman, a mother and other titles that are traditionally and culturally prescribed do not hinder rural women entrepreneurs in accessing micro credit services.

#### 4.4.4 Collateral requirements and access to microcredit services

The study focused on knowing how the nature of business and duration in the business influenced access to micro credit services in terms of operations. This meant to establish if the women entrepreneurs had any formal employment. The results are indicated in table 4.9 below

**Table 4.9 Type of business**

<b>Type of business</b>	<b>Frequency</b>	<b>Percent</b>
Retail Shop	52	25.0
Farming	110	52.3
Grocery	5	2.3
Tailoring	5	2.3
Fish monger	38	18.2
<b>Total</b>	<b>210</b>	<b>100.0</b>

According to table 4.9, 25% of the respondents operated retail shops, 52.3% of them were involved in farming, and 2.3% had tailoring and sold grocery while 18.2% were fish mongers.

The study also indicated that majority of the respondents who accessed micro credit services had been in business for over 10 years. This was presentation of 29.5%, followed closely by those who have been in business for between 6-10 years at 25% and then, at 18.2% for a duration of between 3-5years. A paltry 13.6% of the respondents who had been in business for less than three years accessed micro credit services. The study further established that majority 43.2% of women entrepreneurs took loans of between Kshs10,000 and Ksh. 50,000. 27.3% of the respondent borrowed between Kshs 10,000 as 20.5% picked less than Kshs10, 000. Only 9.1 % had picked loans of over Kshs. 100,000.

Spearman's correlation of ranking was applied to assess the relationship between collateral requirement and access to micro credit services. Results were as in table 4.10 below.

**Table 4.10 Relationship between collateral requirements and access micro credit services**

CORRELATION		Amount of loan taken from micro finance institution at a time
	Correlation Coefficient	-.185
Using sofa as collateral security for loan	Sig. (1-tailed)	.114
	N	210
	Correlation Coefficient	-.271*
Using bicycle as collateral security for a loan	Sig. (1-tailed)	.038
	N	210
Spearman's rho	Correlation Coefficient	.077
Using TV as collateral security for loan	Sig. (1-tailed)	.310
	N	210
	Correlation Coefficient	-.110
Using animals as collateral security for loan	Sig. (1-tailed)	.238
	N	210

According to table 4.10, using TV, sofa, bicycle and animal as security had negative correlation to the access to loan though their influence was not significant except for bicycle. This implied that bicycles won't be accepted as security towards accessing loan. Using a TV as security was

positively correlated though not significant. This meant that not many people used TV as security for their loans.

#### 4.4.5 Technology and access to micro credit services

Adaptability to technological advancement by the respondents was a characteristic of interest in this study so that one was able to ascertain how technology had been embraced by respondents of different business transactions as indicated in table 4.11 below.

#### 4.11 Using M-PESA in receiving loans from banks.

<b>No of times M-PESA was used</b>	<b>Frequency</b>	<b>Percent</b>
Once	5	2.3
More than five times	24	11.4
Not at all	181	86.4
<b>Total</b>	<b>210</b>	<b>100.0</b>

Table 4.11 shows that 86.4% of respondents had never attempted doing their transactions with MFIs using M-PESA services. 11.4% of respondents had used M-PESA while 2.3% made only a first attempt.

The study also established that majority, 70.5% of the respondents did not read advertisements of products concerning their businesses on the internet. There were 22.7 % of the respondents always. While 2.3% rarely used the internet to read advertisements.

The study further established the relationship between technology and access to micro credit services using spearman's correlation of ranking as indicated in table 4.12.



