Public Policy and Administration Review
June 2015, Vol. 3, No. 1, pp. 61-70
ISSN: 2333-5823 (Print), 2333-5831 (Online)

Published by American Research Institute for Policy Development
DOI: 10.15640/ppar.v3n1a7
URL: http://dx.doi.org/10.15640/ppar.v3n1a7

The Influence of Access to Credit on Growth of Women- Owned Micro and Small Enterprises in Kitui County, Kenya

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Abstract

Micro and Small Enterprise sector (MSE) has been recognized throughout developing countries as an engine for development. The importance of women MSEs in social and economic development has long been recognized by the International Labour Organization. Growth of Micro and Small Enterprise means increase in sales, profits, employees, production and service lines. This paper examined access to credit influence the growth of women owned micro and small scale enterprises in rural areas of Kitui County. The study used descriptive survey as the research design involving a target population of 390 women owned MSEs drawn from manufacturing, agriculture, commerce and services sectors. Proportionate stratified sampling was used to form a sample of 194. Simple random sampling was applied on the sample to select the respondents from each sector for the study. The research instruments were pre – tested questionnaire and observation guide and data analysis was done using descriptive and inferential statistics. The results suggested that access to credit positively influenced the growth women- owned MSEs. The study recommended for review of the lending policies; the laws pertaining to land ownership, inheritance, women and men rights and for training, mentoring and encouraging women to form business networks. A baseline survey capturing the dynamic growth in the MSE sector in each County should be conducted.

Keywords: Access to Credit, Growth of MSEs, Kitui County, Micro and Small Enterprises, Women – Owned Enterprises

1.1 Background of the Study

The Micro and Small Enterprise sector (MSE) has been recognized throughout developing countries as an engine for development and as a vehicle towards fulfilling the Millennium Development Goals (MDGs) as adapted in the UN Millennium Summit in 2010. Chief among these goals is the reduction of poverty and the assistance of developing countries in the areas of wealth creation, improvement of living standards through growth of MSEs. Micro and Small Scale Enterprises are generally regarded as the driving force of economic growth, job creation, and poverty reduction in rural areas (Kepha, et al., 2013). Women are an emerging market force (IFC, 2011) though their contribution is generally invisible and tends to go unrecognized (Kimathi, 2009). The growth and success of women-owned enterprises is one of the most profound changes in the business world today. The importance of women MSEs in social and economic development has long been recognized by the International Labour Organization (ILO) and hence, the need to support their viability, expansion and growth. Growth is the very essence of entrepreneurship, hence, making the contribution of access to credit a plausible strategy to growth of MSEs.

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The 1999 National MSE Baseline Survey revealed that there were about 1.3 million micro and small scale enterprises employing 2.3 million people while large organizations, both public and private, employed approximately 1.6 million people only (Republic of Kenya, 1999). The survey also noted that there are 612,848 women in MSEs in Kenya, accounting for 47.4 per cent of the population working in MSEs (Republic of Kenya, 1999). Further, the survey indicated that women in MSEs tend to operate smaller MSEs, with the average number of employees in a female-owned MSEs being 1.54 versus 2.1 for male owned MSEs, thus earning less income than men. They make an average gross income of Kshs. 4,344 per month as opposed to Kshs. 7,627 for male entrepreneurs. As employment shrinks in the formal sector, there is a corresponding increase in growth and employment creation in the micro and small enterprises sector and hence, the quest to support growth of the MSE sector as a source of employment and economic growth (Kinyanjui, 2006). These statistics show a disparity that needs to be addressed so as to increase women participation and hence, raise their income to enhance economic development in Kenya. Women owned MSEs play very significant roles in the MSE sector. Among these roles is creation of employment and increase in income levels which consequently create wealth and reduce poverty. This is recognition of the important role that women in business play in the socio – economic development. Despite this contribution to economic growth, women business owners face a series of constraints in setting-up or expanding their business, some of which are similar to those faced by men. The lack of adequate data on women entrepreneurs hinders both understanding and systematic analysis of the constraints that women faced in the business world (Republic of Kenya, 2005). Strategies to address the challenges and promote MSEs among and in favour of women should be done within the context of fostering a stronger entrepreneurial culture in the country. These strategies include and are not limited to access to credit, credit schemes, devolved funds, training and capacity building, government policies, embracing technology and conducive business environment. There are many women-owned MSEs being created every year in Kenya but the sizes in terms of sales, profits and capitalization remain small, employing one to two employees. Though these women based enterprises have helped create 462,000 jobs annually, they have recorded low growth rate (Republic of Kenya, 2005). While the growth of MSEs increased productivity and brought new or under- utilized resources into use (Sharma, 2004), the business records held by Kitui County government showed that only 13.5 percent of the MSEs in the County were women owned against an estimated female population of 531,427 and 481,282 males (KNBS, 2010). Consequently, this meant that the sales turnover, profitability levels, number of employees, production and service levels and total capitalization from the women owned MSEs in the County was low compared to the male owned enterprises.