**Table 4.12 Correlating technology and access to micro credit services**

CORRELATION		Amount of loan taken from micro finance institution at a time
	Correlation Coefficient	1.000
	Amount of loan taken from micro finance institution at a time Sig. (1-tailed)	.000
	N	210
	Correlation Coefficient	-.198
Spearman's rho	Number of times M-PESA is used for transactions Sig. (1-tailed)	.099
	N	210
	Number of times loan advertisements are read On the internet Correlation Coefficient	-.645**
	Sig. (1-tailed)	.000
	N	210

With reference to the relationship in table 4.12, advertisements had a negative correlation to access to loan and was highly significant at  $p < .05$  and from the percentages from table- not very many entrepreneurs read advertisements.

From the above interpretation it is evident that; the factors that influence access to micro credit services are interpreted as being poor rural road network, Low level of education among women entrepreneurs, inadequate collaterals for security and lack of embracing technological

advancements in running businesses. Tradition was not very much a consideration in influencing access to micro credit services. They had little influence on rural women entrepreneurs. Therefore, infrastructure, education, collateral requirements and technology influence rural women to access to micro credit services.

## CHAPTER FIVE

### SUMMARY OF FINDINGS, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

Chapter five focused on the summary of the findings, discussion conclusions inferred from the findings. The chapter also contains some useful recommendations on how accessing micro credit services to rural areas can be enhanced.

#### 5.2 Summary of findings

Regarding access to micro credit services by rural women entrepreneurs, infrastructure, which included electricity, road and water, had influence on access to micro credit services by rural women entrepreneurs. Much of the roads which were considered as good were generally impassable. Majority of the respondents did not have electricity connected to their businesses. Again, the electricity supply was highly epileptic and therefore quite unreliable. Some areas might go without electricity. This condition affected those connected with electricity.

With regard to level of education, the study established that the majority of the women entrepreneurs had attained up to secondary level of education and therefore they had basic knowledge in going about their businesses and customers. They were however not very not very conversant with calculating interests that accrued on borrowed loans. The results indicated that most of the respondents could calculate interest only if guided by the bank staff, a number of them could do calculations independently while others could not do it and the bank staff did everything for them.

Concerning tradition, the findings agree with Pakistan case where by specific gender roles are rigidly demarcated according to which women are expected to render service within home, while men are responsible for their family's financial and physical needs and render services outside home. Most of the rural women entrepreneurs were married and did not have formal employment. Therefore, they depended on their businesses to take care of family members' needs. Collateral requirements influenced access to micro credit services. The study revealed that rural women entrepreneurs accessed micro credit did not go in for loans exceeding Kshs 50,000. Many of the women entrepreneurs went in for loans, but repayment proved problematic to the respondents hence they did not find the rules of loaning and procedure of repayment friendly to them. This was the case when it came to cases where members defaulted. The high rate of defaulting therefore is due to security that is of low value.

The study also established that technological advancements like phone transactions, through M-PESA and accessing bank accounts to check balances, had not been embraced by the women entrepreneurs. Majority of the respondents had never used phones for transactions, a few had tried once and gave up, while not many had tried but were not enthusiastic with the operations. This implied that any business transactions were done when an individual traveled all the way Micro Finance Institutions' offices or to the banks.

### **5.3 Discussion of findings**

The findings on the influence of infrastructure, there is agreement with Claxton. (2005) who found out that poor state of road networks in most of the developing countries especially the ones connecting roads from the rural areas to the urban centers makes movement to and fro

rural/urban markets particularly difficult resulting to extra costs, wastages of perishable items on transit, losses arising from avoidable accident, time wastage and attacks from hoodlums. Much of the road network which is considered good but the 'goodness' of the roads is so because the unit of carriage mostly used by entrepreneurs is bicycle and motor cycle. These are known to be able to pass on any road and even on paths in most interior of places. Again, poor means of transport may not be so much realized because the goods or products to be ferried by entrepreneurs in Sirisia division are not bulky to warrant bigger or four wheeled unit of carriage. Additionally, as concerns electricity, the findings agree with those of Umoh, (2006) who argued that the women are forced to divert their limited resources towards the purchase or renting of generators, which not only increases operating costs but also eats into any margins. This is because the electricity is epileptic to those who are connected and this makes it unreliable.

The level of education of women entrepreneur had a negative influence on access to micro credit services. The findings are in tandem with the findings of Hernandez (2000, 2003) and (Hernandez & Watkins, 2003) whose studies showed the ways in which learning organization dimensions influenced the process of tacit knowledge transfer, knowledge performance and financial performance within private manufacturing organizations in Colombia. Hernandez found a positive structural relationship between the seven learning organization dimensions and the transfer of tacit knowledge process. The transfer of tacit knowledge process consecutively showed a positive influence on entrepreneurial performance.

The more educated an entrepreneur is, the more she is motivated to access loans because she can comfortably understand the rules governing lending and has the ability to calculate interests that

accrued on loans. Thus, literacy of women entrepreneurs had a benefit to them in accessing micro credit facilities. The higher the level of education of an entrepreneur, from micro finance institutions the higher the amount of loan borrowed. A very small number of respondents had education up to the university and had higher chances to access micro credit services.

The findings of this study disagree with those of (Darley & Blankson, 2008) who stated that most African cultures are built around the patriarchic archetypes (the belief that men are superior to women), and what more puzzling was that women tended to accept this role, especially in the rural areas)Pakistan. The study revealed that, traditional and cultural obligations on women did not hinder much in accessing micro credit services. They had to provide for their dependants first and go about their businesses. Therefore, tradition had minimal influence on rural women entrepreneurs to access micro credit services.

With regard to collateral requirements, the findings are in line with He, (2006) who argued that a pledge of collateral would normally lead to more favorable interest rates and financial theory had long suggested that there was a fair substitution between collateral and interest rates

Most important of course was dampened agricultural credit than any other system could offer. The situation is similar in China where (Carter & Olinto, 2003) established the lack of distinct property rights on land. The land and forestry used rights allocated under the household responsibility system has probably done more that most of the entrepreneurs practiced farming because they live on family lands and therefore they do not require much capital to invest in the businesses. Those who operated retail shops rented the shops on market centers mostly. This therefore shows that the longer the period in business, the more an individual accessed micro

credit services. It is attributed to the fact that the entrepreneurs are experienced in getting loans since they understand ways of accessing the loans and meeting the terms and conditions. Furthermore, the financiers had, with time built, trust in entrepreneurs who had been there for a longer period and thus were quicker to re finance them when need arose.

The findings on the influence of technology on rural women entrepreneurs agree with McCormic and Pedersen, (1996) who established a general lack of appropriate technology among women entrepreneurs to influence access to micro credit services. Technological advancements drag the desire to access loans by rural women entrepreneurs. Since very many of them were unable to use phones and the internet to market their products, as dictated by demand, supply and price of their products, they always took time off businesses to visit the banks away in towns to deposit or withdraw money for various purposes. As result the businesses do not maximize profit.

#### **5.4 Conclusions**

Infrastructure indicated by roads being impassable and the electricity, hinders growth of businesses hence the entrepreneurs are not motivated to access loans. The road network in the division has no patch of tarmac or even a maram road. This condition makes businesses to stagnate because delays create loss of value in products and re directs customers away from remote business ventures.

Education is vital to economic development. Therefore, it was concluded that where education is lacking, there is absence of vibrant businesses and this kills entrepreneurship among those who

participate in it. With good education and training, entrepreneurs are able to understand loan requirements and know how to calculate interests.

Rural women entrepreneurs in Sirisia division operate small businesses relying mainly on farming activities. The parcels of land on which they farm to produce what they sell are small and therefore not adequate to facilitate women entrepreneurs to access micro credit services.

It was also noted that collateral requirements hindered women to access bigger loans. They mostly used animals, TV and bicycles to pledge as security for loan consideration. These forms of security are of less value and therefore they cannot enable entrepreneurs to access loans beyond what the collateral can measure to fetch in case a member failed to repay the borrowed loan.