1.2 Growth of women owned MSEs in Kenya

Growth of MSEs owned by women is one of the strategies of achieving the MDGs and the Kenya Vision 2030. Growth in this contest means increase in number of MSEs, increase in sales turnover, increase in profits, increase in number employees, increase in production and service levels or increase in total capitalization. There is a significant growth in female self-employment, with women now starting new ventures at three times the rate of men. Women participation in income-generating projects and self-employment has received considerable attention though they perform more poorly than male-owned enterprises and are also smaller in size and are located in poorer areas (Keino & Ngau, 2001; McCormick, 1999). ILO (2007) recognized that there are three profiles of women entrepreneurs operating MSEs in Kenya, namely those in Jua Kali micro-enterprises, "very small" micro-enterprises and "small-scale" enterprises. These are differentiated by their demographic profiles, extent of previous business experience, needs, access to resources and growth orientation. The Jua Kali micro-enterprisers are identified as owners of unregistered (informal) businesses who have little formal education (usually less than secondary school level) and lack entrepreneurial and business know-how. They also have little access to credit, with limited awareness of markets and market opportunities. They are constrained by their household responsibilities and marital status for instance, having to obtain permission from their husbands to travel out of town for training or trade fairs (Sharma, 2004). The "very small" micro-enterprises are identified as those registered, operating from legitimate business premises and employing 6 to 10 workers. "Small-scale" enterprises are identified as being registered, operating from legitimate business premises and employing over 10 workers and having, at least, secondary level education with some previous experience as employees. Occasionally, women entrepreneurs in this category have supportive husbands who may also be directly or indirectly involved in the enterprise. This segment is constrained by lack of access to finance for various reasons, including having no land/property title deeds to be used as collateral for large loans. These businesses have potential for growth as well as entry into international markets, and some are already in the export trade (Stevenson & St-Onge, 2005). ILO (2007) initiatives on MSEs in the countries in the region, particularly in Kenya, have highlighted the need to focus attention on this sector by promoting and supporting these women.

Financial availability and accessibility is cited in many studies as being one of the major barriers and constraints to growth of MSEs. Limited access to capital is integral barrier to an innovative firm trying to bring new or improved goods or services to the market. Most women business owners surveyed reported that limited access to capital was one of the key challenges they faced when they first launched their businesses, and still it is the top obstacle they faced when continuing to innovate and grow their businesses. In a study of women small-scale entrepreneurs in the garment manufacturing sector of the textile industry in Nyeri and Nairobi, Wanjiru (1992) observed that factors that inhibit credit availability to women include: lack of start-up (seed) capital; lack of awareness of existing credit schemes, high interest rates, lengthy and vigorous procedures for loan applications and lack of collateral security for finance.