Poor technological advancements in the division has led to scarcity of information. The entrepreneurs lack in knowledge on internet usage. This implies that the women entrepreneurs do not use technology to know more about the global potential demand and potential supply of their products so that they can strategize to market their products in order to maximize profit or otherwise.

#### **5.4 Recommendations**

The following recommendations were made on the basis of the findings:

- (i) the government should hasten to ensure the roads in rural areas are in good conditions by carpeting them with tarmac. A good rural road network would open up business because other people in urban areas and outside the division can quickly get products



from rural areas. Additionally, rural electrification should be spread to reach more of the remote places. In a view to having extended business hours and fresh products reaching the markets. This is towards realizing a 24hour business economy, and better living standards.

(ii) Micro Finance Institutions in liaison with the Ministry of Gender and Social Services should offer education to rural women entrepreneurs. The training should be done to create awareness on rules and regulations governing access to loans. They should also get skills on business management to help them manage businesses qualitatively to be able to sustain cash flow.

(iii) There should also be sensitization on benefits of loans and repaying them in good time to avoid embarrassment in case of defaulting and subsequent recovery process. The women entrepreneurs can get valuable collateral for their loans. By doing this, there will be minimized defaulting and exits upon accessing loans.

(iv) Women should be encouraged to embrace technological advancements so that they can use technology in their transactions to save on time and other resources.

## **5.5 Suggestions for Further Research**

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

1. A study be carried out on factors influencing repayment of micro loans by rural women entrepreneurs.

2. A study be done elsewhere with a larger population other than the one covered in this study.
3. Further research be carried out to capture the extents to which rural women entrepreneurs are indebted in Micro Finance Institutions.

### **5.6 Contribution to the body of knowledge**

This section highlights the gains to be realized from the study which will add knowledge to the present situation. Table 5.6 below shows the contribution to the body of knowledge.

**Table: 5.6 Contribution to the body of knowledge**

<b>No</b>	<b>Objectives</b>	<b>Contribution to knowledge</b>
1	To examine how infrastructure influences rural women entrepreneurs to access micro credit services.	Know the elements of infrastructure that hinder access to micro credit services
2	To establish how the level of education influences rural women entrepreneurs to access micro credit services	Role of education in accessing micro credit
3	To find out the extent to which tradition and cultural practices influence rural women to access micro credit services	Effect of tradition and cultural practices on accessing micro credit
4	To assess how collateral requirements influence rural women to access micro credit services	Acquisition of knowledge on collateral requirements
5	To ascertain how technology influences rural women to access micro credit services	Acquisition of knowledge on collateral requirements

## REFERENCES

- Aleem, I. (1990), "*Imperfect information, screening, and the costs of informal lending: a study of a rural credit market in Pakistan*", *The World Bank Economic Review*, Vol. 4 No.3, pp.329-49.
- Alila, P.O. (1991). *Informal and Formal Credit in Rural Kenya: A Case of Western Kenya Grassroots Borrowing and Lending in an Institutional Development Perspective*, Institute for Development Studies, University of Nairobi, Nairobi.
- Anyanwu, J.C. (1994). "*Women's education and the use of bank credit in Nigeria: challenges for the twenty-first century*". *Journal of Social Development in Africa*. Vol. 9 No.2, pp.45-59.
- Barnes, C. (2001). *Microfinance Program Clients and Impact: An Assessment of Zambuko Trust, Zimbabwe*.
- Basu, A., Blavy, R., Yulek, M. (2004). "*Micro finance in Africa experience and lessons from IMF*", International Monetary Fund, Geneva. Working Paper No. WP/04/174
- Binswanger, H.P. and Sillers, D.A. (1983), "*Risk aversion and credit constraints in farmers' decision-making*
- Bullen, P. and Onyx, J. (2000) *Measuring Social Capital in Five Communities*. *The Journal of Applied Behavioral Science*. Vol 36: 1.
- Buss, T. (2005), "*Microcredit in Sub-Saharan Africa: a symposium*", *Journal of Microfinance*, Vol. 7 No.1, pp.1-11.

Carter, M.R. (1988), "*Equilibrium credit rationing of small farm agriculture*", Journal of Development Economics, Vol. 28 No. 1, pp. 83-103.

Carter, M.R. and Olinto, P. (2003), "*Getting institutions 'right' for whom? Credit constraints and the impact of property rights on the quantity and composition of investment*", American Journal of Agricultural Economics, Vol. 85 No. 1, pp. 173-86.

Chen, M.A., Vanek, J., Carr, M. (2004), *Mainstreaming Informal Employment and Gender in Poverty Reduction: A Handbook for Policy-makers and Other Stakeholders*, International Development Research Centre, Ottawa.

Chitere, O.P., Mutiso, P. (2006). *Working with Rural Communities: A Participatory Action Research in Kenya*. Nairobi University Press, Nairobi.

Claxton, G. (2005). "*Microcredit strategies for assisting neighborhood businesses*", *Urban and Regional Development Handbook*, University of Michigan, available at: [www.umich.edu/~econdev/microcredit/](http://www.umich.edu/~econdev/microcredit/) (accessed 16 December 2009).

Darley, W., Blankson, C. (2008), "*African culture and business markets: implications for marketing practices*", Journal of Business & Industrial Marketing, Vol. 23/6 pp.374-83

Dunn, E. (2002). *Research Strategy for the AIMS Core Impact Assessments*.

- Faseke, M. (2001). *The Nigerian Woman: Her Economic and Socio-Political Status in Time Perspective*, Agape, Ibadan.
- Ghate, P. (1992), *Informal Finance: Some Findings from Asia*, Oxford University, New York, NY, .
- Gupta, S. (2008). *Microfinance in Africa: Harnessing the Potential of a Continent. Microfinance insight*. An Intellectcap Publication.
- Hartungi, R. (2007). *Understanding the success factors of microfinance institution in a developing*. International Journal of Social Economics, 34(6), 388-401.
- Haruna, D. (2007). "Micro finance: the financial system that works for the majority", The Nigerian Micro Finance Newsletter, Vol. 5 No.8, pp.15.
- Hassen, E. (2003), "When more means less: low income housing and macroeconomic policy in South Africa", in Khan, F., Thring, P. (Eds), *Housing Policy and Practice in Post-Apartheid South Africa*, Heinemann, Sandown, pp.115-60.
- He, G. (2006), "Credit-only commercial micro credit: pilots in China – case analysis of Quan Li Microcredit Lt Co, Guangyuan/Sichuan PRC". Center for Rural Finance and Investment
- Hernandez, M. (2003), "Assessing tacit knowledge transfer and dimensions of a learning environment in Colombian businesses", *Advances in Developing Human Resources*, Vol. 5 No.2, pp.215-21.

Hogue, M. & Chisty, M. (2011). *Commercialization and changes in capital structure in microfinance institutions. An innovation or wrong turn?* Journal of Managerial Finance, 37(5), 414-425.

Hossain, M. (2003), "*Credit for alleviation of rural poverty: The Grameen Bank in Bangladesh*", IFPRI Research Report No. 65, Washington, DC, .

Kanyiri, F. K. (2009). *Factors that inhibit Innovation in Financial Intermediaries for SMEs in Kenya: A Case Study of the Perspectives of Entrepreneurial Members of SACCOs in Nairobi City*. Unpublished MA Thesis. Nairobi: USIU.

Kiweu, J. M. (2009). *The critical success factors for commercializing microfinance institutions In Africa*. Unpublished PHD dissertation Stellenbosch University. Accessed online <[http://scholar.sun.ac.za/bitstream/handle/10019.1/4004/Kiweu, %20J.M.pdf?](http://scholar.sun.ac.za/bitstream/handle/10019.1/4004/Kiweu,%20J.M.pdf?)>. Accessed 22nd February, 2011.