1.3 Accessing Credit and growth of women MSEs

Women are starting and growing businesses at a remarkable rate. Although a growing number of policies and programs are arising to address the needs of the growing number of women business owners and their enterprises worldwide, access to finance is still the single biggest obstacle facing women entrepreneurs. Access to credit refers to the ability to secure finance for business (Lesvitsky, 1983) to address this challenge. At a recent "Kenya Gender and Economic Growth Assessment" seminar in May 2006, a case clearly illustrating the plight of women was presented by an official from the Ministry of Trade and Industry. A loan approved for a woman applicant by the Joint Loan Scheme at the Ministry, failed to materialize because her husband refused to pledge the family's land title deed as collateral. Owning title deeds as collateral to finance expansion is still a hurdle for most women entrepreneurs, given that property is not usually registered in their names (Karanja, 1996). The Government has however, moved to solve this problem through the Sessional Paper No. 2 of 2005 (Republic of Kenya, 2005); which became an Act of Parliament in December 2006. Accessibility to initial capital, even when available, is also a major hurdle for women entrepreneurs. Micro Finance Institutions (MFIs) and commercial banks choose where they locate, thus excluding entrepreneurs in remote regions, leading to regional disparities (TFR, 2010). Fletschner and Kenny (2011) observed that rural women are more likely to be credit constrained than men of equivalent socio-economic conditions. This is because men have traditional rights to own land and thus they have collaterals that give them ability to borrow. Credit conditions when forming a group, paying membership fees, group registration fees and joining saving plans, result in delays in accessing initial capital, thereby worsening the women's household financial burden (Alila, 2002). However, this is no longer the key barrier and constraint, but lack of creativity, innovativeness and responsiveness (on the part of capital suppliers) now hampers women's entrepreneurship in Kenya. Whereas many MFIs emerged to provide initial and working capital, relevance and cost-effectiveness is often inappropriate in satisfying the particular needs of potential and operating women entrepreneurs (Republic of Kenya, 1999).

Finance is the core problem for expansion of activities in all categories of entrepreneurs (Lesvitsky, 1983). Without sufficient fund no activities can be expanded. Lack of capital inhibits women entrepreneurship development while competing financial needs between family and business becomes one of the major constraints to enterprise growth. With many women being poor, the little income earned from the business is sometimes used for what appears to be urgent family requirements, irrespective of why it was set aside. Most women entrepreneurs in the MSE sector are married with more than six dependents; often with little or no assistance from their spouses (Munala 2006) though they have a heavier household financial burden than men (Alila & Pedersen, 2001). These financial burdens further complicate their lives, making MFI membership an additional burden, rather than helping women take control of their finances and live better lives. The researchers observed that there are very few women owned enterprises in Kitui County and very limited studies on women- owned enterprises in the County have been done. Hence, it is against this background, the study examined how access to credit influenced the growth of women – owned MSEs in Kitui County.

1.4 Purpose of the Study

The purpose of the study was to examine the influence of access to credit on the growth of women-owned MSEs in rural areas of Kitui County in Kenya and recommend some strategies of enhancing growth of the enterprises.

1.5 Scope of the Study

The study was restricted to examining the access to credit influence on growth of women owned MSEs in rural areas of Kitui County as one of the strategies for growth of enterprises. The County had approximately 2888 such MSEs out of which only 390 are owned by women (KNBS, 2010); mainly in manufacturing, agriculture, commerce and services sectors and spread across the main trading centres.

2.0 Materials and Methods

The study examined access to credit as a strategy of influencing growth for women owned MSEs in rural areas of Kitui County and used descriptive survey as the research design. The target population was 390 from which a sample of 194 respondents was drawn using proportionate stratification as sampling design. Stratified random sampling and simple random sampling were used to constitute the respondents. The minimum sample size of 384 respondent was calculated using the formula **n = p%*q% * [z/e%]²**; where **n** was the minimum sample size required, **p%** was the proportion that took part in the study, **q%** was the proportion that did not take part, **z = 1.96** which was the z value corresponding to 95 percent confidence level for the study and **e%** was the margin of error **(**Saunders, Lewis & Thorn Hill, 2007). An adjusted sample size of 194 respondents was calculated using the formula $n_a = n/[1+(n-1)/N]$, where n_a was the adjusted sample size, **n** was the minimum sample size calculated above, **N** was the total population **(**Saunders, Lewis & Thorn Hill, 2007). The approximate proportionate representation from each category was calculated using the formula $n_a * C_s / N$ where n_a was the adjusted sample size, **Cs** was stratum size and **N** was the total population. The growth of women enterprises was measured with the parameters sales turnover, the number of employees in the enterprise and the profitability levels**.** Access to credit was measured using capital, availability of finance, interest rate, availability of collaterals, process of borrowing, financial conditions imposed by institutions, management of cash and credit, awareness of the existing financiers as indicators to establish if access to credit influenced growth of women enterprises in Kitui County. The primary data was collected using a semi structured questionnaire and interview which covered all the study parameters. The instruments were pre – tested for reliability and validity before the questionnaires administered to the respondents through drop and pick later method (Kothari, 2004) while scheduled interviews were conducted. The returned questionnaires were numbered and the responses coded using a Likert scale of 1 to 5. The resultant quantitative data was analyzed using simple descriptive and inferential statistics with the aid of SPSS. Frequencies and percentages were used to assess the background information of the respondents while mean, standard deviation and the inferential statistics measured the influence of the access to credit to the growth of women owned MSEs in Kitui. The data was also fitted into the simple regression model $Y = \beta_0 + \beta_1 X$, where Y was growth of women owned enterprises, X was access to credit, β_0 was the Y intercept (Constant) and β_1 was the coefficient of X. The coefficient of determination, R^2, indicated that explanatory power of access to credit.

3.0 Results

The number of valid and acceptable questionnaires for analyses returned was 185 and hence, the response rate for study was approximately 95.4 percent which is adequate for statistical reporting and generalization to the population (Arora & Arora, 2003). The results are as presented in table 1 to 5 and figure 1.

Table 1: Background Information

Attribute	Category	Frequency	Valid percent
Nature of MSE business	Commerce	91	49.1
	Services	46	24.9
	Agriculture	26	14.1
	Manufacturing	22	11.9
	Total	**185**	**100.0**
Age	Below 21 years	4	2.2
	21-30 years	69	37.3
	31-40 years	67	36.2
	41-50 years	31	16.8
	Over 50 years	11	5.9
	Declined	3	1.6
	Total	**185**	**100.0**
Marital status	Single	39	21.1
	Married	115	62.2
	Separated	15	8.1
	Widowed	13	7.0
	Declined	3	1.6
	Total	**185**	**100.0**
Family size	Between 1 and 3	84	45.4
	Between 3 and 5	83	44.9
	More than 5	10	5.4
	Not indicated	8	4.3
	Total	**185**	**100.0**
Period in business	Less than 3 years	50	27.0
	3-5 years	84	45.4
	Over 5 years	48	26.0
	Not indicated	3	1.6
	Total	**185**	**100.0**

Source: Authors (2015)

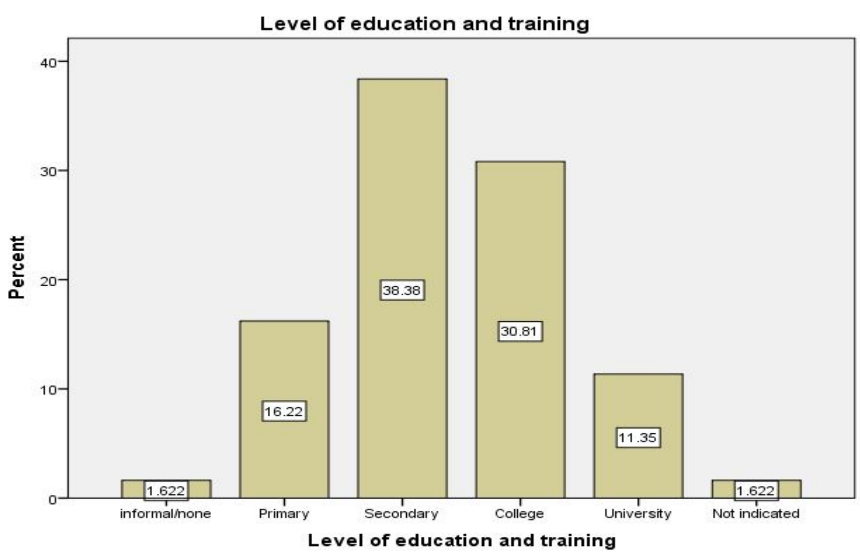

Figure 1: The level of Education of the Respondents. Source: Authors (2015)