Maltz, E., Kohli, A.K. (2000), "*Reducing marketing's conflict with other functions: the differential aspects of integrating mechanisms*", Journal of the Academy Marketing Science, Vol. 28 No.4, pp.479-92.

Manroth, A. 2001. *How effective is Microfinance in CEEC and the NIS? A Discussion of Impact Analysis to date*. Unpublished M.Sc. Dissertation, London School of Economic and Political Sciences, the European Institute, London.

- McHargue, S.K. (2003), *"Dimensions of the learning organization as determinants of organizational performance in nonprofit organizations"*, unpublished doctoral dissertation, University of Georgia, Athens, GA, .
- Mugenda, A. & Mugenda, O (1999). *Research Methods: Qualitative and Quantitative Approaches*. Nairobi: Acts Press.
- Selden, G. (2000), *"Dimensions of the learning organization in family-run businesses"*, unpublished doctoral dissertation, University of Georgia, Athens, GA, .
- Stauffenberg, D.V. (2001). *How Microfinance Evolves: What Bolivia can teach us*. Microenterprise Development Review, 4(1), Inter-American Development Bank, New York.
- Umoh, G.S. (2006). *"Empirical investigation of access to micro-credit in an emerging economy: evidence from Nigeria"*, Journal of African Business, Vol. 7 No.1-2, pp.89-117.
- Watkins, K.E., Marsick, V.J. (2003), *Sculpting the Learning Organization: Lessons in the Art and Science of Systematic Change*, Jossey Bass, San Francisco, CA, .
- Watkins, K.E., Marsick, V.J. (2003), *In Action: Creating the Learning Organization*, ASTD Press, Alexandria, VA .
- Yang, B. (2003), *"Identifying valid and reliable measures for dimensions of a learning culture"*, Advances in Developing Human Resources, Vol. 5 No.2, pp.152-62



## APPENDICES

### APPENDIX 1: LETTER OF TRANSMITTAL

UNIVERSITY OF NAIROBI,  
KAKAMEGA EXTRA -MURAL CENTRE,  
P.O.BOX 422,  
KAKAMEGA.

Dear Madam,

I am Regina Nafula Silikhani, an M.A (Project Planning and Management) student of the University of Nairobi registration number L 50/66016/2010. I am conducting a study to investigate factors influencing access to credit services by rural women Entrepreneurs in Sirisia Division, Bungoma West District, and Bungoma County.

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 confidence and will only be used for the purpose of this study.

Thank you.

Yours Faithfully,

REGINA NAFULA SILIKHANI

## APPENDIX II:

### QUESTIONNAIRE FOR WOMEN ENTREPRENEURS

This Questionnaire seeks to obtain data on the factors influencing access to micro credit services by rural women entrepreneurs in Sirisia Division, Bungoma West District. Please be frank and honest in all your responses.

Please note that your responses will be used for academic purposes only and that they will be treated with utmost confidence.

### QUESTIONS FOR RURAL WOMEN ENTREPRENEURS

Please tick (✓) or fill the spaces provided:

1.1 Which of the following means of transport serves your business?

a) Road

b) Rail

1.2. What is the nature of business you are involved in?

a) Retail shop

b) Tailoring

c) Farming

d) Fishmonger

e) Grocery

f) others

1.3 What unit of carriage do you use in your business?

a. Foot

b. Bicycle

c. Motorcycle

d. Pickup

1.4 How would you rate means of transport?

- a. Very good
- b. Good
- c. Bad
- d. Very bad

1.5 How do a poor means of transport affect your transport?

- a. Creates delays
- b. Increases transport costs
- c. Increases risks
- d. Affects value of the product
- e. Any other (specify)

.....

1.6 How would a poor means of transport contribute to your access to micro finance?

- a. Enhanced repayment hence future reloading quick delivery
- b. Improved cash flow
- c) Widened market scope
- d) Any other (specify)

1.7 Is your business connected to an electric power supply?

- a. Yes
- b. No

1.8. If yes State the value/benefits derived by your business for having electricity connected to your premise

- a. Extended business hours
  - b. Lower energy costs
  - c. Processing of products
  - d. Refrigeration of perishable products
  - e. Any other (specify)
- .....