Table 2: Access to Credit and Growth of Women Owned MSEs

Indicators	Strongly agree	Agree	Undecided	Disagree	Strongly disagree	Median
Too much capital required	23%	26%	2%	37%	12%	3.0
Availability of finance	16%	41%	1%	36%	6%	2.0
High loan interest rate	8%	25%	10%	45%	12%	4.0
Availability of loan collaterals	2%	16%	10%	51%	21%	4.0
Borrowing process	5%	19%	10%	46%	19%	4.0
Financial conditions imposed by institutions	9%	34%	4%	38%	15%	4.0
Faced challenge in cash and credit management	7%	59%	2%	24%	8%	2.0
Awareness challenge of existing credit scheme	6%	32%	6%	42%	12%	4.0

Source: Authors (2015)

Table 3: Growth of Women Owned MSEs

		Shapiro-Wilk for residuals		Shapiro-Wilk for growth	
Mean	72.6757				
Variance	2813.23	Statistic	0.975652	Statistic	0.9555
Std. Deviation	53.0399	df	185	df	185
Minimum	-80	Sig.	0.03832	Sig.	1.4E-05
Maximum	200				
Skewness	0.43777				
Kurtosis	0.35102				

Source: Authors (2015)

Table 4: ANOVA Statistic of Access to Credit (X)

	Sum of Squares	df	Mean Square	F	Sig.
Regression	97372.8	1	97372.8	42.4	.000[b]
Residual	420261	183	2296.51		
Total	517634	184			

Source: Authors (2015)

Table 5: Regression Coefficients of Access to Credit (X)

		β_i	Std. Error	T	Sig.
Constant	β_0	-14.798	13.888	-1.066	0.288
coefficients of X	β_1	21.51	3.303	6.512	0

Source: Authors (2015)

4.0 Discussion

The results showed that 49.1 percent of women were in commerce, 24.9 percent in personal services, 14.1 percent in agriculture and 11.9 percent manufacturing as shown in table 1. Hence, 74 percent of women-owned enterprises in Kitui County are in commerce and services while 26 percent were in agriculture and manufacturing**.** These findings support other studies that have shown majority of business women are mainly in the service sector, agricultural and a few in the manufacturing (Dzisi, 2008). The results in table 1 shows that most of the enterprises are operated by women between 21-30 years making 37.3 percent, followed closely by those aged 31-40 years at 36.2 percent. Those between 41 -50 made 16.8 percent and those below 21 years made 2.2 percent while four respondents did not declare their age. Therefore, there are more young women (75.7%) carrying out enterprises than older ones (24.3%). This is consistent with the report that majority of youth in Kenya are jobless hence, they need to engage in self-employment (Republic of Kenya, 2006) and the need for financial independence.

However, those women above 50 years of age were the minority in business, supporting the view that the current business environment requires aggressive, energetic and well informed entrepreneurs (Ngige, 2005). The results also showed that most of the respondents (62.2%) were married women, followed by the single at 21.1 percent, those separated were 8.1 percent while the widowed were 6.5 percent. Married women may be supported by their spouses and this might explain why many of them were in businesses as opposed to the rest (Orwa & Tiagha, 2012). Further, 45.4 percent of the respondents had family size ranging between 1 to 3 members, followed by 3-5 members at 44.9 percent, while those with a family size of more than 5 members were 5.4 percent (See table 1). Therefore, majority of women entrepreneurs preferred small families and this could be due to increased cost of living in Kenya (Wanjohi, 2010). Again, table 1 shows that 45.4 percent of the respondents had been in business for between 3-5 years while 27 percent had been in business for less than 3 years and 26.0 percent had done business for over 5 years. Hence, 72.4 percent of the women in Kitui County were in business for a period not exceeding 5 years. This trend supported the studies that many MSEs do not survive for long or they transit to big ones or perhaps they are self-limiting in the sense that one is pushed out of operations in the course of time by unfavourable conditions. This could account for the observations that majority of the businesses are young and less than 5 years in operation (Kinyanjui, 2006). The result shown in figure 1 showed that 38.4 percent of the respondents had attained secondary education 30.8 percent had attained college education 16.6 percent had primary education while 11.3 percent had university education. 1.6 percent had informal or none and a similar percentage did not disclose their education level. Hence, majority of women entrepreneurs (80.4%) had attained above primary education level. These findings disagree with a previous study that established that entrepreneurship is relegated to those with low mental intellect (Muriungi 2012). It also disapproves Wegulo (2006) whose results showed that comparatively, men operators in MSEs had higher educational attainment than their women counterparts, and that a number of operators had no formal education at all.

The factor analysis resulted to the retention of 8 items relevant to access to credit (see table 2). The results showed that that 49 percent of women entrepreneurs started business because it did not require too much capital while 49 percent disagreed with this preposition. The modal class of the respondents was in disagreement while the median was 3 and hence, on average the respondents were undecided on whether they started the business because it required little capital or not (see table 2. From these results, 57 percent of the women were encouraged to start their business by availability of the finance required while 42 percent were not encouraged to start by availability of finance required (see table 2). The modal class of the respondents were in agreement and the median was found to be 2 which implied that on average the majority of the women encouraged by availability of finance required for one to start business. Capital requirement for most women operated businesses was fairly low at the micro-enterprise level (Kibas, 2006) and the results are in line with Kepha, Abel, Douglas and James (2013) that working capital is constraint for many business owners. The results in table 2 also indicates that 57 percent of women entrepreneurs were not discouraged by high loan interest rate offered by financial institutions from taking loans while 33 percent were discouraged and 10 percent were undecided. The modal class of the respondents was in disagreement while the median was found to be 4 which implied that on average the respondents were not discouraged by the high loan interest rate offered by financial institutions from taking loans. These findings disapprove studies done by Kibas (2006) that most women operating micro-enterprises may not easily acquire loans from commercial banks due to high interest rate from financial institutions. Further, 72 of the respondents did not chose the type of business because they had the collateral security required to access financing while 18 percent chose the type of business because they had the collateral security required and 10 percent were undecided. The modal class of the respondents was in disagreement and the median was found to be 4. Hence, on average majority of the respondents had not chosen the type of business because they had collateral security required to access financing (see table 2). This disapproves the findings of Maru and Chemjor (2013) that most women operating micro- may not easily acquire loans from commercial banks due to this requirement unless their enterprises spouses or parents act as sureties. Further, the process of borrowing was not a challenge in obtaining loan for starting the business to 65 percent of the respondents while it was a challenge to 24 percent and 10 percent were undecided. The modal class of the respondents was in disagreement while the median was found to be 4 (see table 2). This implied that on average the process of borrowing was not a challenge in obtaining loan for starting business to majority of the women. These results disagree with Wanjiru (1992) findings that lengthy and vigorous procedures for loan applications and processes a major barrier to the growth of potential businesses owned by women.

Again, from table 2, 53 percent were not affected by the conditions imposed by financial institutions as women while 43 percent were affected and 4 percent were undecided. The modal class of the respondents was in disagreement while the median was found to be 4. This implied that on average majority of the women were not affected by the conditions imposed by financial institutions as women. This disapproves Berkman (2002) finding that rural women entrepreneurs lack enabling environment for accessing finances. From table 2, 66 percent of the respondents faced challenges in managing their cash and credit transactions while 32 percent never faced such challenges and 2 percent were undecided. The modal class of the respondents was in agreement while the median was found to be 2. This implied that on average majority of the women were faced challenges in managing their cash and credit transactions; which supported the argument of Kibas (2006) that keeping business records was a challenge to women. Further, awareness of existing credit schemes was not a challenge to 54 percent of the respondents but it was to 38 percent while 6 percent of the respondents were undecided. The modal class of the respondents was in disagreement while the median was 4. This implied that on average awareness of existing credit schemes had not been a challenge to majority of the women. This supports Parthasarathy (2005) findings that rural women tend to get their information from informal networks of women.