1.9 What value do you place on being served by electricity in your business?

- a) Fair
- b) Good
- c) Very good
- d) Excellent

1.10 State any negative impact(s) electricity has contributed to your business?

.....

.....

.....

2.1 What is your highest level of education?

- |              |                          |             |                          |
|--------------|--------------------------|-------------|--------------------------|
| a. Primary   | <input type="checkbox"/> | d. Diploma  | <input type="checkbox"/> |
| b. Secondary | <input type="checkbox"/> | e. Graduate | <input type="checkbox"/> |
| c. Other     | <input type="checkbox"/> | f. None     | <input type="checkbox"/> |
- .....

2.2 Do you have any training related to your business?

a. Yes

b. No

2.3 Does training or lack of training your efficiency? How

.....  
.....

2.4 What is the degree of your understanding of micro financing rules and regulations?

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

2.5. How do you rate your ability to read and understand the questionnaire items in the loan application forms?

a. Very good

b. Good

c. Fair

d. Poor

2.6. Can you calculate the interests attracted on one year loan?

a. Independently

b. By the bank staff

c. If guided

3.1. Which age bracket are you in?

- a. 18-25years
- b. 26-33years
- c. 34-40year
- d. 40and above

3.2. What is your marital status?

- a) Married
- b) Single
- c) Widowed
- d) Divorced
- e) Separated

3.3. How many dependants are there in your household?

Dependants Age	Male	Female	Total
0-4 Years			
5-18 Years			
18 Years and above			

3.4 How can you rate your spouse influence on your rates?

- a) Good
- b) Bad
- c) Moderate
- d) Fair

3.5. Is the number of people who depend on you as a woman (female) a hindrance to financial credit?

- a) Yes
- b) No

3.6. If yes how are you affected?

- a).....
- b).....

c).....

3.7 If NOT, how is being a woman (female) contributed to your potential to access credit?

a) .....

....

b).....

c).....

4.1. How much loan do you take from micro finance institution at a time?

a) 5,000-10,000

b) 10,000-50,000

c) 50,000-100,000

d) Over 100,000

4.2 What property in the home is in your name?

a. Land

b. Furniture

c. Animals

d. Any other  (specify).....

4.3 Are you free to use the family land title deed to secure a loan?

a. Yes       b. No

4.4. If not, specify the collateral security (Token) you usually pledge when securing your loan credit

.....

.....

.....  
.....  
4.5 How long have you been in this business?

- a. 0-1 year       b. 1-2 years       c. 3-5 years   
d. 6-10 years       e. over 10 years

4.6 How has your business changed your life in the last two years?

- a) Stock has increased   
b) Family feeds on balanced diet   
c) I am able to pay school fees for dependants   
d) Nothing much has changed

5.1 How do you market your products/ services?

- a. Phone   
b. Newspapers   
c. Internet

5.2 How frequently do you get information on micro financing?

- a. Often   
b. Rarely

5.3. Do you use the mobile while reading your bank balance?

- a. Yes       b. No

5.4. How many times have you used Mpesa in receiving loans from MFIs in your group?

- a. Once   
b. More than five times   
c. Not at all



5.5. Specify whether the following statement is true or false.

Manual loan disbursement is the commonly used method in my group

- a. True  b. False

5.6. How many times do you read loan advertisements on the internet?

- a. Rarely   
b. Often   
c. Always   
d. Not at all

5.7 Do you make your products/services unique from others dealing in the same time of business?

- Yes   
No

5.8 If yes, how do you ensure customers adapt to the changes?

- a. Give free samples   
b. Leave it to customers to decide   
c. Encourage customers to try new products

THANK YOU FOR YOUR COOPERATION