The reliability coefficient was 0.846 which lies between 0 and 1.00 and above the acceptable minimum value of 0.7, hence, the results in this study were reliable (Nunnally & Bernstein, 2004). The Shapiro-Wilk normality test for the standardized residuals was 0.975652, which was significant at 185 degrees of freedom with a significance of 0.038 which is less than 0.05. This implied that the residuals followed a normal distribution as required for the linear regression. The indicators did not exhibit multi-collinearity and were not auto-correlated and hence; fit to be used for analysis. From table 3, the mean growth was 72.676 with a standard deviation of 53.04. The skewness and kurtosis were 0.43 and 3.51 respectively. Hence, the skewness and kurtosis results were not exactly 0 and 4 as of a normal distribution. A normality test gave the Shapiro - Wilk statistic for the growth to be 0.9555 with a significance of 0.000 which is less than 0.05 (see table 3). Hence, with 95 percent confidence, the data on growth was normally distributed. Fitting the data on the regression model $Y= \beta_0 + \beta_1 X$, gave the values of R and R^2 as 0.434 and 0.188 respectively. The adjusted R squared was 0.184 and the standard error of the estimate was 47.9219. Hence, the explanatory power of access to credit was 0.188; which meant that only 18.8 percent of the variation in growth was explained by access to credit in the model. The ANOVA statistic in table 4 gave an F statistic of 42.4 at 183 degrees of freedom with a significance of 0.000. This showed that the estimates in the regression equation fitted were not jointly equal to zero implying a good fit. Hence, the regression model was a good fit and significantly predicted the growth of women owned MSEs. From Table 5, the regression model became $Y= -14.798 + 21.5X$. The estimated coefficient of X was significant with p value of 0.000 which was less than 0.05 at significant level of 0.05 while constant term was significant as it was not equal to zero. The coefficient of X implied that access to credit increased the growth of women owned MSEs by 21.5 percent. Therefore, the access to credit influenced the growth of women- owned micro and small scale enterprises in rural areas of Kitui County and can be predicated by the linear regression model.

5.0 Conclusions

The Growth of MSEs owned by women is a key factor in social and economic development and empowering women in Kenya. The importance of women MSEs in social and economic development has long been recognized by the International Labour Organization and hence, the need to support their viability, expansion and growth. The study explored the relationship between access to credit and the growth of women owned micro and small scale enterprises in Kitui County. The focus on women owned MSEs in Kitui County was based on the fact that few studies had been carried out in this sector of economy while they have the potential to increase local capabilities and strengthen economic growth of the County. The main objective was to determine the influence of access to credit on the growth of women- owned micro and small scale enterprises in rural areas of Kitui County. The results showed 74 percent of women-owned enterprises in Kitui County are in commerce and services while 26 percent were in agriculture and manufacturing**.** Majority of the women entrepreneurs in Kitui County were young women, married and had family size of 1 to 5. Further, majority of the women entrepreneurs did not have prior experiences in business while they had been in business not more than 5 years. The majority of women entrepreneurs in the County had attained above primary level of education. The findings also showed that the women entrepreneurs were undecided on whether they started their business because it required little capital or not while availability of finance required for a business encouraged them to start. The high loan interest rate offered by financial institutions did not discourage them from taking loans and the conditions imposed by financial institution did not affect them as women.

The results further showed that the women in Kitui did not chose the type of business they were doing because they had collateral security required to access financing. It was also observed that women entrepreneurs faced challenges in the process of borrowing to obtain finances for business start up. They also had problems in managing their cash and credit transactions but they were aware of the existing credit schemes. Therefore, these indicators influenced the growth of women-owned MSEs. There is significant positive relationship between access to credit and growth of MSEs owned by women enterprises in rural areas of Kitui County.

5.1 Recommendations

In order to improve access to credit to enhance the growth of women owned MSEs in Kitui County, the following recommendations were suggested.

1. The banks and micro finance institutions should review the lending policy to enable women entrepreneurs' access credit for investing in their enterprises. The interest rates are too high, making cost of borrowing high and hence, due to this, women are reluctant to take loans to boost the growth of their enterprises.
2. There should be an ongoing review of laws pertaining to land ownership and inheritance, and efforts made to educate both women and men on their respective rights. The review should also encompass customs and traditions relating to land ownership.
3. Special programmes to be put in place by the government institutions and other agencies to train, mentor and encourage women to form business networks particularly in entrepreneurship. This would change the way women handle their enterprises thus making them more competitive.
4. There is limited countrywide data on the number, make-up, size and economic/social contributions of women in micro, small, medium and large enterprises. A base line survey capturing the dynamic growth in the MSE sector in each County should be conducted annually. This should include the factors contributing to the growth of women owned enterprises.

Acknowledgement

We most sincerely acknowledge Titus. M. Kilonzi, Deputy County Commissioner, Laikipia County, Kenya, for his unparalleled support and encouragement.

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